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ECIDA
THE ECONOMIC DEVELOPMENT CORPORATION FOR ERIE COUNTY

April 26, 2016

Chairman John J. Mills
Chair of Legislature
Erie County
95 Franklin Street
Buffalo, NY 14202

Dear Chairman Mills,

In accordance with the Public Authorities Law, the Erie County Industrial Development Agency and its affiliates are required to submit certain reports to your office as follows:

- 2015 Annual Audited Financial Statements and management letter (per Section 2802 (2))
- 2015 Public Authorities Report (per Section 2800(2))
- 2015 Investment Report (per section 2925(7))

Enclosed are your copies of these documents. They are also available online in PDF form for online viewing, or for downloading and printing at www.ecidany.com/about-us-corporate-reports.

If you have any questions or would like additional copies, please call my office at (716) 856-6525, ext. 121.

Sincerely,

Steve Weathers
President & CEO

95 Perry Street, Suite 403 • Buffalo, New York 14203 • ph. 716.856.6525 • fx. 716.856.6754 • www.ecidany.com

# Erie County Industrial Development Agency

## Investment Report

For the year ended December 31, 2015

# Erie County Industrial Development Agency
## 2015 Annual Investment Report

## Purpose of Report:

Under Section 2925(6) of the Public Authorities Law, the ECIDA is required to prepare and approve an annual Investment Report. The Investment Report is to include: the investment guidelines (see below), the results of the annual independent investment audit (see below), a list of the total investment income received by the corporation and a list of the fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to the corporation since the last Investment Report.

The attached schedule details the corporation's investment income and related fees for the year ended December 31, 2015 and were approved by the ECIDA membership on March 30, 2016.

**Investment Guidelines:**

In accordance with Section 2925 of the Public Authorities Law, the ECIDA is required to adopt Investment Guidelines which detail its operative policy and instructions to staff regarding the investing, monitoring and reporting of funds of the Agency. In addition, the ECIDA is subject to the deposit and investment restrictions contained in Sections 10 and 11 of the General Municipal Law.

The Investment Guidelines were approved by the ECIDA membership on March 30, 2016 and are posted on the ECIDA website at http://www.ecidany.com/about-us-corporate-policies. The Investment Guidelines are consistent with the prior Guidelines adopted on March 25, 2015.

**Investment Audit:**

The auditors for the ECIDA have audited the corporation's compliance with the Investment Guidelines for Public Authorities. In their report dated March 18, 2016 Lumsden & McCormick indicated that the Agency complied, in all material respects, with these Investment Guidelines.

# Erie County Industrial Development Agency (ECIDA)

**Annual Investment Report**
**For the year ended December 31, 2015**

| | Account Type | Financial Institution | G/L Balance 1/1/2015 | G/L Balance 12/31/2015 | Interest Rate** Dec 2015 | 2015 Investment Income | 2015 Fees | Restricted | Purpose |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Checking | First Niagara | 8,691,794 | 10,280,922 | 0.10% | 9,658 | - | | General ECIDA Checking account |
| 2 | Checking | First Niagara | 195,071 | 221,440 | 0.05% | 110 | - | √ | Restricted account for Erie County shortline railroad related activities |
| 3 | Checking | First Niagara | 1,692,277 | 2,307,680 | 0.10% | 1,915 | - | √ | Restricted account for Buffalo Lakeside Commerce Park development |
| 4 | Checking | First Niagara | 2,265,378 | 1,497,719 | 0.10% | 1,540 | - | √ | Restricted account for North Youngman Commerce Center |
| 5 | Checking | First Niagara | 63,456 | 85,008 | 0.05% | 35 | - | √ | Restricted account for Buffalo Urban Development Corporation |
| 6 | Checking | First Niagara | 31,740 | 14,034 | 0.01% | 3 | - | √ | Restricted account for Buffalo Economic Renaissance Corporation |
| 7 | Checking | First Niagara | 4,494,702 | 5,570,809 | 0.10% | 4,941 | - | √ | ECIDA UDAG Fund general operating/investment account |
| 8 | Petty Cash | n/a | 100 | 100 | N/A | - | - | | General Petty Cash account |
| | | | $17,434,518 | $19,977,712 | | $ 18,202 | $ - | | |

***Notes:***
** The Interest Rate is the annualized rate for the month of December 2015 and is prior to the deduction of any fees.

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

# 2015 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, 2015.

**1. Operations & Accomplishments**

A report on the 2015 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 Lumsden & McCormick, LLP. 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, 2015 and 2014, 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 – In order 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 2015 is included in Attachment 1. This document will be reviewed and approved by the Board at the March 30, 2016 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, 2015. 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 2015. 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 2015.

**6. Projects Undertaken by the Corporation during 2015:**

Attachment 4 details the tax-exempt bonds and tax-abatements that were approved during 2015. Attachment 4A details the loans that were funded in 2015.

**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

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

**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 17 full-time employees.

v) Organizational Chart:
The ECIDA's organizational chart is posted on the ECIDA's website at http://www.ecidany.com/documents/ECIDA%20Organizational%20Chart%202014%20revised.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:**

The ECIDA Board adopted the following policies in 2015: (1) Senior Housing Policy; (2) Pay Equity Policy and (3) Unpaid Tax Policy.

**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 2015 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

Andrew Schoeppich
Chief Financial Officer

# Erie County Industrial Development Agency (ECIDA)
# Buffalo & Erie County Industrial Land Development Corp. (ILDC)
# Buffalo & Erie County Regional Development Corporation (RDC)

***2015 Mission Statement and Performance Measurements***

***Date Approved: 3/30/2016***

**Purpose:**

The Public Authorities Law requires public authorities to develop and adopt a mission statement and to develop performance measures to assist them in determining how well they are carrying out their mission. The Authority Budget Office (ABO) requires that all public authorities utilize the following format to annually review their mission statement and performance measures and publish a measurement report. The following report is designed to satisfy these requirements.

Please Note: The ECIDA's official annual report which outlines detailed project information and accomplishments is called "2015 Year in Review", and is posted on the ECIDA's website at http://www.ecidany.com/about-us-corporate-reports under "2015 ECIDA Operations and Accomplishments Report".

**Mission Statement:**

The mission of the Erie County IDA and its affiliates is to provide the resources that encourage investment, innovation, and international trade - creating a successful business climate that improves the quality of life for the residents of the region.

**Performance Goals, Measures & Results:**

***Goal: To promote private investment and innovation:***

| | |
|---|---|
| *Objective A:* | Encourage private sector investment by providing incentives and other economic development services to spur eligible development projects. |
| Measurement: | Value of new private investments from tax incentives. |
| 2015 Results: | The ECIDA approved 19 tax incentive projects in to 2015. The anticipated private sector investment resulting from those projects is $195 million. The 2015 projects included the $95 million mixed-use Pilgrim Village project near the Buffalo Niagara Medical Campus and the $21 million Uniland development project for Sodexo. |

| | |
|---|---|
| *Objective B:* | Provide "gap financing" to spur the creation of new businesses and private-sector investment in working capital, machinery and equipment. |
| Measurement: | Number and amount of business loans approved. |
| 2015 Results: | In 2015, the RDC provided eight businesses with gap financing in the amount of $5.9 million. compared to ten loans in 2014 for $1.8 million. This is a 227% increase in loans funded in 2015. |

| | |
|---|---|
| Objective C: | Assist non-profit and other eligible borrowers obtain low-interest, tax-exempt financing from commercial banks. |
| Measurement: | Value of new private investments from low-interest financing provided to non-profit organizations. |
| 2015 Results: | In 2015, the ILDC approved the issuance of two new tax-exempt debt offerings totaling $133 million, including $130 million for Catholic Health. In addition, three previously issued tax-exempt bonds were refinanced totaling $434 million ($325 million for the Buffalo Public Schools, $55 million for Fox Run and $54 million for Canisius College). |

| | |
|---|---|
| Objective D: | Encourage private sector investment in innovation. |
| Measurement: | Number and amount of venture capital investments that support innovative businesses. |
| 2015 Results: | In 2015 no venture capital "equity" investments were funded. However, the RDC funded a $250,000 "venture loan" to Adiabatic Solutions Inc. to allow them to complete a prototype of their high velocity impact (HVI) technology that produces metal components for a variety of industries.<br><br>In addition, the ECIDA provided $200,000 in operating funding for Launch NY, a nonprofit Venture Development Organization (VDO) driving job and wealth creation by supporting high-growth potential start-up companies such as those spawned by innovation centers such as the Buffalo Niagara Medical Campus. To-date, Launch NY has supported over 169 start-ups in Erie County of which 33 (20%) are minority owned and 39 (23%) are women-owned. 29 of the 169 companies have received external venture funding totaling $7.5 million. |

**Goal: To support business formation, job growth, and economic expansion, concentrating on underserved markets:**

| | |
|---|---|
| Objective A: | To support the re-investment in vacant, abandoned and underutilized buildings, primarily in the urban core, through the ECIDA's adaptive re-use tax incentive program and other financial support. |
| Measurement: | Number and investment value of adaptive re-use building projects. |
| 2015 Results: | In 2015, the ECIDA supported the reuse of eight previously vacant or underutilized buildings in the City of Buffalo with new private sector investment of $44.8 million. These projects included the Phoenix Brewery Apartments, 960 Busti Avenue and 432 Abbott Road.<br><br>The ECIDA provided $100,000 in funding to the Buffalo Urban Development Agency (BUDC) to fund operating cost associated with the Buffalo Building Reuse Project. This initiative seeks to co-ordinate and increase public and private sector investment in the downtown Buffalo core through new tools that include, an expanded adaptive re-use loan fund, a coordinated strategic downtown infrastructure plan and increased promotion of downtown retail, commercial and housing opportunities. |

| | |
|---|---|
| Objective B: | To support the creation and growth of small and minority & women-owned businesses. |
| Measurement: | Number and amount of micro-loans, minority/women-owned business loans and minority/women-owned business tax incentives. |
| 2015 Results: | In 2015, the RDC funded eight loans totaling $5.9 million. Although none of the loans were to minority/women-owned businesses, one minority-owned business loan was approved but was subsequently withdrawn due to the subject contract not being awarded.<br><br>Also in 2015, the ECIDA approved a tax incentive project for the $95 million Pilgrim Village project which has a minority as the general partner. |

| | |
|---|---|
| Objective C: | To support the creation of new jobs at all salary levels. |
| Measurement: | Number of net new full and part-time jobs created and their average salary as a result of ECIDA financial support. |
| 2015 Results: | In 2015, the ECIDA tax incentive projects are anticipated to create 180 new jobs and retain 1,370 at an average salary of $37,508 and $54,444 respectively with a total annual payroll of $54.2 million.<br><br>In 2013, the ECIDA introduced a new claw-back policy which is triggered when actual job performance on each project falls below 85% of the projected jobs. |

| | |
|---|---|
| Objective D: | Reach out to Erie County businesses to inform them of ECIDA and other business support services available. |
| Measurement: | Number of unique sales calls and appointments. |
| 2015 Results: | In 2015, the ECIDA made 440 unique sales calls and 304 appointments. This represents a 57% increase in appointments when compared to the 414 unique sales calls and 194 appointments in 2014 |

**Goal: Encourage international trade:**

| | |
|---|---|
| Objective A: | Promote & support the use of Erie County's foreign trade zone to assist businesses in remaining globally competitive by reducing, eliminating or deferring import duties. |
| Measurement: | Value of goods moving through Foreign Trade Zone (FTZ) #23. |
| 2015 Results: | In 2015, $___ million in goods moved through four locations in the Erie County Foreign Trade Zone compared to $47.1 million in 2014, a ___% increase.<br><br>In 2015, the ECIDA held two presentations regarding the benefits of the Foreign Trade Zone program. One was for Erie County's Department of Environment & Planning (DEP) staff and the other was for the World Trade Center Buffalo-Niagara's Global Business Administration program. In addition, two Buffalo-based businesses were provided detailed guidance regarding the FTZ program while Cummins Inc., the largest private employer in Chautauqua County is in the process of applying for designation through the Erie County FTZ. |

| Id | Trustee | ProjectName | Bond Amount | Year Start Balance 2015 | Year End Balance 2015 | Principal Paid 2015 | Interest Rate | Bond/Loan Number | Bond Maturity |
|---|---|---|---|---|---|---|---|---|---|
| 2361 | M&T Bank | Duke HN New York, LLC, Health Now | $11,275,000 | $ 3,425,000 | $ 2,130,000 | $ 1,295,000 | 0.072 | 4990 | 4/1/17 |
| 2404 | Bank of New York Mellon | Orchard Park CCRC, Inc. dba Fox Run at OP | $77,835,000 | $ 41,105,000 | $ - | $ 41,105,000 | var | | 11/15/36 |
| 976 | First Niagara Bank | Arrow Sheet Metal Works, Inc. | $270,000 | $ 103 | $ - | $ 103 | 0.0375 | 9940304232 | 11/25/15 |
| 2360 | New York Housing Finance Agency | 2009 Shoreline Apartments LLC | $9,000,000 | $ 3,935,000 | $ 3,935,000 | $ - | 0.055 | 5003 | 11/30/41 |
| 622 | M&T Bank | Flexovit USA, Inc. | $2,800,000 | $ 2,060,447 | $ - | $ 2,060,447 | 0.0677 | 444404, 444417 | 5/1/16 |
| 10216 | M&T Bank | Medaille College 2013 Refund of ECIDA 2003 Bond | $18,240,000 | $ 17,730,000 | $ 17,215,000 | $ 515,000 | fixed | 1036945, 1036947, 1036962 | 2/16/35 |
| 2591 | M&T Bank | Canisius High School | $22,250,000 | $ 18,360,000 | $ 13,870,000 | $ 4,490,000 | var | 1012768 | 2/1/38 |
| 2491 | M&T Bank | Hydro-Air Components, Inc. | $9,800,000 | $ 5,620,000 | $ 5,235,000 | $ 385,000 | Var. | 1034103 | 4/1/26 |
| 860 | M&T Bank | Canterbury Woods | $58,610,000 | $ 4,155,000 | $ 2,755,000 | $ 1,400,000 | .0587, .06 | 2374 | 2/1/28 |
| 2402 | M&T Bank | EPIC - Every Person Influences Children, Inc. | $1,265,000 | $ 1,015,000 | $ - | $ 1,015,000 | var | M826 | 10/1/26 |
| 10140 | M&T Bank | Joint Schools Construction Board 2012A Refinancing | $209,540,000 | $190,540,000 | $185,340,000 | $ 5,200,000 | var. | G018 | 5/1/26 |
| 10194 | M&T Bank | Joint Schools Construction Board 2013 Refund of 2009A Bonds | $62,540,000 | $ 61,805,000 | $ 61,805,000 | $ - | var | 254 | 5/1/28 |
| 2712 | M&T Bank | Joint Schools Construction Board Phase IV - 2009 | $294,905,000 | $ 201,370,000 | $ 190,810,000 | $ 10,560,000 | var | 5980 | 5/1/31 |
| 2599 | M&T Bank | Joint Schools Construction Board Series 2008 A | $173,225,000 | $ 145,910,000 | $ - | $ 145,910,000 | var | 5945 | 5/1/29 |
| 2577 | M&T Bank | Joint Schools Construction Board-2007A | $180,000,000 | $ 147,805,000 | $ - | $ 147,805,000 | var | 5930 | 5/1/28 |
| 10134 | M&T Bank | Joint Schools Construction Project - 2011 Bonds | $277,875,000 | $ 252,765,000 | $ 238,590,000 | $ 14,175,000 | var. | G005, G006 | 5/1/32 |
| 10291 | M&T Bank | Joint Schools Construction Board (Refund of 2007A & 2008A bonds) - Series 2015A | $236,975,000 | $ 236,975,000 | $ 236,975,000 | $ - | var. | H378 | 2029 |
| 1055 | U.S. Bank | Affinity Sutton Place, LP | $9,995,000 | $ 6,491,357 | $ 6,286,357 | $ 205,000 | var. | ERIIND03x2 | 6/1/33 |
| 1747 | U.S. Bank | Elmwood Square Preservation L.P. | $6,085,000 | $ 3,864,292 | $ 3,654,292 | $ 210,000 | var. | ERICNTIND04 | 9/20/45 |
| 2276 | U.S. Bank Corporate Trust Services | Charter School for Applied Technologies | $21,940,000 | $ 20,715,000 | $ 20,510,000 | $ 205,000 | Series A= var; Series B = 9% | 295085BA1, 295085BB9, 295085BC7, 295085BD5 | Series A = 6/1/2035; Series B= 6/1/2015 (pd off) |
| 1013 | M&T Bank | Building Controls & Services, Inc. | $450,000 | $ 83,482 | $ - | $ 83,482 | var. | 473831 | 11/01/16 |
| 931 | M&T Bank | Kaleida Health System/VNA - CGF | $7,500,000 | $ 1,040,704 | $ 740,704 | $ 300,000 | 0.055692 | 458254 | 01/01/26 |
| 1035 | Huntington National Bank | Child & Family Services of Erie County | $4,200,000 | $ 2,375,000 | $ 2,135,000 | $ 240,000 | var. | ERIENYCHL002; 5082022935 | 06/01/22 |
| 1028 | Huntington National Bank | Community Services for the Developmentally Disabled, Inc. | $3,630,000 | $ 895,000 | $ 340,000 | $ 555,000 | 4.45; var | ERIECOMSER02; 5082022105 | 04/01/17 |

| Id | Trustee | ProjectName | Bond Amount | Year Start Balance 2015 | Year End Balance 2015 | Principal Paid 2015 | Interest Rate | Bond/Loan Number | Bond Maturity |
|---|---|---|---|---|---|---|---|---|---|
| 1745 | Huntington National Bank | Hauptman-Woodward Medical Institute, Inc. | $7,000,000 | $ 4,785,000 | $ 4,435,000 | $ 350,000 | var | 5082028705 | 3/1/24 |
| 1036 | Huntington National Bank | People, Inc. | $13,685,000 | $ 3,285,000 | $ 2,345,000 | $ 940,000 | .0722; var | ERIENYPEOPLE; 5082023104 | 6/1/22 |
| 1037 | Huntington National Bank | Suburban Adult Services, Inc. | $5,650,000 | $ 940,000 | $ 570,000 | $ 370,000 | var. | ERIENYSAS02; 5082023006 | 6/1/22 |
| 994 | Huntington National Bank | Claddagh Commission | $1,775,000 | $ 200,000 | $ - | $ 200,000 | var. | n/a | 12/1/15 |
| 927 | M&T Real Estate, Inc. | 1998-Brooks Development, LLC. | $2,400,000 | $ 723,467 | $ 531,102 | $ 192,365 | 0.0775 | 457006 | 5/1/18 |
| 1062 | M&T Bank | Niagara Maryland Development, LLC | $2,500,000 | $ 1,525,000 | $ 1,395,000 | $ 130,000 | var | 295088FM5 | 6/1/23 |
| 2516 | Bank of New York Mellon | Our Lady of Victory Renaissance Corporation | $11,860,000 | $ 10,165,000 | $ 9,820,000 | $ 345,000 | 0.053 | | 4/1/32 |
| 2565 | M&T Bank | Global Concepts Charter School | $8,275,000 | $ 7,520,000 | $ 7,365,000 | $ 155,000 | 0.0625 | 4989 | 10/1/37 |
| 950 | Key Bank | Advanced Marketing | $500,000 | $ 20,004 | $ - | $ 20,004 | 2.75 | 9012798973-30001 | 4/1/15 |
| 857 | Key Bank | Buffalo Hearing & Speech | $3,100,000 | $ 553,922 | $ 274,695 | $ 279,227 | 2.66 | Obligor-9012587830 Note-4 | 11/1/16 |
| 1066 | Huntington National Bank | Heritage Centers | $2,805,000 | $ 660,000 | $ 475,000 | $ 185,000 | var | 5082027510; ERIEHRTG03-2 | 9/1/18 |
| 895 | M&T Bank | Sonwil Distribution Center | $1,500,000 | $ 117,087 | $ - | $ 117,087 | 0.053 | 450249 | 10/1/15 |
| 902 | Northwest Savings Bank | Roma Family Holdings/Otis Bedding | $525,000 | $ 120,513 | $ 90,741 | $ 29,771 | 5.25 fixed | 8345021490 | 9/1/18 |
| | | | | | | | | | |
| | | | | $1,400,655,378 | $ 1,019,627,891 | $ 381,027,486 | | | |

| Id | Trustee | ProjectName | Bond Amount | Year Start Balance 2015 | Year End Balance 2015 | Principal Paid 2015 | Interest Rate | Loan Number | Bond Maturity |
|---|---|---|---|---|---|---|---|---|---|
| 2736 | M&T Bank | Buffalo State Foundation Corp. | $44,285,000 | $42,225,000 | $41,500,000 | $725,000 | | 1033116, 1033117, 1033115, 1033121, 1033114, 1033123, 1033120, 1033122 | 2041 |
| 10111 | M&T Bank | Cantalician Center for Learning-Series A | $9,525,000 | $9,001,667 | $8,601,667 | $400,000 | var. | 1034105 | 2033 |
| 10111 | M&T Bank | Cantalician Center for Learning-Series B | $1,000,000 | $738,333 | $538,333 | $200,000 | var. | 1034105 | 2018 |
| 2758 | M&T Bank | Enterprise Charter School | $7,345,000 | $7,035,000 | $6,940,000 | $95,000 | 7.5 | N365 | 2040 |
| 10036 | M&T Bank | Iskalo Development/2780 Delaware | $6,000,000 | $4,218,605 | $4,022,399 | $196,206 | 3.83 | 9966072323 | 2030 |
| 10018 | First Niagara Bank, LLC | 134 High Street, LLC | $24,050,000 | $21,855,050 | $21,563,269 | $291,781 | 1.9 | 2000 19408 | 2022 |
| 10196 | First Niagara Bank, LLC | DePaul Properties, Inc. Tax-Exempt Refunding Revenue Bonds - Series 2013A | $5,500,257 | $5,023,788 | $4,739,290 | $284,498 | 1.8 | 42406100 | 3/1/2023 |
| 10196 | First Niagara Bank, LLC | DePaul Properties, Inc. Taxable Revenue Bonds - Series 2013B | $400,000 | $330,000 | $290,000 | $40,000 | 3.61 | 42406106 | 3/1/2018 |
| 10033 | M&T Bank | Seneca Larkin 701, LLC | $6,000,000 | $5,467,500 | $5,233,750 | $233,750 | Note A = 3.7; Note B = 2.4656 | 9966071150 | 2032 |
| 10010 | M&T Bank | Canisius College of Buffalo, New York | $16,000,000 | $16,000,000 | $0 | $16,000,000 | 4 | 3233756 | 2040 |
| 10016 | M&T Bank | Medaille College - 2010 Bonds | $12,000,000 | $10,018,957 | $9,590,486 | $428,471 | 4.5 | 5864400004 | 2020 |
| 10316 | First Niagara Bank, LLC | Buffalo Academy of Science Charter School | $3,250,000 | $3,250,000 | $3,185,768 | $64,232 | | | |
| 10278 | The Bank of New York Mellon | Catholic Health System | $93,800,000 | $93,800,000 | $93,800,000 | $0 | 5 | | 2045 |
| 10296 | M&T Bank | Canisius College of Buffalo, New York - Refund of 2004-2005 DASNY Bonds - Series 2015A | $30,760,000 | $30,760,000 | $30,590,000 | $170,000 | 1.3375 | 3235622 | 2025 |
| 10296 | M&T Bank | Canisius College of Buffalo, New York - Refund of 2004-2005 DASNY Bonds - Series 2015B | $16,195,000 | $16,195,000 | $16,195,000 | $0 | 1.4075 | 3233830 | 2025 |
| 10290 | The Bank of New York Mellon | Orchard Park CCRC, Inc. a/k/a Fox Run | $44,490,000 | $44,490,000 | $44,280,000 | $210,000 | | | 2037 |
| | | | | $310,408,900 | $291,069,962 | $19,338,938 | | | |

ATTACHMENT 3

# Erie County Industrial Development Agency

## Compensation Schedule

### Year Ended: December 31, 2015

The following employees had a salary greater than $100,000 in 2015:

| Name | Title | Salary | Performance Compensation * | Payroll Taxes | Benefits*** | Total |
|---|---|---|---|---|---|---|
| Steve Weathers | President & Chief Executive Officer | $ 140,000 | - | 9,215 | 34,593 | $ 183,808 |
| John Cappellino | Executive VP, Director of Business Development and Marketing | $ 124,111 | 4,217 | 9,046 | 36,353 | $ 173,727 |
| Andrew Schoeppich | Chief Financial Officer | $ 109,459 | 3,719 | 8,794 | 22,078 | $ 144,050 |

* Paid under Board-approved "ECIDA Employee Compensation Program" and 2015 ECIDA Budget.

** Represents Employer's Share of FICA taxes (Social Security & Medicare) & NYS Unemployment Insurance taxes

*** Excludes accrued leave payment received in 2015 related to pre-2012 leave accruals.

**Annual Report for Erie County Industrial Development Agency**
**Fiscal Year Ending:12/31/2015**

**Run Date: 03/17/2016**
**Status: UNSUBMITTED**

| Name | Title | Severance Package | Payment for Unused Leave | Club Memberships | Use of Corporate Credit Cards | Personal Loans | Auto | Transportation | Housing Allowance | Spousal / Dependant Life Insurance | Tuition Assistance | Multi-Year Employment | None of These Benefits | Other |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Poloncarz, Mark | Board of Directors | | | | | | | | | | | | X | |
| Zemsky, Howard | Board of Directors | | | | | | | | | | | | X | |
| Mudie, John | Board of Directors | | | | | | | | | | | | X | |
| State, David | Board of Directors | | | | | | | | | | | | X | |

**Staff**

| Name | Title | Severance Package | Payment for Unused Leave | Club Memberships | Use of Corporate Credit Cards | Personal Loans | Auto | Transportation | Housing Allowance | Spousal / Dependent Life Insurance | Tuition Assistance | Multi-Year Employment | None of These Benefits | Other |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cappellino, John | Executive VP & Director, Business Development & Marketing | | X | | | | | | | | | | | |
| Schoeppich, Andrew | Chief Financial Officer | | X | | | | | | | | | | | |
| Weathers, Steve | President & CEO | | | | | | | | | | | X | | |

# Erie County Industrial Development Agency
## Buffalo & Erie County Industrial Land Development Corporation

Projects Undertaken by the Corporation

Year Ended: December 31, 2015

| | Company | Projected Jobs - Year 2 | Net Jobs Projected To Be Created | Lease Project Amount | Tax-Exempt Bond Amount* | Date Approved |
|---|---|---|---|---|---|---|
| 1 | Pilgrim Village Associates, LLC/Campus Square | 35 | 31 | $ 94,778,000 | | 12/16/15 |
| 2 | The Uniland Partnership of Delaware, L.P. | 511 | - | 21,058,095 | | 08/18/15 |
| 3 | MSBP, 251, LLC | 7 | 1 | 8,195,110 | | 04/22/15 |
| 4 | Flexovit USA, Inc. | 81 | 36 | 8,020,887 | | 11/18/15 |
| 5 | The Phoenix Brewery Apartments | 1 | 1 | 7,565,000 | | 04/22/15 |
| 6 | 9271 Group, LLC/960 Busti | 1 | 1 | 6,960,000 | | 04/22/15 |
| 7 | Randall Benderson 1993-I Trust | 35 | 35 | 6,480,000 | | 04/22/15 |
| 8 | Sodexo, Inc. | 511 | - | 6,076,002 | | 08/18/15 |
| 9 | 240 Kensington, LLC | 1 | 1 | 5,781,000 | | 10/21/15 |
| 10 | 722 Group | 2 | 2 | 5,760,000 | | 10/21/15 |
| 11 | PAMS Properties, LLC/432 Abbott Road, LLC | 2 | - | 4,570,000 | | 06/17/15 |
| 12 | Garrett Leather Coproration | 42 | 10 | 4,100,000 | | 12/16/15 |
| 13 | PAMS Properties, LLC/500 Parker, LLC | 2 | 2 | 3,458,192 | | 6/17/15 |
| 14 | 95 Pirson Parkway, LLC | 172 | 31 | 3,304,500 | | 8/18/15 |
| 15 | Lazarus Properties, LLC | 11 | 11 | 2,483,000 | | 01/28/15 |
| 16 | David Gordon/Gordon Companies, Inc | 88 | 6 | 1,825,000 | | 5/20/15 |
| 17 | Shevlin Land & Cattle Company | 80 | 10 | 1,700,000 | | 09/16/15 |
| 18 | 486 Elmwood Buffalo, LLC | 2 | 2 | 1,482,850 | | 11/18/15 |
| 19 | Derrick Corporation | 477 | - | 1,150,000 | | 01/28/15 |
| | Total : | 2,061 | 180 | $ 194,747,636 | $ - | |
| | **ILDC** | | | | | |
| | Catholic Health System, Inc. (ILDC) | | n/a | | 130,000,000 | |
| | Buffalo Academy of Science Charter School (ILDC)) | | n/a | | 3,400,000 | |
| | | | 180 | $ 194,747,636 | $ 133,400,000 | |

n/a - not applicable for tax-exempt projects

* Excludes three refinancing tax-exempt bond projects

# Buffalo & Erie County Regional Development Corporation

Projects Undertaken by the Corporation (Loans)

Year Ended: December 31, 2015

| | Company | Loan Amount | Date Closed |
|---|---|---|---|
| 1 | Gates Circle Holdings, LLC | 2,000,000 | 3/25/2015 |
| 2 | TMP Technologies | 2,000,000 | 5/28/2015 |
| 3 | Boston Valley Terra Cotta | 1,000,000 | 6/11/2015 |
| 4 | Lakeward Spirits | 320,000 | 10/8/2015 |
| 5 | Niagara Lubricants | 250,000 | 6/29/2015 |
| 6 | Adiabatic Solutions | 250,000 | 12/15/2015 |
| 7 | Black Squirrel Distillery | 50,000 | 10/9/2015 |
| 8 | Buffalo Brewing Company | 25,000 | 8/21/2015 |
| | Total | $ 5,895,000 | |

**ILDC**

None

| | |
|---|---|
| Total | $ - |

ATTACHMENT 5

# Erie County Industrial Development Agency

## Property Report

## Year Ended: December 31, 2015

Table 1. The following is a listing of all real property owned by the ECIDA and its affiliates at December 31, 2015

| Owner | Address and Location of Property | Full Description of Property | Estimated FMV of Property* |
|---|---|---|---|
| ECIDA | Gateway Trade Center - N.W. Hamburg Turnpike, Lackawanna | Commercial warehouse | $ 1,140,000 |
| ECIDA | 143 Genesee Street, Buffalo, NY 14203 | 12,803 square foot office facility | $ 1,800,000 |
| ILDC | 3445 River Road, Tonawanda, NY 14150 | vacant land | $ 20,000 |

Table 2. The following is a listing of personal property (with a fair market value ("FMV") in excess of $5,000) and all real property that was disposed of during 2015.

| Owner | Address and Location of Property | Full Description of Property | Estimated FMV* of Property | Name & Address of Purchaser | Date of Sale | Price Received by ECIDA |
|---|---|---|---|---|---|---|
| | | | | | | |

Table 3. The following is a listing of all real property that was acquired during 2015.

| Owner | Address and Location of Property | Full Description of Property | Estimated FMV* of Property | Name & Address of Seller | Date of Purchase | Price Paid by ECIDA |
|---|---|---|---|---|---|---|
| | | | | | | |

Please note that the above 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 has "real" beneficial ownership.
* Based on assessed value (adjusted for tax equalization rate if applicable)

# 2015 ECIDA/RDC/ILDC Board Committees

Key: E= ECIDA, R=RDC, I=ILDC

| Name | Executive | Governance | Compensation | Finance & Audit | Nominating | Policy | Loan | Investment Review | Loan Write-Off |
|---|---|---|---|---|---|---|---|---|---|
| James Allen* | | | | | | ER | | | |
| Alan Alpert* | | | | | | | | ER | |
| Penny Beckwith* | | | | ERI | | | | | ERI |
| Clifford Bell* | | | | | | | | ER | |
| Bryon Brown | ER | | | | ERI | ER | | | |
| James Doherty | | | E | ERI | | | | | ERI |
| Dottie Gallagher-Cohen | | | | | ERI | | | ER | |
| Betty Jean Grant | | ERI | | | ERI | | | | ERI |
| Tom Grys* | | | | | | | ER | | |
| Chris Johnston | ER | | E | ERI | | ER | | | |
| Nancy LaTulip* | | | | | | | ER | | |
| Richard Lipsitz | ER | | | | ERI | ER | | | |
| Brenda McDuffie | ER | ERI | | | | ER | | | |
| Diane McMahon* | | | | | | | | ER | |
| David McKinley* | | | | | | | ER | | |
| Frank Mesiah | | ERI | | | | ER | | | |
| John Mudie | | | | | | | ER | | |
| Glenn Nellis | | | | ERI | | ER | | | |
| Carol Nowak | | ERI | | | | | | | |
| Mark Poloncarz | ER | | E | | ERI | | | ER | |
| Darius Pridgen | ER | | | | | | | | ERI |
| Edward Rath, III | | ERI | | | | ER | | | |
| Laura Smith* | | | | | | ER | | | |
| David State | | ERI | | | | ER | | | |
| Michael Szukala* | | | | ERI | | | | | |
| Michael Taylor* | | | | | | | ER | | |
| Maria Whyte* | | | | | | ER | | | |
| William Witzleben* | | | | ERI | | | | | ERI |

* Non-Board members

## 2015 ECIDA AND AFFILIATES BOARD MEMBER MEETING LIST

## X = ATTENDED

| Board | Member | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Notes |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ECIDA | | 1/28/15 | no meeting | 3/25/15 | 4/22/15 | 5/20/15 | 6/17/15 | 7/15/15 | 8/18/15 | 9/16/15 | 10/21/15 | 11/18/15 | 12/16/15 | |
| | Hon. Byron Brown | X | | X | X | | X | X | X | | X | X | | |
| | Hon. Anthony Caruana | X | | X | X | X | X | | | | | X | X | Term ended 12/16/15 |
| | Dottie Gallagher-Cohen | X | | X | X | X | X | X | | | X | X | | |
| | James Doherty | | | | X | | | X | X | X | X | X | X | |
| | Dennis Elsenbeck | X | | | | | | X | X | | | X | | |
| | Hon. Betty Jean Grant | | | X | X | | | | | X | X | | | |
| | Michael Hoffert | X | | | | | | | | | | | | Term ended 3/25/15 |
| | Hon. Mary Holtz | X | | X | X | | X | X | X | X | | X | X | Term ended 12/16/15 |
| | Chris Johnston | | | | X | | | X | | | X | | | |
| | Richard Lipsitz | | | | | X | X | X | X | X | | X | X | |
| | Brenda McDuffie | X | | X | | X | X | X | X | X | X | X | X | |
| | Frank Mesiah | X | | X | X | X | X | X | X | X | X | X | | |
| | John Mudie | | | | | | X | X | | X | | | X | Term began 6/17/15 |
| | Hon. Glenn Nellis | | | X | X | X | X | X | X | X | X | X | X | |
| | Dr. Carol Nowak | | | X | X | | X | X | | X | | | | |
| | Hon. Mark Poloncarz | X | | X | X | X | X | X | X | X | X | | X | |
| | Rev. Darius Pridgen | X | | X | X | X | | | X | X | X | | X | |
| | Hon. Edward Rath, III | X | | X | X | X | X | X | X | | X | X | | |
| | David State | | | X | X | X | X | X | X | X | X | X | X | Term began 3/25/15 |
| | Barry Weinstein | X | | X | | X | X | | | | X | | X | |
| | Howard Zemsky | | | | | | | | | | | | | Term ended 1/28/15 |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |

# 2015 ECIDA AND AFFILIATES BOARD MEMBER MEETING LIST

## X = ATTENDED

| Board | Member | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| RDC | | 1/28/15 | no meeting | 3/25/15 | 4/22/15 | No meeting | No meeting | No meeting | 8/18/15 | No meeting | 10/21/15 | No meeting | No meeting | |
| | Hon. Byron Brown | X | | X | X | | | | X | | X | | | |
| | Hon. Anthony Caruana | X | | X | X | | | | | | | | | Term ended 12/16/15 |
| | Dottie Gallagher-Cohen | X | | X | X | | | | | | X | | | |
| | James Doherty | | | | X | | | | X | | X | | | |
| | Dennis Eisenbeck | X | | | | | | | X | | | | | |
| | Hon. Betty Jean Grant | | | X | X | | | | | | X | | | |
| | Michael Hoffert | X | | | | | | | | | | | | Term ended 3/25/15 |
| | Hon. Mary Holtz | X | | X | X | | | | X | | | | | Term ended 12/16/15 |
| | Chris Johnston | | | | X | | | | | | X | | | |
| | Richard Lipsitz | | | | | | | | X | | | | | |
| | Brenda McDuffie | X | | X | | | | | X | | X | | | |
| | Frank Mesiah | X | | X | X | | | | X | | X | | | |
| | John Mudie | | | | | | | | | | | | | Term began 6/17/15 |
| | Hon. Glenn Nellis | | | X | X | | | | X | | X | | | |
| | Dr. Carol Nowak | | | X | X | | | | | | | | | |
| | Hon. Mark Poloncarz | X | | X | X | | | | X | | X | | | |
| | Rev. Darius Pridgen | X | | X | X | | | | X | | X | | | |
| | Hon. Edward Rath, III | X | | X | X | | | | X | | X | | | |
| | David State | | | X | X | | | | X | | X | | | Term began 3/25/15 |
| | Barry Weinstein | X | | | | | | | | | X | | | |
| | Howard Zemsky | | | | | | | | | | | | | Term ended 1/28/15 |

## 2015 ECIDA AND AFFILIATES BOARD MEMBER MEETING LIST

## X = ATTENDED

| Board | Member | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ILDC | | 1/28/15 | no meeting | 3/25/15 | 4/22/15 | 5/20/15 | no meeting | no meeting | 8/18/15 | no meeting | 10/21/15 | no meeting | no meeting | |
| | Hon. Byron Brown | X | | | X | | | | X | | X | | | |
| | Michael Hoffert | X | | X | | | | | | | | | | Term ended 3/25/15 |
| | Richard Lipsitz | | | | | | | | X | | | | | Term began 3/25/15 |
| | John Mills | | | | | X | | | | | | | | |
| | John Mudie | | | | | | | | | | | | | Term began 8/18/15 |
| | Hon. Mark Poloncarz | X | | X | X | X | | | X | | X | | | |
| | Hon. Edward Rath, III | X | | X | X | X | | | X | | X | | | |
| | Richard Tobe | | | | | | | | | | | | | Term ended 1/28/15 |
| | Maria Whyte | X | | X | X | X | | | X | | X | | | |

**Procurement Report for Erie County Industrial Development Agency**

**Run Date: 02/03/2016**

**Fiscal Year Ending: 12/31/2015**

**Status: UNSUBMITTED**

**Procurement-Information:**

| Question | Response | URL (if applicable) |
|---|---|---|
| 1. Does the Authority have procurement guidelines? | Yes | http://www.ecidany.com/about-us-corporate-policies |
| 2. Are the procurement guidelines reviewed annually, amended if needed, and approved by the Board? | Yes | |
| 3. Does the Authority allow for exceptions to the procurement guidelines? | No | |
| 4. Does the Authority assign credit cards to employees for travel and/or business purchases? | Yes | |
| 5. Does the Authority require prospective bidders to sign a non-collusion agreement? | Yes | |
| 6. Does the Authority incorporate a summary of its procurement policies and prohibitions in its solicitation of proposals, bid documents or specifications for procurement contracts?. | No | |
| 7. Did the Authority designate a person or persons to serve as the authorized contact on a specific procurement, in accordance with Section 139-j(2)(a) of the State Finance Law, "The Procurement Lobbying Act"? | Yes | |
| 8. Did the Authority determine that a vendor had impermissible contact during a procurement or attempted to influence the procurement during the reporting period, in accordance with Section 139-j(10) of the State Finance Law? | No | |
| 8a If Yes, was a record made of this impermissible contact? | | |
| 9. Does the Authority have a process to review and investigate allegations of impermissible contact during a procurement, and to impose sanctions in instances where violations have occurred, in accordance with Section 139-j(9) of the State Finance Law? | Yes | |

**Procurement Report for Erie County Industrial Development Agency** **Run Date: 02/03/2016**

**Fiscal Year Ending: 12/31/2015** **Status: UNSUBMITTED**

**Procurement Transactions Listing:**

1. Vendor Name: 360 PSG.com

| | |
|---|---|
| Type of Procurement: | Technology - Consulting/Development or Su |
| Award Process: | Authority Contract - Competitive Bid |
| Award Date: | 07/14/2009 |
| End Date: | |
| Amount: | $14,660 |
| Amount Expended for Fiscal Year: | $14,660 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |
| Address Line1: | 4242 Ridge Lea Road |
| Address Line2: | Suite 30 |
| City: | BUFFALO |
| State: | NY |
| Postal Code: | 14226 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | ECIDA website modifications and hosting. |

2. Vendor Name: 43 North BPC, Inc.

| | |
|---|---|
| Type of Procurement: | Other |
| Award Process: | Non Contract Procurement/Purchase Order |
| Award Date: | |
| End Date: | |
| Amount: | |
| Amount Expended for Fiscal Year: | $10,000 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |
| Address Line1: | 43 North, LLC/Attn: John Gavigan |
| Address Line2: | 640 Ellicott, Suite 108 |
| City: | BUFFALO |
| State: | NY |
| Postal Code: | 14203 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Sponsorship for business competition. |

**Procurement Report for Erie County Industrial Development Agency** **Run Date: 02/03/2016**

**Fiscal Year Ending: 12/31/2015** **Status: UNSUBMITTED**

**Procurement Transactions Listing:**

3. Vendor Name: Blue Cross/Blue Shield of WNY

| | |
|---|---|
| Type of Procurement: | Other |
| Award Process: | Authority Contract - Competitive Bid |
| Award Date: | 01/01/2015 |
| End Date: | 12/31/2015 |
| Amount: | $163,608.56 |
| Amount Expended for Fiscal Year: | $163,608.56 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |

| | |
|---|---|
| Address Line1: | Payment Process Center |
| Address Line2: | PO Box 644366 |
| City: | PITTSBURGH |
| State: | PA |
| Postal Code: | 15264 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Health insurance for Medicare eligible employees. |

4. Vendor Name: Buffalo Business First

| | |
|---|---|
| Type of Procurement: | Other |
| Award Process: | Non Contract Procurement/Purchase Order |
| Award Date: | |
| End Date: | |
| Amount: | |
| Amount Expended for Fiscal Year: | $21,638 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |

| | |
|---|---|
| Address Line1: | 14016 Collections Center Drive |
| Address Line2: | |
| City: | CHICAGO |
| State: | IL |
| Postal Code: | 60693 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Targeted advertising campaign in local weekly business publication. |

**Procurement Report for Erie County Industrial Development Agency** **Run Date: 02/03/2016**

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**Procurement Transactions Listing:**

5. Vendor Name: Buffalo Niagara Enterprise

| | |
|---|---|
| Type of Procurement: | Other |
| Award Process: | Non Contract Procurement/Purchase Order |
| Award Date: | |
| End Date: | |
| Amount: | |
| Amount Expended for Fiscal Year: | $75,000 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |
| Address Line1: | 665 Main Street |
| Address Line2: | Suite 200 |
| City: | BUFFALO |
| State: | NY |
| Postal Code: | 14203 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Membership dues. |

6. Vendor Name: CBRE/Buffalo

| | |
|---|---|
| Type of Procurement: | Consulting Services |
| Award Process: | Authority Contract - Competitive Bid |
| Award Date: | 05/29/2013 |
| End Date: | 06/30/2015 |
| Amount: | $71,955 |
| Amount Expended for Fiscal Year: | $71,955 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |
| Address Line1: | 257 West Genesee |
| Address Line2: | Suite 160 |
| City: | BUFFALO |
| State: | NY |
| Postal Code: | 14202 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Broker listing agreement for 143 Genesee Street office. |

**Procurement Report for Erie County Industrial Development Agency** **Run Date: 02/03/2016**

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**Procurement Transactions Listing:**

7. Vendor Name: Chubb & Son, a Division of Federal Insurance Company

Type of Procurement: Other
Award Process: Authority Contract - Competitive Bid
Award Date: 12/29/2014
End Date: 12/29/2015
Amount: $15,196
Amount Expended for Fiscal Year: $15,196
Fair market value:
Explain why the fair market value is less than the amount:

Address Line1: P.O. Box 382001
Address Line2:
City: PITTSBURGH
State: PA
Postal Code: 15250
Plus 4:
Province Region:
Country: USA

Procurement Description: Excess liability and criminal insurance.

8. Vendor Name: Comdoc Leasing

Type of Procurement: Technology - Hardware
Award Process: Authority Contract - Competitive Bid
Award Date: 07/24/2012
End Date: 09/20/2015
Amount: $12,451.41
Amount Expended for Fiscal Year: $12,451.41
Fair market value:
Explain why the fair market value is less than the amount:

Address Line1: P.O. Box 790448
Address Line2:
City: SAINT LOUIS
State: MO
Postal Code: 63179
Plus 4:
Province Region:
Country: USA

Procurement Description: Copiers and copier maintenance.

**Procurement Report for Erie County Industrial Development Agency** **Run Date: 02/03/2016**

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**Procurement Transactions Listing:**

**9.** Vendor Name: Dell Marketing, LP

| | |
|---|---|
| Type of Procurement: | Technology - Software |
| Award Process: | Purchased Under State Contract |
| Award Date: | |
| End Date: | |
| Amount: | |
| Amount Expended for Fiscal Year: | $56,525.47 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |
| Address Line1: | PO Box 643561 |
| Address Line2: | |
| City: | PITTSBURGH |
| State: | PA |
| Postal Code: | 15264 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | CRM server software upgrade. |

**10.** Vendor Name: Earthlink Business

| | |
|---|---|
| Type of Procurement: | Telecommunication Equipment or Services |
| Award Process: | Authority Contract - Competitive Bid |
| Award Date: | 01/21/2011 |
| End Date: | |
| Amount: | $13,715.82 |
| Amount Expended for Fiscal Year: | $13,715.82 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |
| Address Line1: | P.O. Box 88104 |
| Address Line2: | |
| City: | CHICAGO |
| State: | IL |
| Postal Code: | 60680 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Telephone and internet service provider |

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**Procurement Transactions Listing:**

11. Vendor Name: Eaton Office Supply Co., Inc.

| | |
|---|---|
| Type of Procurement: | Commodities/Supplies |
| Award Process: | Non Contract Procurement/Purchase Order |
| Award Date: | |
| End Date: | |
| Amount: | |
| Amount Expended for Fiscal Year: | $5,538.1 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |

| | |
|---|---|
| Address Line1: | 180 John Glenn Drive |
| Address Line2: | |
| City: | AMHERST |
| State: | NY |
| Postal Code: | 14228 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Office supplies and paper products. |

12. Vendor Name: Empire State Development

| | |
|---|---|
| Type of Procurement: | Other |
| Award Process: | Authority Contract - Competitive Bid |
| Award Date: | 03/07/2008 |
| End Date: | 09/30/2018 |
| Amount: | $146,551.47 |
| Amount Expended for Fiscal Year: | $146,551.47 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |

| | |
|---|---|
| Address Line1: | 633 Third Avenue |
| Address Line2: | |
| City: | NEW YORK |
| State: | NY |
| Postal Code: | 10017 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Rent for offices at 95 Perry Street. |

**Procurement Report for Erie County Industrial Development Agency** **Run Date: 02/03/2016**

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**Procurement Transactions Listing:**

**13.** Vendor Name: Entercom Buffalo, LLC/WBEN AM

Type of Procurement: Other
Award Process: Non Contract Procurement/Purchase Order
Award Date:
End Date:
Amount:
Amount Expended for Fiscal Year: $12,307
Fair market value:
Explain why the fair market value is less than the amount:

Address Line1: 500 Corporate Parkway
Address Line2: Suite 200
City: BUFFALO
State: NY
Postal Code: 14202
Plus 4:
Province Region:
Country: USA

Procurement Description: Sponsorship of business reports on News Radio 930 WBEN.

**14.** Vendor Name: Fireman's Fund Insurance Companies

Type of Procurement: Other
Award Process: Authority Contract - Competitive Bid
Award Date: 12/31/2014
End Date: 12/31/2015
Amount: $16,524
Amount Expended for Fiscal Year: $16,524
Fair market value:
Explain why the fair market value is less than the amount:

Address Line1: Dept. CH 10284
Address Line2:
City: PALATINE
State: IL
Postal Code: 60055
Plus 4:
Province Region:
Country: USA

Procurement Description: First excess umbrella insurance policy.

**Procurement Report for Erie County Industrial Development Agency** **Run Date: 02/03/2016**

**Fiscal Year Ending: 12/31/2015** **Status: UNSUBMITTED**

**Procurement Transactions Listing:**

**15.** Vendor Name: HR Foundations, Inc.

| | |
|---|---|
| Type of Procurement: | Consulting Services |
| Award Process: | Authority Contract - Competitive Bid |
| Award Date: | 09/08/2011 |
| End Date: | 09/08/2016 |
| Amount: | $5,750 |
| Amount Expended for Fiscal Year: | $5,750 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |

| | |
|---|---|
| Address Line1: | PO Box 1016 |
| Address Line2: | |
| City: | BUFFALO |
| State: | NY |
| Postal Code: | 14207 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Staff salary survey update and assistance with Agency goal setting objectives. |

**16.** Vendor Name: Harris Beach, PLLC

| | |
|---|---|
| Type of Procurement: | Legal Services |
| Award Process: | Authority Contract - Competitive Bid |
| Award Date: | 01/12/2009 |
| End Date: | 01/12/2016 |
| Amount: | $106,252.67 |
| Amount Expended for Fiscal Year: | $106,252.67 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |

| | |
|---|---|
| Address Line1: | Larkin at Exchange |
| Address Line2: | 726 Larkin Street, Ste. 1000 |
| City: | BUFFALO |
| State: | NY |
| Postal Code: | 14210 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Legal services. |

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**Procurement Transactions Listing:**

**17.** Vendor Name: Leadership Buffalo

| | |
|---|---|
| Type of Procurement: | Other |
| Award Process: | Non Contract Procurement/Purchase Order |
| Award Date: | |
| End Date: | |
| Amount: | |
| Amount Expended for Fiscal Year: | $5,615 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |
| Address Line1: | 500 Seneca Street |
| Address Line2: | Suite 505 |
| City: | BUFFALO |
| State: | NY |
| Postal Code: | 14204 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Tuition for Experience Buffalo program and tuition for 2016 Rising Leadership program. |

**18.** Vendor Name: Lincoln Life & Annuity Company of NY

| | |
|---|---|
| Type of Procurement: | Other |
| Award Process: | Authority Contract - Competitive Bid |
| Award Date: | 04/01/2015 |
| End Date: | 03/31/2016 |
| Amount: | $9,994.48 |
| Amount Expended for Fiscal Year: | $9,994.48 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |
| Address Line1: | P.O. Box 7247-0347 |
| Address Line2: | |
| City: | PHILADELPHIA |
| State: | PA |
| Postal Code: | 19170 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Life and long term disability premiums for staff. |

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**Procurement Transactions Listing:**

**19.** Vendor Name: Lumsden & McCormick, LLP, CPA

Type of Procurement: Financial Services
Award Process: Authority Contract - Competitive Bid
Award Date: 03/26/2014
End Date: 03/31/2017
Amount: $30,000
Amount Expended for Fiscal Year: $30,000
Fair market value:
Explain why the fair market value is less than the amount:

Address Line1: Cyclorama Building
Address Line2: 369 Franklin Street
City: BUFFALO
State: NY
Postal Code: 14202
Plus 4:
Province Region:
Country: USA

Procurement Description: Audit services.

**20.** Vendor Name: New York State Economic Development Council

Type of Procurement: Other
Award Process: Non Contract Procurement/Purchase Order
Award Date:
End Date:
Amount:
Amount Expended for Fiscal Year: $8,550
Fair market value:
Explain why the fair market value is less than the amount:

Address Line1: 111 Washington Avenue, 6th Floor
Address Line2:
City: ALBANY
State: NY
Postal Code: 12210
Plus 4:
Province Region:
Country: USA

Procurement Description: Membership dues, annual conference fees & sponsorship, and economic development course fee for ECIDA employee.

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**Procurement Transactions Listing:**

**21.** Vendor Name: New York State Insurance Fund

| | |
|---|---|
| Type of Procurement: | Other |
| Award Process: | Authority Contract - Competitive Bid |
| Award Date: | 12/29/2014 |
| End Date: | 12/29/2015 |
| Amount: | $11,320.92 |
| Amount Expended for Fiscal Year: | $11,320.92 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |
| Address Line1: | P.O. Box 5238 |
| Address Line2: | |
| City: | NEW YORK |
| State: | NY |
| Postal Code: | 10008 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Worker's compensation insurance. |

**22.** Vendor Name: Office Team

| | |
|---|---|
| Type of Procurement: | Staffing Services |
| Award Process: | Non Contract Procurement/Purchase Order |
| Award Date: | |
| End Date: | |
| Amount: | |
| Amount Expended for Fiscal Year: | $13,588.82 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |
| Address Line1: | 12400 Collections Center Drive |
| Address Line2: | |
| City: | CHICAGO |
| State: | IL |
| Postal Code: | 60693 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Temporary office staff. |

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**Procurement Transactions Listing:**

**23.** Vendor Name: Performance Management Partners

| | |
|---|---|
| Type of Procurement: | Staffing Services |
| Award Process: | Authority Contract - Competitive Bid |
| Award Date: | 04/16/2015 |
| End Date: | 06/15/2015 |
| Amount: | $14,600 |
| Amount Expended for Fiscal Year: | $14,600 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |
| Address Line1: | Village Park Business Center |
| Address Line2: | 6400 Main Street, Suite 150 |
| City: | WILLIAMSVILLE |
| State: | NY |
| Postal Code: | 14221 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Recruitment agency for Controller position. |

**24.** Vendor Name: Philadelphia Insurance Companies

| | |
|---|---|
| Type of Procurement: | Other |
| Award Process: | Authority Contract - Competitive Bid |
| Award Date: | 12/31/2014 |
| End Date: | 12/31/2015 |
| Amount: | $64,879.81 |
| Amount Expended for Fiscal Year: | $64,879.81 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |
| Address Line1: | P.O. Box 70251 |
| Address Line2: | |
| City: | PHILADELPHIA |
| State: | PA |
| Postal Code: | 19176 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Property, auto, and liability insurance policies and directors & officers insurance policies. |

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**Procurement Transactions Listing:**

**25.** Vendor Name: Pitney Bowes/Purchase Power

| | |
|---|---|
| Type of Procurement: | Commodities/Supplies |
| Award Process: | Authority Contract - Competitive Bid |
| Award Date: | 01/21/2014 |
| End Date: | 04/21/2017 |
| Amount: | $6,282.5 |
| Amount Expended for Fiscal Year: | $6,282.5 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |
| Address Line1: | P.O. Box 371874 |
| Address Line2: | |
| City: | PITTSBURGH |
| State: | PA |
| Postal Code: | 15250 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Postage and postage machine rental. |

**26.** Vendor Name: Savarino Companies, LLC

| | |
|---|---|
| Type of Procurement: | Design and Construction/Maintenance |
| Award Process: | Non Contract Procurement/Purchase Order |
| Award Date: | |
| End Date: | |
| Amount: | |
| Amount Expended for Fiscal Year: | $5,000 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |
| Address Line1: | 95 Perry Street |
| Address Line2: | Suite 104 |
| City: | BUFFALO |
| State: | NY |
| Postal Code: | 14203 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Installation of a ceiling cloud for an ECIDA office. |

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**Procurement Transactions Listing:**

**27.** Vendor Name: Software Solutions Group, Inc.

| | |
|---|---|
| Type of Procurement: | Technology - Consulting/Development or Su |
| Award Process: | Authority Contract - Competitive Bid |
| Award Date: | 06/30/2012 |
| End Date: | 06/30/2015 |
| Amount: | $5,269 |
| Amount Expended for Fiscal Year: | $5,269 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |

| | |
|---|---|
| Address Line1: | 90 Bryant Woods South |
| Address Line2: | Suite 100 |
| City: | AMHERST |
| State: | NY |
| Postal Code: | 14228 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | CRM support for upgrade. |

**28.** Vendor Name: Sun Life Financial

| | |
|---|---|
| Type of Procurement: | Other |
| Award Process: | Authority Contract - Competitive Bid |
| Award Date: | 04/01/2014 |
| End Date: | 03/31/2015 |
| Amount: | $24,730.71 |
| Amount Expended for Fiscal Year: | $24,730.71 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |

| | |
|---|---|
| Address Line1: | P.O. Box 7247-0373 |
| Address Line2: | |
| City: | PHILADELPHIA |
| State: | PA |
| Postal Code: | 19170 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Dental insurance premiums. |

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**Procurement Transactions Listing:**

**29.** Vendor Name: The Buffalo News

Type of Procurement: Other
Award Process: Non Contract Procurement/Purchase Order
Award Date:
End Date:
Amount:
Amount Expended for Fiscal Year: $29,069.1
Fair market value:
Explain why the fair market value is less than the amount:

Address Line1: PO Box 5183
Address Line2:
City: BUFFALO
State: NY
Postal Code: 14240
Plus 4:
Province Region:
Country: USA

Procurement Description: Public notices.

**30.** Vendor Name: W.B. Mason Co., Inc.

Type of Procurement: Commodities/Supplies
Award Process: Authority Contract - Competitive Bid
Award Date: 07/01/2012
End Date:
Amount: $9,057.86
Amount Expended for Fiscal Year: $9,057.86
Fair market value:
Explain why the fair market value is less than the amount:

Address Line1: P.O. Box 981101
Address Line2:
City: BOSTON
State: MA
Postal Code: 02298
Plus 4:
Province Region:
Country: USA

Procurement Description: Office supplies.

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**Procurement Transactions Listing:**

**Additional Comments:**

**Procurement Report for Buffalo and Erie County Regional Development Corporation** **Run Date: 02/03/2016**

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**Procurement-Information:**

| Question | Response | URL (if applicable) |
|---|---|---|
| 1. Does the Authority have procurement guidelines? | Yes | http://www.ecidany.com/about-us-corporate-policies |
| 2. Are the procurement guidelines reviewed annually, amended if needed, and approved by the Board? | Yes | |
| 3. Does the Authority allow for exceptions to the procurement guidelines? | No | |
| 4. Does the Authority assign credit cards to employees for travel and/or business purchases? | Yes | |
| 5. Does the Authority require prospective bidders to sign a non-collusion agreement? | Yes | |
| 6. Does the Authority incorporate a summary of its procurement policies and prohibitions in its solicitation of proposals, bid documents or specifications for procurement contracts?. | No | |
| 7. Did the Authority designate a person or persons to serve as the authorized contact on a specific procurement, in accordance with Section 139-j(2)(a) of the State Finance Law, "The Procurement Lobbying Act"? | Yes | |
| 8. Did the Authority determine that a vendor had impermissible contact during a procurement or attempted to influence the procurement during the reporting period, in accordance with Section 139-j(10) of the State Finance Law? | No | |
| 8a If Yes, was a record made of this impermissible contact? | | |
| 9. Does the Authority have a process to review and investigate allegations of impermissible contact during a procurement, and to impose sanctions in instances where violations have occurred, in accordance with Section 139-j(9) of the State Finance Law? | Yes | |

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**Procurement Transactions Listing:**

1. Vendor Name: Erie County IDA

| | |
|---|---|
| Type of Procurement: | Staffing Services |
| Award Process: | Non Contract Procurement/Purchase Order |
| Award Date: | |
| End Date: | |
| Amount: | |
| Amount Expended for Fiscal Year: | $335,044.9 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |
| Address Line1: | 95 Perry Street |
| Address Line2: | Suite 403 |
| City: | BUFFALO |
| State: | NY |
| Postal Code: | 14203 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Management fee to Erie County IDA for staffing services. |

2. Vendor Name: H. Sicherman & Company, Inc.

| | |
|---|---|
| Type of Procurement: | Consulting Services |
| Award Process: | Authority Contract - Competitive Bid |
| Award Date: | 05/02/2011 |
| End Date: | 05/02/2016 |
| Amount: | $5,086.56 |
| Amount Expended for Fiscal Year: | $5,086.56 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |
| Address Line1: | 5852 Forest Creek Drive |
| Address Line2: | |
| City: | EAST AMHERST |
| State: | NY |
| Postal Code: | 14051 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Loan due diligence services. |

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**Procurement Transactions Listing:**

3. Vendor Name: Harris Beach, PLLC

| | |
|---|---|
| Type of Procurement: | Legal Services |
| Award Process: | Authority Contract – Competitive Bid |
| Award Date: | 01/12/2009 |
| End Date: | 01/12/2016 |
| Amount: | $79,530.36 |
| Amount Expended for Fiscal Year: | $79,530.36 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |
| Address Line1: | Larkin at Exchange Street |
| Address Line2: | 726 Exchange Street, Ste. 1000 |
| City: | BUFFALO |
| State: | NY |
| Postal Code: | 14210 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Legal services. |

4. Vendor Name: Lumsden & McCormick, LLP, CPA

| | |
|---|---|
| Type of Procurement: | Financial Services |
| Award Process: | Authority Contract - Competitive Bid |
| Award Date: | 03/26/2014 |
| End Date: | 03/31/2017 |
| Amount: | $15,000 |
| Amount Expended for Fiscal Year: | $15,000 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |
| Address Line1: | Cyclorama Building |
| Address Line2: | 369 Franklin Street |
| City: | BUFFALO |
| State: | NY |
| Postal Code: | 14202 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Audit and tax services. |

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**Procurement Transactions Listing:**

**Additional Comments:**

**Procurement Report for Buffalo and Erie County Industrial Land Development Corporation** **Run Date: 02/03/2016**

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**Procurement-Information:**

| Question | Response | URL (if applicable) |
|---|---|---|
| 1. Does the Authority have procurement guidelines? | Yes | http://www.ecidany.com/about-us-corporate-policies |
| 2. Are the procurement guidelines reviewed annually, amended if needed, and approved by the Board? | Yes | |
| 3. Does the Authority allow for exceptions to the procurement guidelines? | No | |
| 4. Does the Authority assign credit cards to employees for travel and/or business purchases? | No | |
| 5. Does the Authority require prospective bidders to sign a non-collusion agreement? | Yes | |
| 6. Does the Authority incorporate a summary of its procurement policies and prohibitions in its solicitation of proposals, bid documents or specifications for procurement contracts?. | No | |
| 7. Did the Authority designate a person or persons to serve as the authorized contact on a specific procurement, in accordance with Section 139-j(2)(a) of the State Finance Law, "The Procurement Lobbying Act"? | Yes | |
| 8. Did the Authority determine that a vendor had impermissible contact during a procurement or attempted to influence the procurement during the reporting period, in accordance with Section 139-j(10) of the State Finance Law? | No | |
| 8a If Yes, was a record made of this impermissible contact? | | |
| 9. Does the Authority have a process to review and investigate allegations of impermissible contact during a procurement, and to impose sanctions in instances where violations have occurred, in accordance with Section 139-j(9) of the State Finance Law? | Yes | |

**Procurement Report for Buffalo and Erie County Industrial Land Development Corporation** **Run Date: 02/03/2016**

**Fiscal Year Ending: 12/31/2015** **Status: UNSUBMITTED**

**Procurement Transactions Listing:**

1. Vendor Name: LiRo Engineers, Inc.

| | |
|---|---|
| Type of Procurement: | Consulting Services |
| Award Process: | Authority Contract - Competitive Bid |
| Award Date: | 02/13/2015 |
| End Date: | 09/30/2015 |
| Amount: | $19,471 |
| Amount Expended for Fiscal Year: | $19,471 |
| Fair market value: | |
| Explain why the fair market value is less than the amount: | |

| | |
|---|---|
| Address Line1: | 690 Delaware Avenue |
| Address Line2: | |
| City: | BUFFALO |
| State: | NY |
| Postal Code: | 14209 |
| Plus 4: | |
| Province Region: | |
| Country: | USA |
| Procurement Description: | Environmental testing and engineering reports for the 4111 River Road site. |

**Procurement Report for Buffalo and Erie County Industrial Land Development Corporation**

**Run Date: 02/03/2016**

**Fiscal Year Ending: 12/31/2015**

**Status: UNSUBMITTED**

**Procurement Transactions Listing:**

**Additional Comments:**

ECIDA

THE ECONOMIC DEVELOPMENT CORPORATION FOR ERIE COUNTY

# 2015 YEAR IN REVIEW

# 2015

2015 was a very busy year for the ECIDA and our nonprofit affiliates, the Regional Development Corporation (RDC) and the Industrial Land Development Corporation (ILDC).

The ECIDA Board approved 19 projects, generating $194.7 million in private investment in Erie County. The RDC, which serves as our lending affiliate, closed on $5.9 million in loans, leveraging $29.8 million in private investment. Our bond-issuance affiliate ILDC provided two tax-exempt bond issuances enabling $133.4 million in private investment. We've highlighted some of these projects in the following pages.

In 2015, the ECIDA also adopted several new policies to ensure continued responsible administration of the incentives our Board approves. With directives from County Executive Mark Poloncarz, and leadership from Board Chair Brenda McDuffie and our Policy Committee Chair Richard Lipsitz, the ECIDA Board adopted a more narrow Senior Housing incentive policy, a Good-standing Tax policy, and a Pay Equity policy that requires applicants certify that they pay female employees on the same pay scale as their male counterparts.

These policies ensure that if applicants receiving incentives are unable to meet these requirements, the ECIDA can recapture or rescind the incentives and protect the investment made on behalf of the citizens of Erie County. Helping businesses grow is our mission, and part of our responsibility to the residents of Erie County is to serve both businesses and taxpayers with equal accountability.

I encourage business owners, Erie County residents, elected officials and any stakeholders with questions to contact my office at (716) 856-6525, or visit our website at ecidany.com for more information about these policies, any of our incentives, loans or business development services.

While it is important to employ best practices, we want to innovate them as well. As we move forward into 2016, we will continue these strategic discussions at the Board level, and focus on our mission to further economic growth in Erie County.

Sincerely,
Steve Weathers
President & CEO

# YEAR IN REVIEW

The economic impact of the private investment generated by ECIDA incentives is far-reaching. From growing businesses, to the rehabilitation of dilapidated buildings into tax-generating entities, to creating jobs that flood the community with payroll dollars that are spent locally on goods and services, these numbers represent the fruits of our labor and an economic development success story for Erie County.

## TAX INCENTIVES

**19** PROJECTS APPROVED

**$849M** ECONOMIC IMPACT

**$195M** PRIVATE INVESTMENT

## ADAPTIVE REUSE

**6** PROJECTS APPROVED

generated **$44.8M** in private investment

## LOANS

**9** BUSINESSES

borrowed **$5.9M**
generated **$29.8M**
in private investment

## ILDC BOND FINANCING

**2** PROJECTS APPROVED

**$133.4M** new private investment

## JOBS

**1,967** JOB IMPACT

**321** new jobs created

**1,646** jobs retained

**920** construction jobs created

*Average annual salary of new jobs created:* ***$37,508***

# ECIDA OVERVIEW

2015 was a very productive year for the Western New York economy, and for the ECIDA. The 19 projects incentivized by the ECIDA generated an estimated $849 million in additional economic impact in Erie County.

Governor Andrew Cuomo's "Buffalo Billion" initiative and other New York State incentive programs that attract large-scale projects like SolarCity to Western New York have enabled the ECIDA to focus our resources on critical job retention and growth of our local Erie County businesses.

The following pages highlight some of our 2015 projects.

## 2015

**19 projects**

incentivized by ECIDA

**$849 million**

additional economic impact

In 1970, the New York State Legislature created the Erie County Industrial Development Agency to encourage economic development in Erie County. Our experienced staff helps Erie County businesses grow by administering tax incentives, loans, and tax-exempt bonds for nonprofits through the ECIDA and our two affiliates, the Regional Development Corporation (RDC) and the Industrial Land Development Corporation (ILDC).

The ECIDA is not supported by any tax revenue stream and is not part of Erie County government; we operate as a public benefit corporation, and we maintain our operating funds by charging fees to private businesses for our services.

Learn more about the ECIDA at www.ecidany.com or call our offices at (716) 856-6525.

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# TAX INCENTIVES

Tax incentives are important to economic development because regional competition for quality jobs is aggressive. These tax incentives administered by the ECIDA are not "grants" or cash, but rather "discounts" or "savings" on: sales tax (on limited construction materials, for example); a portion of property taxes for a limited term (usually from seven to ten years); or the applicant is allowed a one-time elimination of the fee assessed by the County when a mortgage is taken out (the "mortgage recording fee").

## SODEXO
CHEEKTOWAGA, NY

**It takes a village** | When global food services employee contractor Sodexo outgrew its two Amherst administrative office locations, they began to explore alternatives, including relocating the entire back office operation to their headquarters in Maryland. This would have meant a loss of 511 well-paying office jobs in Erie County.

In a concerted effort to make Western New York more attractive than anywhere else for Sodexo, Empire State Development offered an incentive package; developer Uniland found an ideal new-build location in the Town of Cheektowaga, and struck a lease deal with Sodexo; the Town of Amherst offered its blessing to the inter-municipal move; the ECIDA approved $467,000 in sales tax savings for Sodexo on machinery acquisition and $949,000 in sales tax savings for Uniland on construction materials, and the $27 million project came to life. Sodexo chose to stay in Western New York, and those critical 511 jobs stayed in Erie County.

**$27 million** Total Project Cost

Photo courtesy Uniland Development

**511**

Jobs Stayed in Erie County

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# TAX INCENTIVES

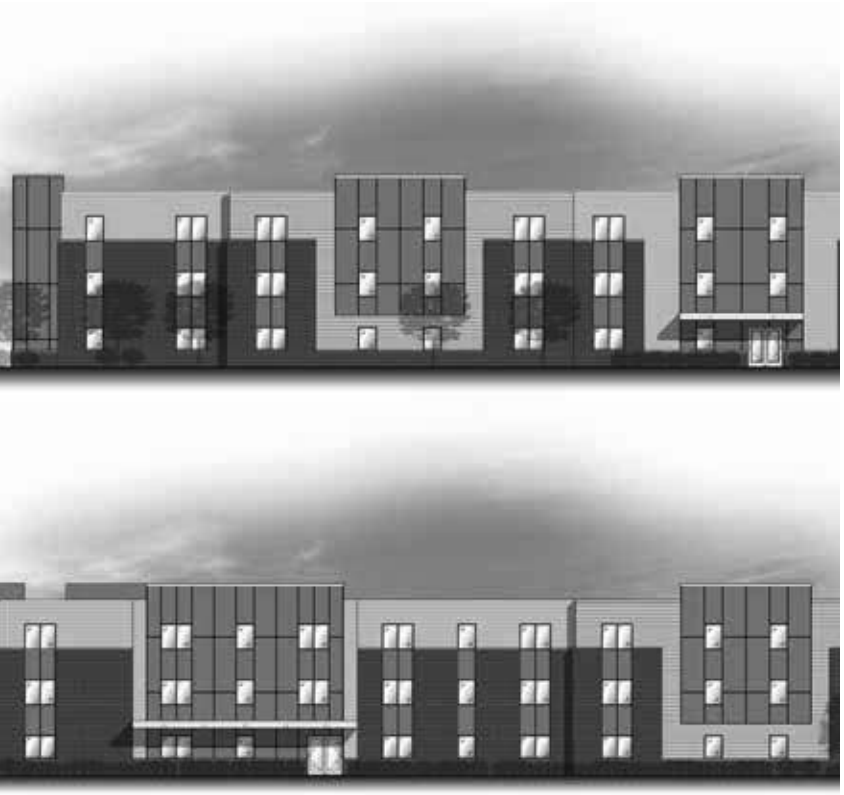

Photo courtesy 240 Kensington, LLC

## KENSINGTON PLACE APARTMENTS
BUFFALO, NY

This unique project has the distinction of being the first to be approved under the ECIDA's new 2015 Senior Housing Policy. [For a complete review of the Senior Housing Policy please visit www.ecidany.com.]

Developers 240 Kensington, LLC proposed a 40-unit, $5.8 million senior housing project on Buffalo's East Side—a community that has expressed a strong need for senior housing. The developer applied for $218,000 in sales tax savings, and a one-time elimination of the County's 1% mortgage recording fee, approximately $40,000. Additional savings on real property taxes will be realized through the City's 485-b exemption program, approximately $220,000 in property taxes over a term of ten years. In keeping with the ECIDA's 2015 Senior Housing Policy, the rents will be affordable to seniors at 50% - 80% of the area median income, and the property is located near public transportation.

## GARRETT LEATHER
BUFFALO/CHEEKTOWAGA,NY

From their humble beginnings as a home-business in 1988, Garrett Leather has grown into a global high-quality leather upholstery producer for Gulfstream jets, yachts and Royal Caribbean cruise ships. They have outgrown their current factory location on Niagara Street in the City of Buffalo and purchased the former Miken Systems building in Cheektowaga. To bring the 80,000 sq. ft. building up to current code and help finance major renovations, Garrett came to the ECIDA to apply for $70,000 in sales tax savings incentives on materials and equipment.

With support from City of Buffalo Mayor Byron Brown and then-Town of Cheektowaga Supervisor Mary Holtz, the ECIDA Board approved the incentives. The $4.1 million project will move forward, preserving 32 jobs and adding a projected ten more jobs in the coming two years.

Photo courtesy Architectural Resources/Garrett Leather

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Photo courtesy Flexovit

Photo courtesy David Gordon Companies

# TAX INCENTIVES

## FLEXOVIT

EVANS, NY

Industrial abrasive manufacturer Flexovit lost its 62,000 sq. ft. manufacturing and warehouse facility due to a devastating roof collapse. In spite of reaching a settlement with their insurance company, the losses exceeded the insurance award and Flexovit lost 40 of its 90 full time positions.

Flexovit applied for $143,000 in sales tax savings on equipment and materials on a new $3.1 million facility, and approximately $343,000 in total property tax savings over a term of ten years. With total rebuilding costs exceeding $8 million, the incentives helped make their recovery financially possible.

It's important to note that the local school district, the Town of Evans and the County would lose the tax revenue generated by the company if Flexovit were to shut its doors. In addition, if Flexovit's millions in annual payroll expenditure is no longer pouring into the community, then those employees are no longer spending that money on housing, entertainment, groceries, and other goods and services. As with any closure, the ripple effects could have been devastating.

When completed, the project is expected to return Flexovit's workforce to 81 positions—almost to pre-storm staff levels.

### SNOW DAMAGE

IN NOVEMBER 2014 WESTERN NEW YORK WAS HIT WITH AN UNPRECEDENTED AMOUNT OF SNOWFALL IN WHAT BECAME KNOWN AS "WINTER STORM KNIFE," FOR ITS BLADE-SHAPED BAND OF SNOW THAT DUMPED MORE THAN SEVEN FEET OF SNOW ACROSS SOUTHERN ERIE COUNTY. ROOF COLLAPSES WERE NOT UNCOMMON, AND TWO AREA BUSINESSES THAT SUFFERED SEVERE LOSSES IN THE STORM SOUGHT HELP FROM THE ECIDA.

THE INCENTIVES APPROVED NOT ONLY ALLOWED THESE COMPANIES TO KEEP THEIR DOORS OPEN AND SAVE THE JOBS OF THEIR CURRENT EMPLOYEES, BUT THEY ALSO EXPANDED THEIR BUSINESSES TO CREATE NEW JOBS AND TURN WHAT WAS A TERRIBLE LOSS INTO FUTURE GROWTH AND SUCCESS.

## DAVID GORDON COMPANIES

CHEEKTOWAGA, NY

Another casualty of Winter Storm Knife was David Gordon Companies, which operates a large Christmas and home decorating goods warehouse distribution center in Cheektowaga. The facility is a critical back operations hub for Gordon's retail website and Dave's Christmas Shop store.

A 28,000 sq. ft. section of the warehouse collapsed under the weight of the snow on the roof during the storm. Thankfully as in the case with Flexovit, no one was injured, but all the contents of the warehouse including inventory and equipment were destroyed. Two other sections of the building totaling 44,000 sq. ft. were also damaged, and the entire structure was condemned by the Town of Cheektowaga.

A second warehouse roof collapsed, rendering about a third of that building in need of corrective rehabilitation before it could be cleared for use again.

Gordon applied for $87,000 in sales tax savings on equipment and construction supplies, and approximately $130,000 in total property tax savings over a period of seven years.

The company projects the addition of six jobs with the expansion and repairs, which also directly created at least eleven construction jobs.

# ADAPTIVE REUSE

City of Buffalo Mayor Byron Brown [also an ECIDA Board member by virtue of his office] has presided over a major infusion of urban redevelopment in recent years. Several of these projects benefited from the ECIDA's Adaptive Reuse tax incentive program, which helps owners of industrial properties overcome remediation and other prohibitive costs.

Most of the properties are located in highly distressed areas, and often are the first example in what eventually becomes a rehabilitated neighborhood. Costly challenges can come with renovating these structures; special remediation for hazardous materials and historic preservation status are just two of the issues that may need to be accommodated in the reconstruction design.

As the properties are transformed, they rejoin the City's tax rolls.

## ST. ROSE OF LIMA CHURCH SCHOOL
BUFFALO, NY

An adaptive reuse of a vacant school property will create 21 market-rate apartments at the former St. Rose of Lima school at 1030 Parkside Avenue in North Buffalo. The consortium of developers headed by the Frizlen Group plan to keep historic elements such as blackboards, entry doors and original hardwood floors in the design, and maintain the school gym as a community rental facility for sports activities. The building has been vacant since 2007.

Photo credit: Nancy J. Parisi

**21**

Market-rate Apartments

## ADAPTIVE REUSE

### ST. THOMAS ACQUINAS CHURCH COMPLEX
BUFFALO, NY

Two empty school buildings located at the former St. Thomas Aquinas Church complex at 31 Tamarack Street in Buffalo, will join the City tax rolls as 32 market-rate apartments, complete with fitness center, once the project is completed.

Developer 432 Abbott LLC, led by Karl Frizlen, applied to the ECIDA for $61,250 in sales tax savings on construction materials, and a one-time savings of the 1% mortgage recording fee, for a savings of approximately $33,000 on the acquisition price of $3.3 million for the property. The $4.6 million project will incorporate designs approved by the State Historic Preservation Office, and once the City's 485-a incentive program term is up, will bring $52,000 annually in property taxes to the City of Buffalo.

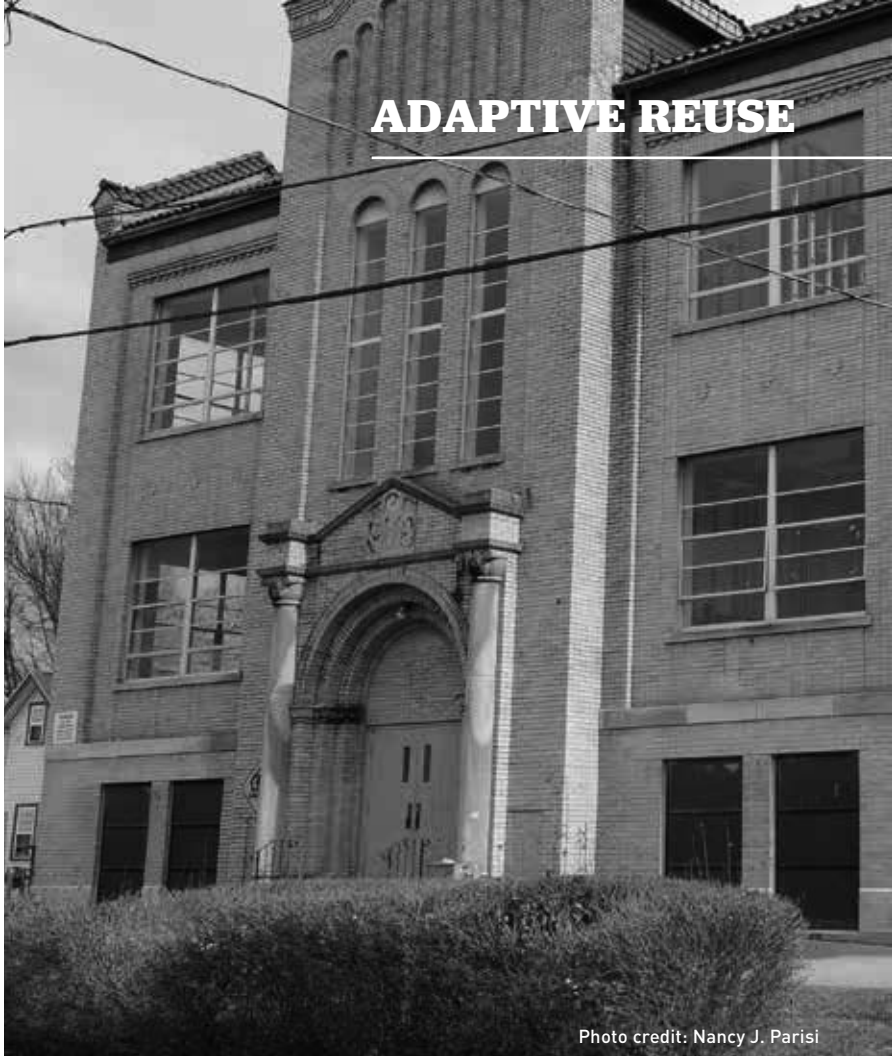

Photo credit: Nancy J. Parisi

Photo credit: Nancy J. Parisi

### PHOENIX BREWERY APARTMENTS
BUFFALO, NY

835-847 Washington Street is the location of the former Phoenix Brewery. Developer Sinatra & Co. plans to convert the vacant 55,000 sq. ft. structure into thirty luxury apartments ranging in size between 750 sq. ft. to 1,250 sq. ft., with a parking garage for 24 cars. The ECIDA approved approximately $251,000 in sales tax savings on construction materials, and a one-time elimination of the 1% mortgage recording fee, for additional savings of approximately $65,000. The rising demand for housing adjacent to the fast-growing Buffalo Niagara Medical Campus makes this $7.5 million development an ideal adaptive reuse project.

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# RDC LOANS

## LARGE BUSINESS LOANS

The Regional Development Corporation (RDC) serves as the lending arm of the ECIDA. The RDC provides small businesses in Erie County with loans up to $50,000, and large businesses with loans from $50,000 to $2 million. The RDC collects its operating funds by charging fees and interest rates for its services.

2015 turned out to be our largest loan-volume year since 2004; the RDC provided more than $5.6 million in new loans to help large and small Erie County businesses.

### BOSTON VALLEY TERRA COTTA
BOSTON, NY

World-renowned clay company Boston Valley Terra Cotta manufactures a wide variety of architectural terra cotta products, including roof tiles, sculptured siding, cornices and gargoyles, and specializes in historical restoration work.

A $1 million loan was approved for Boston Valley Terra Cotta for the purchase of manufacturing equipment and working capital for their Orchard Park manufacturing facility. The expansion will add 26 jobs to the 119 workers currently employed there.

**$1 million**

Approved Loan

Photo credit: Daniel Cappellazzo

Custom-profiled adobe-colored panels and louvres manufactured by Boston Valley Terra Cotta for Roswell Park Clinical Sciences Center

**26**

Jobs Added

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## TMP TECHNOLOGIES
BUFFALO, NY

TMP Technologies, a market leader in industrial foam, plastic, rubber and metal components, manufactures the "Magic Eraser" cleaning sponge at their Dingens Street location in Buffalo. The company was about to be sold to a buyer who wanted to move the entire operation outside of New York State, taking 124 quality jobs with them.

Two longstanding executives within the corporation, Robert Laughlin and Kirk Dorn, proposed a local buyout that would keep the factory in the community and preserve the local jobs. With a critical gap in their funding from traditional lenders, they came to the RDC for a $2 million loan. TMP Technologies stayed in Buffalo, and 124 workers kept their jobs.



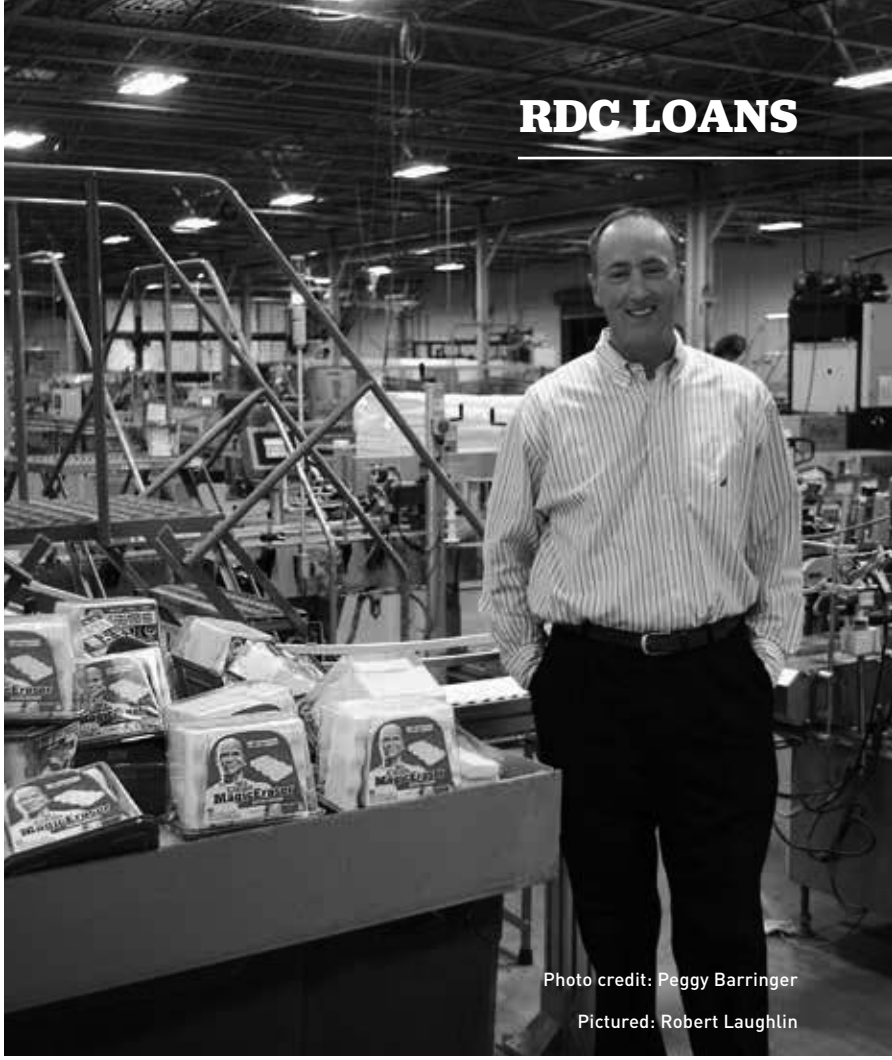

Photo credit: Peggy Barringer

Pictured: Robert Laughlin

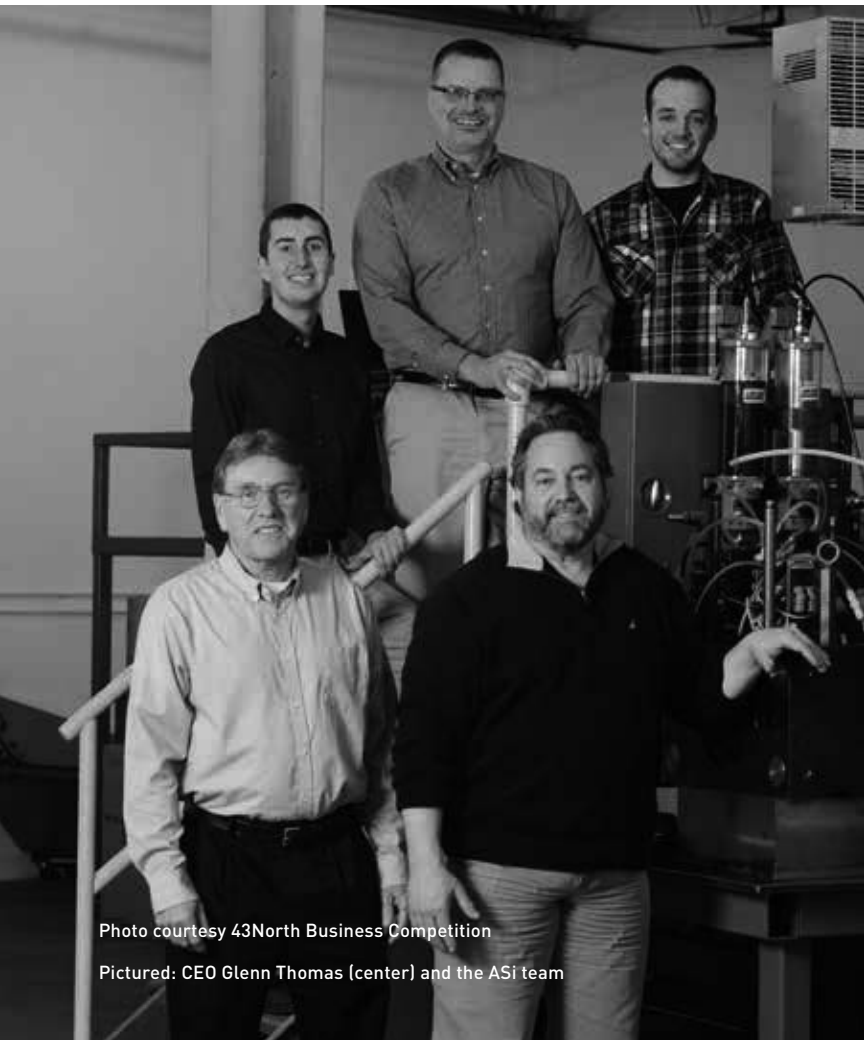

Photo courtesy 43North Business Competition

Pictured: CEO Glenn Thomas (center) and the ASi team

## ADIABATIC SOLUTIONS, LLC (ASi)
TONAWANDA, NY

Adiabatic Solutions, LLC, (ASi) produces high-strength metal component parts using a unique technology called Adiabatic Softening. This process uses a one-of–a-kind high velocity impact press, and ASi has the only one in the world. After winning the $1 million first place award in New York State's 43North venture capital business competition, ASi began looking for additional funds to begin production. RDC provided a $250,000 loan to purchase equipment for a new larger space, enabling ASi to begin generating revenue in their first year of operation.

RDC
REGIONAL DEVELOPMENT CORPORATION
A Member of the ECIDA Financing and Development Group

# RDC LOANS

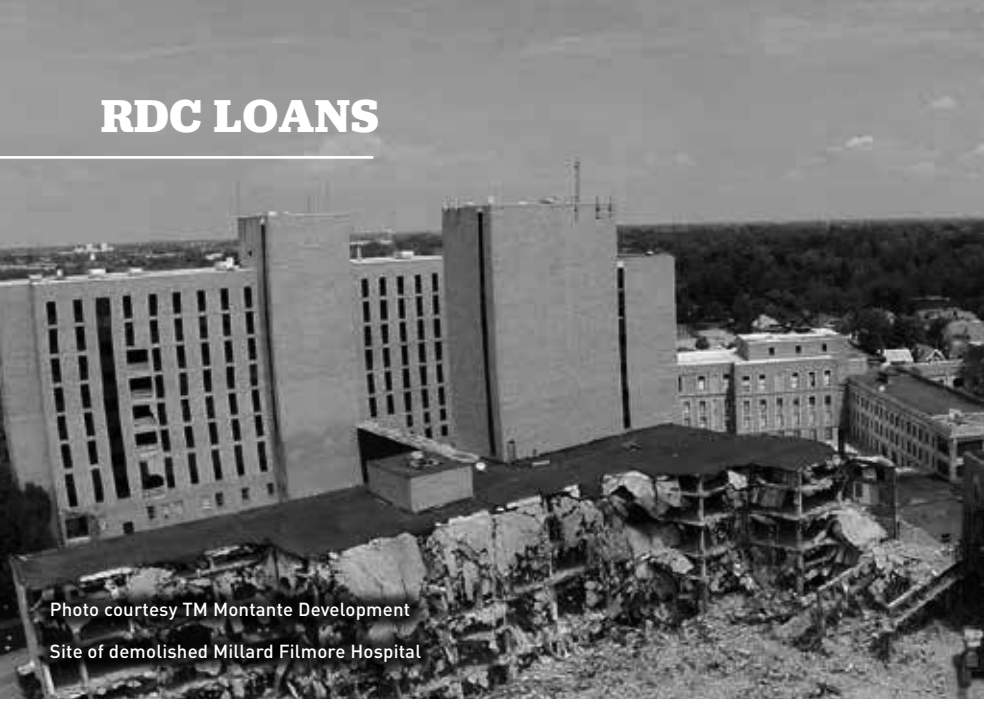

Photo courtesy TM Montante Development

Site of demolished Millard Filmore Hospital

## GATES CIRCLE PROJECT
BUFFALO, NY

One of 2015's most high-profile City of Buffalo projects was the demolition of the former Millard Filmore-Gates Circle Hospital at Delaware and West Delavan Avenues. Developer TM Montante's mixed-use plans for the property include senior housing, a parking garage, and retail. The RDC provided a $2 million loan to finance the critical first step in the complex remediation of the property.

## LAKEWARD SPIRITS
BUFFALO,NY

Some businesses qualify for both tax credits from the ECIDA and loans from the RDC.

Lazarus Properties proposed transforming a vacant property on 65 Vandalia Street in Buffalo into a distillery and malt house, with a small tasting area. Lazarus was approved for $72,000 in sales tax savings on construction and other equipment, and a one-time elimination of the mortgage recording fee, saving them an additional $20,000.

The $2.5 million mixed-use project will house Lakeward Spirits Distillery and Queen City Malting, with the 1500 sq. ft. of retail "tasting room" space receiving no ECIDA benefits.

The RDC also approved a $320,000 term loan for Lazarus affiliate Lakeward Spirits/Mainspring LLC to help finance Lakeward's production facility and bring the 110-year-old building back to life.

Photo credit: Peggy Barringer

Pictured: Owner Stephan Bystran

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# ILDC BOND FINANCING

The Industrial Land Development Corporation is the bond issue and land development affiliate of the ECIDA. Nonprofit corporations can use the ILDC as a pass-thru agency to issue bond financing, and although the ILDC does not carry the actual debt, the bond issuances are tax-free.

**CATHOLIC HEALTH SYSTEMS**
BUFFALO, NY

In one of the more complex deals struck by the ILDC, Catholic Health Systems, Inc. was issued $130,000,000 in tax-exempt and taxable bonds. The sizeable issuance would finance reimbursement of costs for improvement projects at various CHS locations, new financial reporting technology programs, supply chain management and the purchase of their corporate offices at 144 Genesee Street. Catholic Health carries the debt obligation of the bonds, not the ILDC, but because the ILDC served as the pass-through bond issuer, CHS will benefit from the lowered borrowing costs.

Photo courtesy Uniland Development

**$130M**

Tax-exempt and taxable bonds

Photo credit: Nancy J. Parisi

ECIDA Board of Directors Meeting: December 16, 2015

# 2015 BOARD OF DIRECTORS

**HON. BYRON W. BROWN**
Mayor
City of Buffalo

**HON. ANTHONY F. CARUANA**
Supervisor
Town of Tonawanda

**MR. JAMES F. DOHERTY**
ECIDA Board Member

**MR. DENNIS ELSENBECK**
Regional Executive
National Grid

**MS. DOTTIE GALLAGHER-COHEN**
President & CEO
Buffalo Niagara Partnership

**HON. BETTY JEAN GRANT**
Erie County Legislator

**HON. MARY F. HOLTZ**
Supervisor
Town of Cheektowaga

**MR. CHRIS JOHNSTON**
Director, Business Development
Harper International

**MR. RICHARD LIPSITZ, JR., VICE CHAIR**
President
Western New York Area Labor Federation

**MS. BRENDA MCDUFFIE, CHAIR**
President & CEO
Buffalo Urban League

ECIDA Board Chair Brenda McDuffie is the first female Chair in the Agency's forty-five year history.

**MR. FRANK B. MESIAH**
President
NAACP

**MR. JOHN MUDIE**
President
Buffalo Central Labor Council, AFL-CIO

**MR. GLENN NELLIS**
ECIDA Board Member

**DR. CAROL NOWAK**
President
Erie County Association of School Boards

**HON. MARK POLONCARZ**
County Executive
County of Erie

**HON. DARIUS G. PRIDGEN**
President
Buffalo Common Council

**HON. EDWARD A. RATH, III**
Chairman, Economic Development
Erie County Legislature

**MR. DAVID J. STATE, ESQ.**
General Counsel
NFTA

**HON. BARRY A. WEINSTEIN**
Supervisor
Town of Amherst

## COMMUNITY OUTREACH

In participation with the annual WNY United Way of Buffalo & Erie County Day of Caring, ECIDA staff volunteered at Kevin Guest House in August, removing old fence posts, clearing brush and installing a new wooden fence. Located adjacent to the Buffalo Niagara Medical Campus, Kevin Guest House provides comfort, support and affordable accommodations for patients and their loved ones seeking care at area medical facilities.

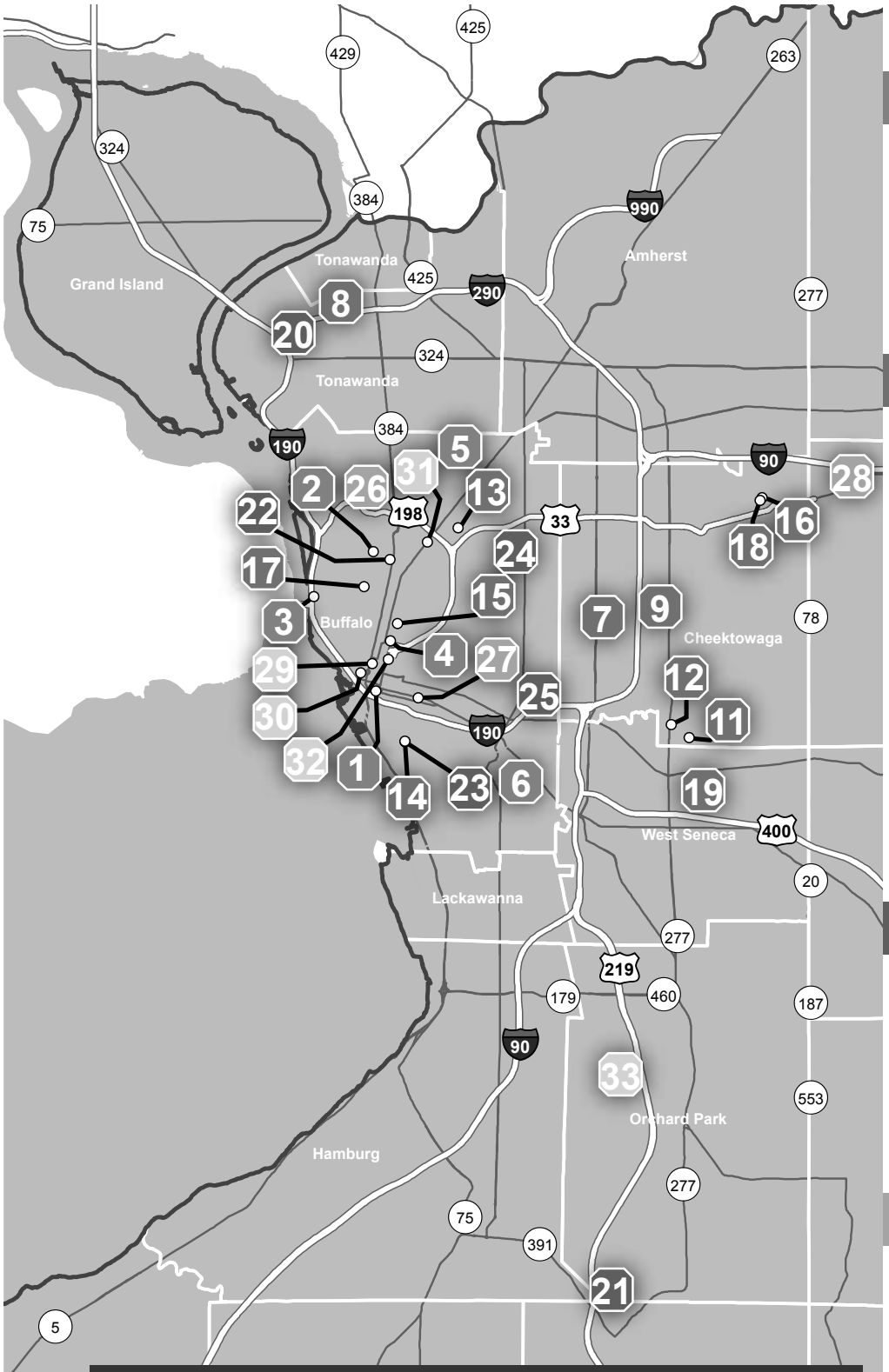
www.kevinguesthouse.org

Photo credit: Robbie-Ann McPherson

# MEET OUR STAFF

*First row, left to right* - Grant Lesswing, Mollie Profic, Carrie Hocieniec, Brian Krygier, Robbie-Ann McPherson, Andrew Schoeppich, Steve Weathers, Karen Fiala, John Cappellino, Dawn Boudreau. *Second row, left to right* - Laurie Hendrix, Beth O'Keefe. *Third Row, left to right* - Phil Riggs, Jerry Manhard, Michael Alexander. *Not pictured* - Robbie Michaels, Pat Smith.

Photo credit: Nancy J. Parisi




For more details about these and other ECIDA projects, access the ECIDA project logs at www.ecidany.com

Erie County Industrial Development Agency
95 Perry Street, Suite 403
Buffalo, NY 14203
(716) 856-6525

ECIDA
THE ECONOMIC DEVELOPMENT CORPORATION FOR ERIE COUNTY

The mission of the Erie County IDA is to provide the resources that encourage investment, innovation and international trade - creating a successful business climate that improves the quality of life for the residents of the region.

## Key Project Name

### ADAPTIVE REUSE

1 251 Main Street
2 722 West Delavan
3 960 Busti Avenue
4 Phoenix Brewery Apartments
5 St. Rose of Lima Church School
6 St. Thomas Acquinas Church Complex

### TAX INCENTIVE

7 2839-2871 Broadway
8 95 Pirson Parkway, LLC
9 Derrick Corporation
10 Flexovit USA, Inc.
11 Garrett Leather Corporation
12 Gordon Comp. Warehouse Complex
13 Kensington Place Apartments
14 Lakeward Spirits/Queen City Malting
15 Pilgrim Village/Campus Square
16 Sodexo, Inc.
17 Thin Man Brewery
18 Uniland/Sodexo
19 Upstate Pharmacy Dist. Center

### LARGE BUSINESS LOAN

20 Adiabatic Solutions (ASi)
21 Boston Valley Terra Cotta
22 Gates Circle Holdings, LLC
23 Lakewood Spirits
24 Niagara Lubricants
25 TMP Technologies/Magic Eraser

### SMALL BUSINESS LOAN

26 Black Squirrel Distillery
27 Buffalo Brewing Company
28 Elite Dance Studio

### BOND ISSUANCE

29 Buffalo Acad. of Science Charter
30 Buffalo School Board *
31 Canisius College *
32 Catholic Health System, Inc
33 Fox Run Apartments *

*Refinancing

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

Cyclorama Building | 369 Franklin Street | Buffalo, New York 14202

716-856-3300 | Fax 716-856-2524 | www.LumsdenCPA.com

# COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

March 18, 2016

Members of the Finance & Audit Committee
and Board of Directors
Erie County Industrial Development Agency
Buffalo and Erie County Regional Development Corporation
Buffalo and Erie County Industrial Land Development Corporation

We have audited the separate financial statements of Erie County Industrial Development Agency (ECIDA), Buffalo and Erie County Regional Development Corporation (RDC), and Buffalo and Erie County Industrial Land Development Corporation (ILDC), business-type activities, collectively "the Organizations," for the year ended December 31, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), where applicable, as well as certain information related to the planned scope and timing of our audits. We have communicated such information to you in our engagement letter dated November 23, 2015. Professional standards also require that we communicate to you the following information related to our audits.

## Significant Audit Findings

*Qualitative Aspects of Accounting Practices*
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organizations are described in Note 1 to each entity's financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the Organizations during the year for which there is a lack of authoritative guidance or consensus.

*Estimates*
Accounting estimates are an integral part of each entity's financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly important because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting each entity's financial statements were:

- Establishing allowances for uncollectible loans (ECIDA, RDC, ILDC)
- Depreciable lives and methods (ECIDA)
- Valuation of other assets (ECIDA)

Management's process for determining the above estimates is based on firm concepts and reasonable assumptions of future events. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to each entity's financial statements taken as a whole.

*Footnote Disclosures*
Certain financial statement disclosures are particularly important because of their significance to financial statement users. The most important disclosures affecting each entity's financial statements are reflected in Note 2 – Loans Receivable (RDC, ILDC), Note 4 – Funds Held on Behalf of Others (ECIDA), and Note 6 – Other Assets (ECIDA). These notes provide information on loans receivable, restricted assets, and the estimated value of ECIDA's ownership share in several businesses.

The financial statement disclosures are neutral, consistent, and clear.

**Difficulties Encountered in Performing the Audits**

We encountered no difficulties in dealing with management in performing and completing our audits.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit of each entity, other than those that are trivial, and communicate them to the appropriate level of management. We discovered no such misstatements during our audits.

**Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' reports. We are pleased to report that no such disagreements arose during the course of our audits.

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated March 18, 2016.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organizations' financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organizations' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

We applied certain limited procedures to ECIDA's Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying each Organization's financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audits of the Organizations' financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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This information is intended solely for the use of the Finance & Audit Committee, Board of Directors, and management of the Organizations. It is not intended to be and should not be used by anyone other than these specified parties.

Limodin & McCormick, LLP

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

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# MANAGEMENT LETTER

March 18, 2016

The Finance & Audit Committee, Board of Directors, and Management
Erie County Industrial Development Agency
Buffalo and Erie County Regional Development Corporation
Buffalo and Erie County Industrial Land Development Corporation

In planning and performing our audits of the financial statements of Erie County Industrial Development Agency (ECIDA), Buffalo and Erie County Regional Development Corporation, and Buffalo and Erie County Industrial Land Development Corporation (collectively, the Organizations), business-type activities, as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Organizations' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the separate financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## INFORMATIONAL POINTS

1. In February 2015, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 72, *Fair Value Measurement and Application.* This statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. GASB expects this statement to enhance comparability of financial statements among governments by using a consistent and more detailed definition of fair value and accepted valuation techniques. The requirements of this statement are effective for the Organizations' year ending December 31, 2016, with earlier application encouraged.

2. In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. Financial statement disclosures of affected governments will need to include details regarding the tax abatement agreement, including:
   - A summary of the agreement, including a description of the tax being abated, the authority under which the abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients;
   - The gross dollar amount by which the reporting government's tax revenues were reduced during the reporting period; and
   - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Although this information is not required to be disclosed in ECIDA's financial statements, reporting governments, including Erie County, the City of Buffalo, and applicable school districts, may need ECIDA's assistance in collecting and reporting this information. This Statement is effective for financial statements for periods beginning after December 15, 2015.

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This communication is intended solely for the information and use of management, the Finance & Audit Committee, Board of Directors, and others within the Organizations. It is not intended to be, and should not be, used by anyone other than these specified parties.

Lumsden & McCormick, LLP

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

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# INDEPENDENT AUDITORS' REPORT

The Board of Directors
Erie County Industrial Development Agency

We have audited the accompanying financial statements of Erie County Industrial Development Agency (ECIDA), a business-type activity, which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ECIDA as of December 31, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Management's Discussion and Analysis*
Accounting principles generally accepted in the United States of America require that management's discussion and analysis preceding the financial statements be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*
The supplementary information on pages 13 and 14 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2016 on our consideration of ECIDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ECIDA's internal control over financial reporting and compliance.

Lumsden & McCormick, LLP

March 18, 2016

# ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

**Management's Discussion and Analysis**

**December 31, 2015**
**(UNAUDITED)**

Erie County Industrial Development Agency (ECIDA) is a public benefit corporation that provides tax incentives, financing programs, international trade assistance, land development and other economic development services to the City of Buffalo (the City) and Erie County, New York (the County). In accomplishing its mission, ECIDA does not receive any operational funding from Federal, State, County or local sources. Instead, ECIDA relies primarily upon administrative fees charged to those businesses that utilize its products and services.

As a public benefit corporation, ECIDA is required to comply with accounting standards issued by the Governmental Accounting Standards Board (GASB). Under GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, ECIDA is required to present management's discussion and analysis (MD&A) to assist readers in understanding ECIDA's financial performance.

In compliance with GASB Statement No. 34, we present the attached overview and analysis of the financial activities of ECIDA as of and for the years ended December 31, 2015 and 2014. We encourage readers to consider the information presented here in conjunction with ECIDA's audited financial statements.

## Basic Overview of the Financial Statements

Included in this Annual Report are the following financial statements:

1) Balance Sheets - The balance sheets show the reader what ECIDA owns (assets and deferred outflows of resources) and what ECIDA owes (liabilities and deferred inflows of resources). The difference between ECIDA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources (net position) can be one way to measure ECIDA's financial position. Over time, increases or decreases in ECIDA's net position are an indicator of whether its financial health is improving or deteriorating.

2) Statements of Revenues, Expenses, and Changes in Net Position - This statement reports ECIDA's operating and nonoperating revenues by major source along with operating and nonoperating expenses. The difference between total revenues and expenses can be one way to measure ECIDA's operating results for the year.

3) Statements of Cash Flows - This statement reports ECIDA's cash flows from operating, capital and related financing, and investing activities.

## Financial Highlights

- ECIDA's total net position increased by 11% from $21,184,000 in 2014 to $23,619,000 in 2015.
- ECIDA experienced an increase in net position of $2,435,000 in 2015 compared to $927,000 in 2014.
- Administrative fees, a key source of revenue for ECIDA, increased 83% from $2,057,000 in 2014 to $3,757,000 in 2015.
- Earnings from venture capital investments increased to $1,219,000 in 2015 from $1,137,000 in 2014.
- Operating expenses increased from $2,732,000 in 2014 to $2,898,000 in 2015.

**Condensed Comparative Financial Statements:**

**1. Balance Sheets:**

The following table (Table 1) presents condensed comparative financial information and was derived from the audited balance sheets of ECIDA.

**Table 1**
**Balance Sheets as of December 31, 2015 and 2014**
(Amounts in thousands)

| | 2015 | 2014 | $ Change | % Change |
|---|---|---|---|---|
| Assets: | | | | |
| Cash | $ 15,846 | $ 13,181 | $ 2,665 | 20% |
| Loans receivable, net of allowance | 226 | 399 | (173) | -43% |
| Special project grants receivable | - | 23 | (23) | -100% |
| Capital assets, net | 1,751 | 1,821 | (70) | -4% |
| Other assets | 6,037 | 6,245 | (208) | -3% |
| Restricted cash | 4,132 | 4,254 | (122) | -3% |
| Total assets | $ 27,992 | $ 25,923 | $ 2,069 | 8% |
| Liabilities: | | | | |
| Current liabilities | $ 294 | $ 362 | $ (68) | -19% |
| Funds held on behalf of others | 3,910 | 4,058 | (148) | -4% |
| Other long-term liabilities | 169 | 319 | (150) | -47% |
| Total liabilities | 4,373 | 4,739 | (366) | -8% |
| Net position: | | | | |
| Net investment in capital assets | 1,751 | 1,821 | (70) | -4% |
| Restricted | 11,101 | 10,431 | 670 | 6% |
| Unrestricted | 10,767 | 8,932 | 1,835 | 21% |
| Total net position | 23,619 | 21,184 | 2,435 | 11% |
| Total liabilities and net position | $ 27,992 | $ 25,923 | $ 2,069 | 8% |

**Cash** – ECIDA's cash balance increased 20% or $2,665,000 due to the change in net position (net income) of $2,435,000. An increase in tax abatement and tax-exempt financing projects resulted in an increase of $1,700,000 of administrative fees over 2014. Also, the ECIDA received $1,389,000 in payments from one of its venture capital investments.

**Loans Receivable** – Loans receivable represent various loans to businesses under a Federal Urban Development Action Grant (UDAG) loan program and conduit receivables. The $173,000 decrease in the loans receivable balance is due to loan repayments received during 2015.

**Restricted Cash (Funds held on behalf of others)** – Restricted cash consists primarily of funds held on behalf of others including the Buffalo Brownfields Redevelopment fund, Regional Redevelopment fund, and the Regionally Significant Project funds. The $122,000 or 3% decrease from 2014 is due to project costs used by the Regional Redevelopment fund of $767,000, partially offset by an increase of $616,000 in the Buffalo Brownfields Redevelopment fund due to typical receipts and eligible projects costs.

**Other Assets** – Other assets include ECIDA's venture capital investments, affiliate receivables, prepaid expenses, and other receivables. The decrease in other assets of $208,000 is primarily caused by venture capital investment distributions in excess of related equity method earnings by $122,000 and receivables of approximately $75,000 in 2014 that were received during 2015.

**Current Liabilities** – The $68,000 decrease in current liabilities is primarily due to a decrease of $43,000 in accounts payable due to larger invoices outstanding at the end of 2014.

**Other Long-Term Liabilities** – Other long-term liabilities primarily consist of conduit debt and decreased due to payments on loan participation agreements made in 2015.

**2. Change in Net Position:**

The following table (Table 2) presents condensed, comparative financial information and was derived from ECIDA's audited statements of revenues, expenses, and changes in net position.

**Table 2**
**Change in Net Position for the Years ended December 31, 2015 and 2014**
(Amounts in thousands)

| | 2015 | 2014 | $ Change | % Change |
|---|---|---|---|---|
| Revenue: | | | | |
| Administrative fees | $ 3,757 | $ 2,057 | $ 1,700 | 83% |
| Investment income | 1,219 | 1,137 | 82 | 7% |
| Affiliate management fees | 353 | 330 | 23 | 7% |
| Other income | 262 | 234 | 28 | 12% |
| Total revenue | $ 5,591 | $ 3,758 | $ 1,833 | 49% |
| Expenses: | | | | |
| Salaries and benefits | $ 1,856 | $ 1,679 | $ 177 | 11% |
| General and administrative | 899 | 901 | (2) | 0% |
| Depreciation and other | 143 | 152 | (9) | -6% |
| Total expenses | 2,898 | 2,732 | 166 | 6% |
| Operating income before special project grants | 2,693 | 1,026 | 1,667 | 162% |
| Special grants and nonoperating revenue | | | | |
| Net special project grants | (273) | (109) | (164) | 150% |
| Interest income | 15 | 10 | 5 | 50% |
| Change in net position | $ 2,435 | $ 927 | $ 1,508 | 163% |

**3. Revenue Analysis:**

**Administrative Fees** – Administrative fees are primarily collected from the issuance of various forms of tax abatements and tax-exempt financing. ECIDA relies on these fees to cover its operating costs; however, the amount of fees collected in any given year is largely dependent upon the local economic climate. Administrative fees increased $1,700,000 or 83% in 2015. Twenty-two projects were approved in 2015 and 2014. However, an additional four projects were closed through Buffalo & Erie County Industrial Land Development Corporation that generated $1,764,000 of administrative fees that are passed-through to ECIDA.

**Affiliate Management Fees** – Affiliate management fees represent salaries and overhead costs charged to the following ECIDA affiliates for services that ECIDA's employees provide to these organizations:

- Buffalo & Erie County Regional Development Corporation (RDC) - a lending corporation affiliated with ECIDA.
- Buffalo & Erie County Industrial Land Development Corporation (ILDC) - a lending corporation affiliated with ECIDA.

The following table (Table 3) illustrates the amounts charged to ECIDA's affiliated corporations in 2015 with comparisons for 2014:

**Table 3**
**Affiliate Management Fees for the Years ended December 31, 2015 and 2014**
(Amounts in thousands)

| | 2015 | 2014 | $ Change | % Change |
|---|---|---|---|---|
| Affiliate Management Fees Charged: | | | | |
| RDC | $ 353 | $ 329 | $ 24 | 7% |
| ILDC | - | 1 | (1) | -100% |
| Total Affiliate Management Fees | $ 353 | $ 330 | $ 23 | 7% |

Affiliate management fees charged to RDC increased slightly due to increases in personnel costs.

**Other Income** – Other income is comprised of rental income, international division revenues, loan interest, and miscellaneous income.

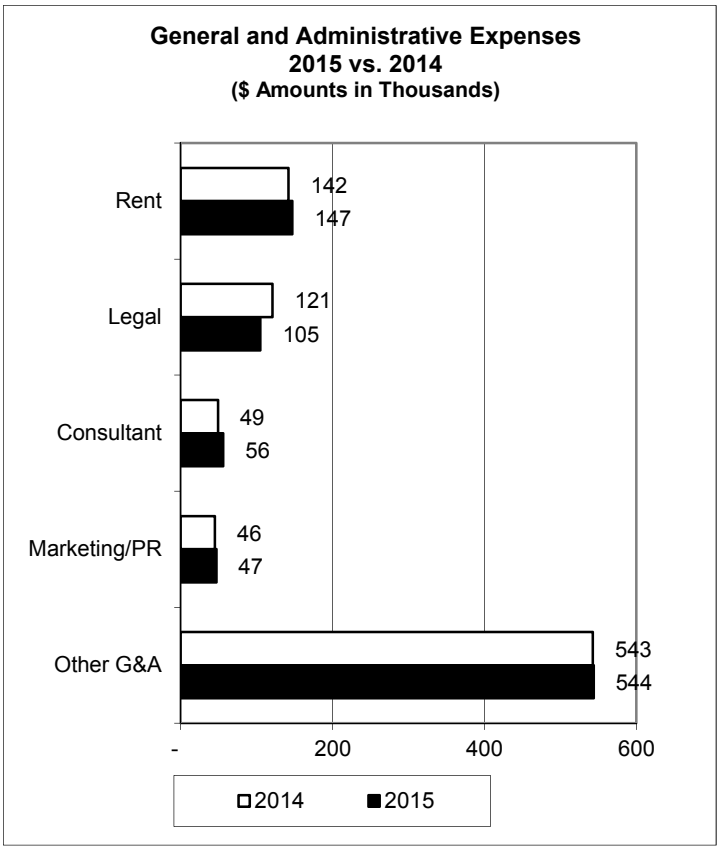
**Investment Income** – Investment income includes ECIDA's proportionate share of net income derived from its venture capital investments. The income is comprised of earnings from an aerospace business investment of $1,219,000 in 2015 and $1,137,000 in 2014.

**Salaries and Benefits** – Payroll costs increased by $177,000 in 2015 due to annual wage increases, an increase in contributions to the pension plan, and an additional 0.5 full-time equivalents than in the prior year.

**4. Expense Analysis:**

**General and Administrative** – In 2015, General and Administrative expenses decreased $2,000 from $901,000 to $899,000. Key expense differences in 2015 include the following:

- Legal expense decreased by $16,000 due to a general decrease in matters requiring attorney assistance.
- Consultant expense increased $7,000 due to the use of a search firm to fill a vacant position.
- Other G&A expenses were flat, but include the following more significant fluctuations:
  - Sponsorship expenses increased $15,000 due to more sponsorships of economic development initiatives and conferences.
  - Export expenses decreased $23,000 from 2014 to 2015 due to the discontinuance of purchasing credit reports for foreign companies as part of the export program.




**Depreciation** – Depreciation expense for 2015 and 2014 was $137,000 and $124,000, respectively.

**Net Special Project Grants** – Net Special Project Grants decreased from a $109,000 net loss in 2014 to a net loss of $272,000 in 2015. In 2015, grants were made to Launch NY ($100,000) and the Buffalo Building Reuse Project ($200,000).

**5. Budget Analysis:**

ECIDA prepares an annual budget which was presented and approved by the Board of Directors on October 22, 2014. The following table (Table 4) presents an analysis of ECIDA's performance compared to the approved 2015 budget.

**Table 4**
**Budget to Actual Analysis for the year ended December 31, 2015**
(Amounts in thousands)

| | Actual | Budget | $ Variance | % Variance |
|---|---|---|---|---|
| Revenue: | | | | |
| Administrative fees | $ 3,757 | $ 1,700 | $ 2,057 | 121% |
| Investment income | 1,219 | 600 | 619 | 103% |
| Affiliate management fees | 353 | 327 | 26 | 8% |
| Other income | 262 | 333 | (71) | -21% |
| Total revenue | 5,591 | 2,960 | 2,631 | 89% |
| Expenses: | | | | |
| Salaries and benefits | 1,856 | 1,866 | (10) | -1% |
| General and administrative | 899 | 886 | 13 | 1% |
| Depreciation and other | 143 | 140 | 3 | 2% |
| Total expenses | 2,898 | 2,892 | 6 | 0% |
| Operating income before special project grants | 2,693 | 68 | 2,625 | 3860% |
| Net special project grants | (273) | (3,000) | 2,727 | 100% |
| Interest income | 15 | 13 | 2 | 15% |
| Change in net position | $ 2,435 | $ (2,919) | $ 5,354 | -183% |

**Budget to Actual Analysis:**

Overall, ECIDA exceeded its budgeted increase in net position for 2015 by $5,354,000. Administrative fees revenue was 121% above the budgeted amount due to more tax incentive projects and tax-exempt bond issuances approved and closed than anticipated. Total expenses were within $6,000 of budget (less than 1%). Investment income was higher than budget as ECIDA's investments performed better than anticipated. Net special project grants had a positive variance of $2,727,000 as many of the budgeted special projects were not funded in 2015 such as the venture capital investment program, forgivable loan program, and the Grow Erie Fund.

**6. Economic Factors Impacting ECIDA:**

ECIDA relies extensively upon administrative fees to generate the majority of its annual revenue. As a result of current uncertain economic conditions and potential legislative/board actions, ECIDA's ability to generate the administrative fees necessary to support operations may be limited in the future.

**7. Requests for Information:**

This financial report is designed to provide a general overview of ECIDA's finances. Questions concerning any of the financial information provided in this report should be addressed to the Controller of ECIDA at (716) 856-6525. General information relating to ECIDA can be found at its website, www.ecidany.com.

## Balance Sheets

| December 31, | 2015 | 2014 |
|---|---|---|
| **Assets** | | |
| **Current assets:** | | |
| Cash | **$ 15,846,215** | $ 13,180,692 |
| Receivables | | |
| Current portion of conduit loans (Note 2) | **18,765** | 18,765 |
| Current portion of loans (Note 3) | **11,148** | 22,327 |
| Affiliates (Note 7) | **341,189** | 301,035 |
| Special project grants | **-** | 23,456 |
| Other | **45,620** | 167,024 |
| Prepaid expenses | **22,088** | 26,586 |
| | **16,285,025** | 13,739,885 |
| **Noncurrent assets:** | | |
| Conduit loans receivable (Note 2) | **168,883** | 168,883 |
| Loans receivable, net (Note 3) | **27,564** | 188,952 |
| Capital assets, net (Note 5) | **1,750,987** | 1,820,897 |
| Other assets (Note 6) | **5,628,026** | 5,750,593 |
| Restricted cash (Note 4) | **4,131,497** | 4,253,538 |
| | **11,706,957** | 12,182,863 |
| | **$ 27,991,982** | $ 25,922,748 |
| **Liabilities and Net Position** | | |
| **Current liabilities:** | | |
| Accounts payable | **$ 143,038** | $ 185,600 |
| Accrued expenses | **132,487** | 157,745 |
| Current portion of conduit debt (Note 2) | **18,765** | 18,765 |
| | **294,290** | 362,110 |
| **Noncurrent liabilities:** | | |
| Conduit debt (Note 2) | **168,883** | 168,883 |
| Loan participation agreements | **-** | 150,000 |
| Funds held on behalf of others (Note 4) | **3,910,057** | 4,058,467 |
| | **4,078,940** | 4,377,350 |
| **Net position:** | | |
| Net investment in capital assets | **1,750,987** | 1,820,897 |
| Restricted | **11,100,480** | 10,430,826 |
| Unrestricted | **10,767,285** | 8,931,565 |
| | **23,618,752** | 21,183,288 |
| | **$ 27,991,982** | $ 25,922,748 |

*See accompanying notes.*

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

## Statements of Revenues, Expenses, and Changes in Net Position

| For the years ended December 31, | 2015 | 2014 |
|---|---|---|
| **Operating revenues:** | | |
| Administrative fees | **$ 3,756,732** | $ 2,057,252 |
| Investment income | **1,218,549** | 1,136,750 |
| Affiliate management fees | **353,137** | 329,668 |
| Rental income | **182,216** | 91,364 |
| Loan interest | **13,741** | 13,614 |
| Other | **66,444** | 128,805 |
| Total operating revenues | **5,590,819** | 3,757,453 |
| **Operating expenses:** | | |
| Salaries and benefits | **1,855,769** | 1,678,667 |
| General and administrative | **899,242** | 900,522 |
| Depreciation | **137,120** | 123,580 |
| Other | **5,192** | 29,046 |
| Total operating expenses | **2,897,323** | 2,731,815 |
| Operating income before special project grants | **2,693,496** | 1,025,638 |
| **Special project grants:** | | |
| Revenue | **36,484** | 39,084 |
| Expenses | **(309,225)** | (148,649) |
| | **(272,741)** | (109,565) |
| Operating income | **2,420,755** | 916,073 |
| **Nonoperating revenues:** | | |
| Interest | **14,709** | 10,151 |
| Change in net position | **2,435,464** | 926,224 |
| Net position - beginning | **21,183,288** | 20,257,064 |
| **Net position - ending** | **$ 23,618,752** | $ 21,183,288 |

*See accompanying notes.*

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

## Statements of Cash Flows

| For the years ended December 31, | 2015 | 2014 |
|---|---|---|
| **Operating activities:** | | |
| Cash from fees and rental income | $ **3,938,948** | $ 2,148,616 |
| Cash from special project grants | **59,940** | 179,097 |
| Distributions received from equity investments | **1,388,748** | 1,203,130 |
| Loans and loan interest collected | **36,308** | 261,172 |
| Cash received from other sources | **453,199** | 3,422,074 |
| Payments received on conduit loans | **-** | (145,200) |
| Payments to employees, suppliers, and other | **(2,822,451)** | (2,680,573) |
| Payments for special project grants | **(309,225)** | (148,649) |
| **Net operating activities** | **2,745,467** | 4,239,667 |
| **Capital and related financing activities:** | | |
| Purchases of capital assets | **(68,284)** | (14,038) |
| **Investing activities:** | | |
| Use of restricted cash | **(26,369)** | (9,375) |
| Interest | **14,709** | 10,151 |
| **Net investing activities** | **(11,660)** | 776 |
| **Net change in cash** | **2,665,523** | 4,226,405 |
| Cash - beginning | **13,180,692** | 8,954,287 |
| Cash - ending | $ **15,846,215** | $ 13,180,692 |
| **Reconciliation of operating income to net cash flows from operating activities:** | | |
| Operating income | $ **2,420,755** | $ 916,073 |
| Adjustments to reconcile operating income to net cash flows from operating activities: | | |
| Depreciation | **137,120** | 123,580 |
| Loss on disposal of assets | **1,074** | 2,396 |
| Changes in other assets and liabilities: | | |
| Receivables | **127,273** | 3,303,540 |
| Prepaid expenses | **4,498** | 982 |
| Other assets | **122,567** | 114,012 |
| Accounts payable | **(42,562)** | (58,401) |
| Accrued expenses | **(25,258)** | (17,315) |
| Conduit debt | **-** | (145,200) |
| **Net operating activities** | $ **2,745,467** | $ 4,239,667 |

*See accompanying notes.*

## 1. Summary of Significant Accounting Policies:

### Nature of Organization:

Erie County Industrial Development Agency (ECIDA) was created in 1970 by an act of the Legislature of the State of New York (the State) for the purpose of encouraging financially sound companies to establish themselves and prosper in Erie County (the County).

ECIDA has related party relationships with Buffalo and Erie County Industrial Land Development Corporation (ILDC) and Buffalo and Erie County Regional Development Corporation (RDC). All three entities are managed by the same personnel and RDC currently shares a common board with ECIDA. These entities share the same business objective which is the stimulation of the local economy through the funding of ventures which ultimately result in job creation, retention, and/or investment in the County.

### Basis of Presentation:

The financial statements of ECIDA have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

### Financial Reporting Entity:

In evaluating how to define ECIDA for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in ECIDA's reporting entity is based on accounting standards, which considers legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no additional entities included in ECIDA's financial statements.

### Measurement Focus:

ECIDA reports as a special-purpose government engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. ECIDA's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred.

ECIDA's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for services and payments made to purchase those goods or services. Certain other transactions are reported as nonoperating activities and include interest income.

### Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### Cash:

Cash management is governed by State laws and as established in ECIDA's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Policies permit management to use demand accounts and certificates of deposit for daily operating funds. Invested resources are limited to obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that, in the event of a bank failure, ECIDA's deposits may not be returned to it. At December 31, 2015, ECIDA's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institution's agent in ECIDA's name.

**Loans Receivable:**

Loans receivable are stated at the principal amount outstanding, net of an allowance for uncollectible loans. The allowance method is used to compute the provision for uncollectible loans.

Determination of the balance of the allowance for uncollectible loans is based on an analysis of the loan portfolio and reflects an amount that, in management's judgment, is adequate to provide for potential loan losses. Loans are written off when, in management's judgment, no legal recourse is available to collect the amount owed.

Interest on loans receivable is accrued as required by the terms of the agreement; management considers that collection is probable based on the current economic condition of the borrower. Interest accrual stops when management adjusts a loan reserve to 50% or more of the loan's outstanding balance.

**Capital Assets:**

*Operating:*
Capital assets are recorded at cost. Depreciation is provided over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds to determine which asset purchases are added to capital accounts and the estimated useful lives of capital assets are:

| | Capitalization policy | Estimated Useful life |
|---|---|---|
| Buildings and improvements | $ 1,000 | 5-40 years |
| Furniture and equipment | $ 1,000 | 3-10 years |

*Rental Property:*
In 1989, ECIDA developed a public warehouse and trans-shipment facility (the Port Terminal Facility) at the Gateway Metroport facility in the City of Lackawanna. The Port Terminal Facility provides enclosed storage facilities and materials handling services for the trans-shipment of goods by water, rail and truck. The facility is owned by ECIDA and is operated by Gateway Trade Center, Inc. Rental property is recorded at cost which includes all costs incurred during the development stage, net of accumulated depreciation. Port Terminal Facility rental property assets are fully depreciated.

ECIDA also owns its former office space at 143 Genesee Street. This property is recorded at cost and leased to a third party (Note 8).

**Other Assets:**

Other assets include venture capital investments made by ECIDA in order to spur local economic growth. The Urban Development Action Grant (UDAG) Account includes an investment in a limited liability corporation which ECIDA accounts for using the equity method.

The General Account includes other venture capital investments that are recorded at the lesser of cost or fair market value.

**Net Position:**

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by ECIDA.

**Stock Warrants:**

In connection with certain loans, ECIDA has received, at no cost, stock purchase warrants from the borrowers. The borrower is sometimes given the right to repurchase these warrants from ECIDA at a predetermined price. ECIDA also receives rights to convert certain loans to equity of the borrower.

**Tax Incentive Transactions:**

ECIDA maintains an economic development incentive program to provide sales, property, and/or mortgage recording tax benefits for qualified construction, renovation, or expansion projects or other economic development activities within Erie County. Under this program, ECIDA may take title to or a leasehold interest in the real and/or personal property involved in the project for the term of the incentive period. ECIDA simultaneously leases the property under a lease agreement to the company undertaking the project (lessee). ECIDA receives administrative fees from the lessee for providing these tax incentives which are recognized according to the terms of the fee agreement. The original value of the property leased by ECIDA under this program aggregated $581,243,000 and $226,961,000 in 2015 and 2014, respectively.

**Tax-Exempt Bond Transactions:**

ECIDA is an issuer of tax-exempt bond financing for qualified manufacturers and low-income housing projects. These bonds are obligations of the borrower. Since ECIDA has no obligation to repay the principal and interest of such bonds, they are not reflected as liabilities in the accompanying financial statements. ECIDA receives bond issuance fees from the borrower for providing this service. ECIDA also has a shared services agreement with ILDC under which administrative and staffing services are provided to ILDC in connection with its bond issuances in exchange for the related bond issuance fees received by ILDC. Such fees totaled $1,764,000 for the year ended December 31, 2015; no such transactions occurred in 2014. Bond issuance fees are recognized immediately upon issuance of the related bond. The original value of tax-exempt bonds issued by ECIDA for the year ended December 31, 2015 aggregated $195,040,000. There were no bonds issued during 2014.

**Grants:**

Grants are recognized at the time awarded, with timing differences resulting from funds spent and earned. ECIDA receives special project grants from various Federal, State and County governments. ECIDA also acts as a pass-through entity for certain companies who receive funding from the State, including the Department of Transportation (DOT). In certain cases, funding is received in the form of a combination of a grant and a loan. One year after completion of the specified program and with State approval and acceptance, companies begin repaying the loan. A long-term liability and repayment plan receivable are established as the companies receiving the funding from the State are contractually obligated to repay ECIDA for its debt service requirements to the State. The payment terms of the conduit receivables are equivalent to the terms of ECIDA's loans to the State.

**2. Conduit Receivables and Conduit Debt:**

ECIDA serves as a pass-through entity to provide local businesses with State funding. For disbursements through DOT, the local business is required to repay 40% of the amount to ECIDA, who in turn must repay DOT.

For Sonwil Distribution Center, DOT previously disbursed $469,119 to ECIDA for use in the construction of 1,900 linear feet of rail siding at a Sonwil warehouse and distribution facility. Terms require five annual payments commencing one year from the date the completed project is accepted by DOT; no interest is payable on the loan.

DOT has not yet accepted the project as complete. At December 31, 2015 and 2014, Sonwil owes ECIDA $187,648 which will in turn be remitted to the DOT. Aggregate maturities on conduit loan receivables and debt subsequent to December 31, 2015 are:

| | |
|---|---|
| 2016 | $ 18,765 |
| 2017 | 37,530 |
| 2018 | 37,530 |
| 2019 | 37,530 |
| 2020 | 56,293 |
| | $ 187,648 |

## 3. Loans Receivable:

Loans are made to local businesses to complement private financing at interest rates ranging from 4% to 9% with varying repayment terms. All loans are classified as commercial loans. Loans in non-accrual status are fully reserved. The following is a summary of the loans receivable:

| | **2015** | 2014 |
|---|---|---|
| Current status | **$ 538,712** | $ 561,279 |
| 30-90 days past due | **-** | - |
| Non-accrual | **150,000** | 300,000 |
| | **688,712** | 861,279 |
| Less current portion | **11,148** | 22,327 |
| | **677,564** | 838,952 |
| Less allowance | **650,000** | 650,000 |
| | **$ 27,564** | $ 188,952 |

Following is a summary of the activity in the allowance for uncollectible loans during the years ended December 31, 2015 and 2014:

| | **2015** | 2014 |
|---|---|---|
| Balance, beginning of year | **$ 650,000** | $ 670,000 |
| Write-offs | **-** | (20,000) |
| | **$ 650,000** | $ 650,000 |

During 2013, ECIDA provided a $1,000,000 forgivable loan to a manufacturing company. Half of that amount was immediately forgiven and the other $500,000 shall be forgiven in $100,000 installments from 2019 through 2023 as long as the borrower maintains minimum employment requirements as set forth in the agreement. The portion not immediately forgiven is included in loans receivable and fully recognized in the allowance for uncollectible loans.

## 4. Funds Held on Behalf of Others:

ECIDA acts as a fiduciary for certain cash held for various development activities. ECIDA disburses these funds when given the appropriate authorization. The funds include:

| | **2015** | 2014 |
|---|---|---|
| Erie County Regional Redevelopment Fund | **$ 1,497,719** | $ 2,265,378 |
| Buffalo Brownfields Redevelopment Fund | **2,307,680** | 1,692,276 |
| Regionally Significant Project Funds: | | |
| Buffalo Economic Renaissance Corporation | **14,034** | 31,740 |
| Buffalo Urban Development Corporation | **85,008** | 63,457 |
| Erie Niagara Regional Partnership | **5,616** | 5,616 |
| | **$ 3,910,057** | $ 4,058,467 |

Restricted cash also includes $221,440 and $195,071 as of December 31, 2015 and 2014, respectively for the Railway Trust Fund, for activities related to two Erie County shortline railroads.

## 5. Capital Assets:

| | Balance January 1, 2015 | Increases | Retirements/ Reclassifications | Balance December 31, 2015 |
|---|---|---|---|---|
| Non-depreciable capital assets: | | | | |
| Land | $ 167,400 | $ - | $ - | $ 167,400 |
| Depreciable capital assets: | | | | |
| Land improvements | 1,086,423 | 5,000 | (625) | 1,090,798 |
| Buildings | 2,734,937 | - | - | 2,734,937 |
| Furniture and equipment | 420,398 | 63,284 | (36,966) | 446,716 |
| Total depreciable assets | 4,241,758 | 68,284 | (37,591) | 4,272,451 |
| Less accumulated depreciation: | | | | |
| Land improvements | 500,861 | 52,990 | (334) | 553,517 |
| Buildings | 1,774,999 | 35,206 | - | 1,810,205 |
| Furniture and equipment | 312,401 | 48,924 | (36,183) | 325,142 |
| Total accumulated depreciation | 2,588,261 | 137,120 | (36,517) | 2,688,864 |
| Total depreciable assets, net | 1,653,497 | (68,836) | (1,074) | 1,583,587 |
| | **$ 1,820,897** | **$ (68,836)** | **$ (1,074)** | **$ 1,750,987** |

| | Balance January 1, 2014 | Increases | Retirements/ Reclassifications | Balance December 31, 2014 |
|---|---|---|---|---|
| Non-depreciable capital assets: | | | | |
| Land | $ 167,400 | $ - | $ - | $ 167,400 |
| Depreciable capital assets: | | | | |
| Land improvements | 1,086,423 | - | - | 1,086,423 |
| Buildings | 2,734,937 | - | - | 2,734,937 |
| Furniture and equipment | 409,355 | 14,038 | (2,995) | 420,398 |
| Total depreciable assets | 4,230,715 | 14,038 | (2,995) | 4,241,758 |
| Less accumulated depreciation: | | | | |
| Land improvements | 448,371 | 52,490 | - | 500,861 |
| Buildings | 1,739,793 | 35,206 | - | 1,774,999 |
| Furniture and equipment | 277,116 | 35,884 | (599) | 312,401 |
| Total accumulated depreciation | 2,465,280 | 123,580 | (599) | 2,588,261 |
| Total depreciable assets, net | 1,765,435 | (109,542) | (2,396) | 1,653,497 |
| | **$ 1,932,835** | **$ (109,542)** | **$ (2,396)** | **$ 1,820,897** |

## 6. Other Assets:

ECIDA owns 25 membership units (a 25% interest) in a limited liability corporation (the LLC), originally purchased for $500,000. ECIDA has declined a seat on the Board of Managers and does not participate in the operations or management decisions. There is a planned sale of the LLC business assets in 2016 that is expected to provide approximately $10,000,000 to ECIDA. ECIDA will then provide the purchaser with $1,000,000 payable over ten years dependent on job retention goals. ECIDA's ownership interest in the LLC at December 31, 2015 and 2014 is summarized in the following schedule:

| | **2015** | 2014 |
|---|---|---|
| Balance, beginning of year | **$ 5,072,542** | $ 5,162,169 |
| Earnings | **1,218,549** | 1,161,135 |
| Distributions | **(1,388,748)** | (1,250,762) |
| | **$ 4,902,343** | $ 5,072,542 |

ECIDA also owns investments in other local businesses valued at the lower of cost or fair market value amounting to $725,683 and $678,051 at December 31, 2015 and 2014.

## 7. Related Party Transactions:

### Affiliate Management Fees:

ECIDA allocates a portion of personnel and rental costs to its affiliates, RDC and ILDC. ECIDA earned $353,137 and $329,668 in affiliate management fees for the years ended December 31, 2015 and 2014. Management fees and related receivables by affiliate are as follows:

| | **Management Fees** | | **Receivables** | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| RDC | **$ 352,692** | $ 328,728 | **$ 313,327** | $ 300,095 |
| ILDC | **445** | 940 | **445** | 940 |
| | **$ 353,137** | $ 329,668 | **$ 313,772** | $ 301,035 |

For 2015, ILDC owes ECIDA an additional $27,417 for reimbursement of costs.

ECIDA also provides personnel to perform administrative and accounting functions on behalf of Buffalo Urban Development Corporation, which amounted to $38,637 and $35,856 for the years ended December 31, 2015 and 2014.

## 8. Operating Leases:

Office rent expense for the years ended December 31, 2015 and 2014 amounted to $146,551 and $142,243, respectively.

Future minimum rental payments, including flat annual utility charges, are:

| | |
|---|---|
| 2016 | $ 146,337 |
| 2017 | 146,337 |
| 2018 | 109,753 |
| | $ 402,427 |

ECIDA recognized $88,416 and $11,800 of rental income on its former office for the years ended December 31, 2015 and 2014. The net book value of the leased property is approximately $1,307,000 at December 31, 2015.

Future annual rental income anticipated under this noncancelable lease is:

| | |
|---|---|
| 2016 | $ 199,875 |
| 2017 | 199,875 |
| 2018 | 204,039 |
| 2019 | 209,869 |
| 2020 | 209,869 |
| Thereafter | 332,292 |
| | $ 1,355,819 |

## 9. Pension:

ECIDA maintains a defined contribution simplified employee pension (SEP) plan covering all of its employees. Employees are eligible to participate upon employment, with employer contributions vesting immediately. During 2015 and 2014, ECIDA made discretionary contributions of 12% and 7%, respectively, of eligible employees' salaries. ECIDA's expense for contributing to the plan for the years ended December 31, 2015 and 2014 amounted to $161,290 and $89,171, respectively. Employees are also permitted to participate in the New York State Deferred Compensation Plan but ECIDA does not make contributions to this plan.

**10. Risk Management:**

ECIDA purchases commercial insurance for various risks of loss due to torts, theft, damage, injuries to employees, and natural disasters in addition to insurance purchased to indemnify directors and officers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**11. Commitments and Contingencies:**

**Grants:**

ECIDA receives financial assistance from federal, state, and local agencies in the form of grants and fiduciary agreements. Managing these funds generally requires compliance with the terms and conditions specified in the agreements and may be subject to audit by the grantor agencies. Disallowed claims resulting from such audits could become a liability of ECIDA. Based on prior experience, management expects any such amounts to be immaterial.

**Litigation:**

ECIDA is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims and lawsuits will not have a material adverse effect upon the financial position of ECIDA.

**Supplementary Information**
**Schedule of Balance Sheets**

**December 31, 2015**

| | General Account | UDAG Account | Total |
|---|---|---|---|
| **Assets** | | | |
| **Current assets:** | | | |
| Cash | $ 10,275,406 | $ 5,570,809 | $ 15,846,215 |
| Receivables | | | |
| Current portion of conduit loans | 18,765 | - | 18,765 |
| Current portion of loans | - | 11,148 | 11,148 |
| Affiliates | 341,189 | - | 341,189 |
| Other | 45,620 | - | 45,620 |
| Prepaid expenses | 22,088 | - | 22,088 |
| | 10,703,068 | 5,581,957 | 16,285,025 |
| **Noncurrent assets:** | | | |
| Conduit loans receivable | 168,883 | - | 168,883 |
| Loans receivable, net | - | 27,564 | 27,564 |
| Capital assets, net | 1,750,987 | - | 1,750,987 |
| Other assets | 118,451 | 5,509,575 | 5,628,026 |
| Restricted cash | 4,131,497 | - | 4,131,497 |
| | 6,169,818 | 5,537,139 | 11,706,957 |
| | $ 16,872,886 | $ 11,119,096 | $ 27,991,982 |
| **Liabilities and Net Position** | | | |
| **Current liabilities:** | | | |
| Accounts payable | $ 124,422 | $ 18,616 | $ 143,038 |
| Accrued expenses | 132,487 | - | 132,487 |
| Current portion of conduit debt | 18,765 | - | 18,765 |
| | 275,674 | 18,616 | 294,290 |
| **Noncurrent liabilities:** | | | |
| Conduit debt | 168,883 | - | 168,883 |
| Funds held on behalf of others | 3,910,057 | - | 3,910,057 |
| | 4,078,940 | - | 4,078,940 |
| **Net position:** | | | |
| Net investment in capital assets | 1,750,987 | - | 1,750,987 |
| Restricted | - | 11,100,480 | 11,100,480 |
| Unrestricted | 10,767,285 | - | 10,767,285 |
| | 12,518,272 | 11,100,480 | 23,618,752 |
| | $ 16,872,886 | $ 11,119,096 | $ 27,991,982 |

## Supplementary Information
## Schedule of Revenues, Expenses, and Changes in Net Position

**For the year ended December 31, 2015**

| | General Account | UDAG Account | Total |
|---|---|---|---|
| **Operating revenues:** | | | |
| Administrative fees | $ 3,756,732 | $ - | $ 3,756,732 |
| Investment income | - | 1,218,549 | 1,218,549 |
| Affiliate management fees | 353,137 | - | 353,137 |
| Rental income | 182,216 | - | 182,216 |
| Loan interest | - | 13,741 | 13,741 |
| Other | 66,444 | - | 66,444 |
| Total operating revenues | 4,358,529 | 1,232,290 | 5,590,819 |
| **Operating expenses:** | | | |
| Salaries and benefits | 1,855,769 | - | 1,855,769 |
| General and administrative | 826,736 | 72,506 | 899,242 |
| Depreciation | 137,120 | - | 137,120 |
| Other | 5,192 | - | 5,192 |
| Total operating expenses | 2,824,817 | 72,506 | 2,897,323 |
| Operating income before special project grants | 1,533,712 | 1,159,784 | 2,693,496 |
| **Special project grants:** | | | |
| Revenue | 36,484 | - | 36,484 |
| Expenses | (9,225) | (300,000) | (309,225) |
| | 27,259 | (300,000) | (272,741) |
| Operating income | 1,560,971 | 859,784 | 2,420,755 |
| **Nonoperating revenues:** | | | |
| Interest | 9,768 | 4,941 | 14,709 |
| Change in net position | 1,570,739 | 864,725 | 2,435,464 |
| Net position - beginning | 10,947,533 | 10,235,755 | 21,183,288 |
| **Net position - ending** | $ 12,518,272 | $ 11,100,480 | $ 23,618,752 |

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# INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Erie County Industrial Development Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Erie County Industrial Development Agency (ECIDA), a business-type activity, which comprise the balance sheet as of December 31, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 18, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered ECIDA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ECIDA's internal control. Accordingly, we do not express an opinion on the effectiveness of ECIDA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether ECIDA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ECIDA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ECIDA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lumsden & McCormick, LLP

March 18, 2016

Lumsden & McCormick LLP
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# INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW

The Board of Directors
Erie County Industrial Development Agency

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Erie County Industrial Development Agency (ECIDA), a business-type activity, which comprise the balance sheet as of December 31, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated March 18, 2016.

In connection with our audit, nothing came to our attention that caused us to believe that ECIDA failed to comply with §2925(3)(f) of the New York State Public Authorities Law regarding investment guidelines during the year ended December 31, 2015. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding ECIDA's noncompliance with the above rules and regulations.

The purpose of this report is solely to describe the scope and results of our testing. This communication is not suitable for any other purpose.

Lumsden & McCormick, LLP

March 18, 2016

**BUFFALO AND ERIE COUNTY INDUSTRIAL**
**LAND DEVELOPMENT CORPORATION**
**A COMPONENT UNIT OF**
**COUNTY OF ERIE, NEW YORK**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

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# INDEPENDENT AUDITORS' REPORT

The Board of Directors
Buffalo and Erie County Industrial
Land Development Corporation

We have audited the accompanying financial statements of Buffalo and Erie County Industrial Land Development Corporation (ILDC), a business-type activity and a component unit of County of Erie, New York, which comprise the balance sheets as of December 31, 2015 and 2014 and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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,* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ILDC as of December 31, 2015 and 2014 and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Management's Discussion and Analysis*
Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

*Supplementary Information*
The supplementary information on pages 9 and 10 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2016, on our consideration of ILDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ILDC's internal control over financial reporting and compliance.

Lumsden & McCormick, LLP

March 18, 2016

**BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION**
**(A Component Unit of County of Erie, New York)**

## Balance Sheets

| December 31, | 2015 | 2014 |
|---|---|---|
| **Assets** | | |
| **Current assets:** | | |
| Cash | **$ 278,808** | $ 238,360 |
| Loans receivable (Note 2) | **6,334** | 30,859 |
| | **285,142** | 269,219 |
| Loans receivable, net (Note 2) | **760** | 7,943 |
| | **$ 285,902** | $ 277,162 |
| **Liabilities and Net Position** | | |
| **Current liabilities:** | | |
| Accounts payable | **$ 29** | $ 189 |
| Due to affiliate (Note 3) | **27,863** | 940 |
| | **27,892** | 1,129 |
| **Net position:** | | |
| Restricted | **207,953** | 198,470 |
| Unrestricted | **50,057** | 77,563 |
| | **258,010** | 276,033 |
| | **$ 285,902** | $ 277,162 |

*See accompanying notes.*

**BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION**
**(A Component Unit of County of Erie, New York)**

## Statements of Revenues, Expenses, and Changes in Net Position

| For the years ended December 31, | 2015 | 2014 |
|---|---|---|
| **Operating revenues:** | | |
| Administrative fees | **$ 1,764,488** | $ - |
| Interest from loans | **500** | 1,306 |
| Total operating revenues | **1,764,988** | 1,306 |
| **Operating expenses:** | | |
| Transfer to Erie County Industrial Development Agency | **1,764,488** | - |
| General and administrative | **29,282** | 2,702 |
| Provision for uncollectible loans (recoveries) | **(10,759)** | 16,251 |
| Total operating expenses | **1,783,011** | 18,953 |
| Operating loss | **(18,023)** | (17,647) |
| **Nonoperating revenue:** | | |
| Interest | **-** | 15 |
| Change in net position | **(18,023)** | (17,632) |
| Net position - beginning | **276,033** | 293,665 |
| **Net position - ending** | **$ 258,010** | $ 276,033 |

*See accompanying notes.*

**BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION**
**(A Component Unit of County of Erie, New York)**

## Statements of Cash Flows

| For the years ended December 31, | 2015 | 2014 |
|---|---|---|
| **Operating activities:** | | |
| Administrative and application fees | **$ 1,764,488** | $ - |
| Principal and interest on loans | **38,840** | 48,271 |
| Bad debt recoveries | **4,127** | - |
| Payments to vendors | **(1,767,007)** | (4,590) |
| **Net operating activities** | **40,448** | 43,681 |
| **Investing activities:** | | |
| Interest income | **-** | 15 |
| **Change in cash** | **40,448** | 43,696 |
| Cash - beginning | **238,360** | 194,664 |
| **Cash - ending** | **$ 278,808** | $ 238,360 |
| **Reconciliation of operating loss to net cash flows from operating activities:** | | |
| Operating loss | **$ (18,023)** | $ (17,647) |
| Adjustments to reconcile operating loss to net cash flows from operating activities | | |
| Provision for uncollectible loans (recoveries), net | **(6,632)** | 16,251 |
| Changes in other assets and liabilities: | | |
| Loans receivable | **38,340** | 46,965 |
| Accounts payable | **(160)** | (216) |
| Due to affiliate | **26,923** | (1,672) |
| **Net operating activities** | **$ 40,448** | $ 43,681 |

*See accompanying notes.*

## 1. Summary of Significant Accounting Policies:

### Nature of Organization:

Buffalo and Erie County Industrial Land Development Corporation (ILDC) was incorporated for the purpose of participating in the acquisition and development of industrial sites and to provide financial assistance for the acquisition or renovation of fixed assets by industrial companies locating or expanding in the County of Erie, New York (the County). ILDC manages a number of revolving loan programs each of which is dedicated to improving economic conditions in part or all of the County. Each revolving loan program is maintained under an agreement or an established loan administration plan approved by the grantor governing the management of the revolving loan programs.

ILDC has related party relationships with Erie County Industrial Development Agency (ECIDA) and Buffalo and Erie County Regional Development Corporation (RDC). All three entities are managed by the same personnel. These entities share the same mission, which is to provide resources that encourage investment, innovation, growth and global competitiveness thereby creating a successful business climate that benefits the residents of the region.

In accordance with accounting standards, ILDC is considered a component unit of the County. The County, acting by and through the County Executive, is the sole member of ILDC and is financially accountable for it; as a result, ILDC is included in the financial statements of the County as a discretely presented component unit.

### Basis of Presentation:

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

### Measurement Focus:

ILDC reports as a special-purpose government engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. ILDC's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred.

ILDC's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for services and payments made to purchase those goods or services. Certain other transactions are reported as nonoperating activities and include ILDC's interest income.

### Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### Cash:

Cash management policies are governed by New York State (the State) laws and as established in ILDC's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Policies permit management to use demand accounts and certificates of deposit for daily operating funds. Invested resources are limited to obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the State or its localities.

Custodial credit risk is the risk that, in the event of a bank failure, ILDC's deposits may not be returned to it. Cash in financial institutions potentially subject ILDC to concentration of credit risk since they may exceed FDIC insured limits at various times throughout the year. At December 31, 2015, $28,196 of ILDC's cash balances were uncollateralized.

**Loans Receivable:**

Loans receivable are stated at the principal amount outstanding, net of an allowance for uncollectible loans. The allowance method is used to compute the provision for uncollectible loans.

Determination of the balance of the allowance for uncollectible loans is based on an analysis of the loan portfolio and reflects an amount that, in management's judgment, is adequate to provide for potential loan losses. Loans are written off when, in management's judgment, no legal recourse is available to collect the amount owed.

Interest on loans receivable is accrued as required by the terms of the agreement; management considers that collection is probable based on the current economic condition of the borrower. Interest accrual stops when management adjusts a loan reserve to 50% or more of the loan's outstanding balance.

**Net Position:**

- Restricted – consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets whose use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws and include amounts maintained in the Erie County Business Development Fund (Erie County BDF) (Note 2).
- Unrestricted – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the restricted component of net position and therefore are available for general use by ILDC.

**Tax-Exempt Bond Transactions:**

ILDC is an issuer of tax-exempt bond financing for not-for-profit entities. These bonds are obligations of the borrower. Since ILDC has no obligation to repay the principal and interest of such bonds, they are not reflected as liabilities in the accompanying financial statements. ILDC receives bond issuance fees from the borrower for providing this service. ILDC also has a shared services agreement with ECIDA under which administrative and staffing services are provided to ILDC in connection with bond issuances in exchange for the related bond issuance fees received by ILDC. Bond issuance fees are recognized immediately upon issuance of the related bond. The original value of tax-exempt bonds issued by ILDC aggregated approximately $195,000,000 in 2015. No bonds were issued during 2014.

**Income Taxes:**

Although the financial statements are required to be reported as a governmental entity, ILDC is a 501(c)(3) not-for-profit organization for income tax purposes and is exempt from income taxes under §501(a) of the Internal Revenue Code. Management believes ILDC is no longer subject to examination by Federal taxing authorities for years ended prior to December 31, 2012.

**2. Loans Receivable:**

The revolving loan programs were originally funded through the Erie County BDF and the United States Small Business Administration (SBA Microloan). Assets maintained in the Erie County BDF are restricted pursuant to the original grant terms.

Loans made to local businesses from the Erie County BDF and SBA Microloan programs complement private financing at interest rates ranging from 2% to 6.875% with varying repayment terms. All loans are classified as commercial loans. The following is a summary of the loans receivable:

| | **2015** | 2014 |
|---|---|---|
| Current status | **$ 7,094** | $ 38,802 |
| 30-90 days past due | **-** | - |
| Non-accrual | **1,359** | 17,741 |
| | **8,453** | 56,543 |
| Less allowance | **1,359** | 17,741 |
| Less current portion | **6,334** | 30,859 |
| | **$ 760** | $ 7,943 |

Following is a summary of the activity in the allowance for uncollectible loans:

| | **2015** | 2014 |
|---|---|---|
| Balance, beginning of year | **$ 17,741** | $ 29,471 |
| Additions charged to operations | **-** | 17,741 |
| Recoveries | **(6,632)** | (1,490) |
| Write-offs | **(9,750)** | (27,981) |
| | **$ 1,359** | $ 17,741 |

**3. Related Party Transactions:**

**Personnel and Overhead Costs:**

ECIDA allocates a portion of its personnel and overhead costs to ILDC which amounted to $445 and $940 in 2015 and 2014. The amount outstanding to ECIDA at December 31, 2015 and 2014 related to these costs amounted to $445 and $940. In addition, ILDC owes ECIDA $27,418 at December 31, 2015 for reimbursement of costs.

**Shared Services – Administrative Fees:**

ILDC has a shared services agreement with ECIDA under which administrative and staffing services are provided to ILDC in connection with bond issuances in exchange for the administrative fees received by ILDC related to these bond transactions. ILDC transferred $1,764,488 in administrative fees to ECIDA in 2015. There were no such transactions in 2014.

**BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION**
**(A Component Unit of County of Erie, New York)**

**Supplementary Information**
**Schedule of Balance Sheets - By Revolving Loan Program**

**December 31, 2015**
**(with summarized comparative totals as of December 31, 2014)**

| | | | Total | |
|---|---|---|---|---|
| | Operating | Erie County BDF Program | 2015 | 2014 |
| **Assets** | | | | |
| **Current assets:** | | | | |
| Cash | $ 77,474 | $ 201,334 | $ 278,808 | $ 238,360 |
| Loans receivable | - | 6,334 | 6,334 | 30,859 |
| | 77,474 | 207,668 | 285,142 | 269,219 |
| Loans receivable, net | - | 760 | 760 | 7,943 |
| | $ 77,474 | $ 208,428 | $ 285,902 | $ 277,162 |
| **Liabilities and Net Position** | | | | |
| **Current liabilities:** | | | | |
| Accounts payable | $ - | $ 29 | $ 29 | $ 189 |
| Due to affiliate | 27,417 | 446 | 27,863 | 940 |
| | 27,417 | 475 | 27,892 | 1,129 |
| **Net position:** | | | | |
| Restricted | - | 207,953 | 207,953 | 198,470 |
| Unrestricted | 50,057 | - | 50,057 | 77,563 |
| | 50,057 | 207,953 | 258,010 | 276,033 |
| | $ 77,474 | $ 208,428 | $ 285,902 | $ 277,162 |

**BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION**
**(A Component Unit of County of Erie, New York)**

**Supplementary Information**
**Schedule of Revenues, Expenses, and Changes in Net Position - By Revolving Loan Program**

**For the year ended December 31, 2015**
**(with summarized comparative totals for December 31, 2014)**

| | | | Total | |
|---|---|---|---|---|
| | **Operating** | **Erie County BDF Program** | **2015** | 2014 |
| **Operating revenues:** | | | | |
| Administrative fees | $ 1,764,488 | $ - | $ 1,764,488 | $ - |
| Interest from loans | - | 500 | 500 | 1,306 |
| Total operating revenues | 1,764,488 | 500 | 1,764,988 | 1,306 |
| **Operating expenses:** | | | | |
| Transfer to ECIDA | 1,764,488 | - | 1,764,488 | - |
| General and administrative | 27,506 | 1,776 | 29,282 | 2,702 |
| Provision for uncollectible loans (recoveries) | - | (10,759) | (10,759) | 16,251 |
| Total operating expenses | 1,791,994 | (8,983) | 1,783,011 | 18,953 |
| Operating income (loss) | (27,506) | 9,483 | (18,023) | (17,647) |
| **Nonoperating revenue:** | | | | |
| Interest | - | - | - | 15 |
| Change in net position | (27,506) | 9,483 | (18,023) | (17,632) |
| Net position - beginning | 77,563 | 198,470 | 276,033 | 293,665 |
| **Net position - ending** | $ 50,057 | $ 207,953 | $ 258,010 | $ 276,033 |

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# INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Buffalo and Erie County Industrial
Land Development Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Buffalo and Erie County Industrial Land Development Corporation (ILDC), a business-type activity and a component unit of County of Erie, New York, which comprise the balance sheet as of December 31, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 18, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered ILDC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ILDC's internal control. Accordingly, we do not express an opinion on the effectiveness of ILDC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether ILDC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ILDC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ILDC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lumsden & McCormick, LLP

March 18, 2016

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# INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW

The Board of Directors
Buffalo and Erie County Industrial
Land Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Buffalo and Erie County Industrial Land Development Corporation (ILDC), a business-type activity and a component unit of County of Erie, New York, which comprise the balance sheet as of December 31, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated March 18, 2016.

In connection with our audit, nothing came to our attention that caused us to believe that ILDC failed to comply with §2925(3)(f) of the New York State Public Authorities Law regarding investment guidelines during the year ended December 31, 2015. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding ILDC's noncompliance with the above rules and regulations.

The purpose of this report is solely to describe the scope and results of our testing. This communication is not suitable for any other purpose.

Lumsden & McCormick, LLP

March 18, 2016

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

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# INDEPENDENT AUDITORS' REPORT

The Board of Directors
Buffalo and Erie County Regional
Development Corporation

We have audited the accompanying financial statements of Buffalo and Erie County Regional Development Corporation (RDC), a business-type activity, which comprise the balance sheets as of December 31, 2015 and 2014 and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RDC as of December 31, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

*Management's Discussion and Analysis*
Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

*Supplementary Information*
The supplementary information on pages 9 and 10 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2016 on our consideration of RDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RDC's internal control over financial reporting and compliance.

Lumsden & McCormick, LLP

March 18, 2016

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION**

## Balance Sheets

| December 31, | 2015 | 2014 |
|---|---|---|
| **Assets** | | |
| **Current assets:** | | |
| Cash | **$ 6,734,596** | $ 8,100,162 |
| Restricted cash (Note 4) | **6,504,876** | 6,502,379 |
| Loans receivable (Note 2) | **1,842,544** | 1,771,586 |
| | **15,082,016** | 16,374,127 |
| Loans receivable, net (Note 2) | **7,616,181** | 5,876,132 |
| | **$ 22,698,197** | $ 22,250,259 |
| **Liabilities and Net Position** | | |
| **Current liabilities:** | | |
| Accounts payable | **$ 2,337** | $ 12,531 |
| Due to U.S. Department of Housing and Urban Development | **1,546,423** | 1,540,876 |
| Due to affiliate (Note 3) | **313,327** | 300,095 |
| | **1,862,087** | 1,853,502 |
| **Net position:** | | |
| Restricted | **20,836,110** | 20,396,757 |
| | **$ 22,698,197** | $ 22,250,259 |

*See accompanying notes.*

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION**

## Statements of Revenues, Expenses, and Changes in Net Position

| For the years ended December 31, | 2015 | 2014 |
|---|---|---|
| **Operating revenues:** | | |
| Interest from loans | **$ 379,056** | $ 381,279 |
| Sale of warrants | **386,609** | - |
| Loan commitment and other fees | **17,531** | 7,272 |
| Total operating revenues | **783,196** | 388,551 |
| **Operating expenses:** | | |
| General and administrative | **387,615** | 397,959 |
| Provision for uncollectible loans (recoveries) | **(38,850)** | 59,121 |
| Total operating expenses | **348,765** | 457,080 |
| Operating income (loss) | **434,431** | (68,529) |
| **Nonoperating revenue:** | | |
| Interest | **4,922** | 4,395 |
| Change in net position | **439,353** | (64,134) |
| Net position - beginning | **20,396,757** | 20,460,891 |
| **Net position - ending** | **$ 20,836,110** | $ 20,396,757 |

*See accompanying notes.*

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION**

## Statements of Cash Flows

| For the years ended December 31, | 2015 | 2014 |
|---|---|---|
| **Operating activities:** | | |
| Payments collected on loans receivable | **$ 3,521,180** | $ 3,277,403 |
| Loan interest and fees | **396,587** | 388,551 |
| Loans awarded | **(5,347,916)** | (1,789,000) |
| Payments to vendors and affiliates | **(379,030)** | (398,830) |
| Sale of warrants | **386,609** | - |
| Bad debt recoveries | **54,579** | 11,255 |
| **Net operating activities** | **(1,367,991)** | 1,489,379 |
| **Investing activities:** | | |
| Interest income | **4,922** | 4,395 |
| **Change in cash** | **(1,363,069)** | 1,493,774 |
| Cash - beginning | **14,602,541** | 13,108,767 |
| **Cash - ending** | **$ 13,239,472** | $ 14,602,541 |
| **Reconciliation of operating income (loss) to net cash flows from operating activities:** | | |
| Operating income (loss) | **$ 434,431** | $ (68,529) |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities | | |
| Provision for uncollectible loans, net | **15,729** | 70,376 |
| Changes in other assets and liabilities: | | |
| Loans receivable | **(1,826,736)** | 1,488,403 |
| Accounts payable | **(10,194)** | (15,448) |
| Due to U.S. Department of Housing and Urban Development | **5,547** | 5,851 |
| Due to affiliate | **13,232** | 8,726 |
| | **$ (1,367,991)** | $ 1,489,379 |

*See accompanying notes.*

## 1. Summary of Significant Accounting Policies:

### Nature of Organization:

Buffalo and Erie County Regional Development Corporation (RDC) was incorporated for the purpose of encouraging the expansion of existing companies in target areas of the County of Erie by establishing an Industrial Revolving Loan Fund from which RDC makes loans to individual companies. RDC manages three revolving loan programs maintained under agreements or established loan administration plans approved by the grantor governing the management of the revolving loan program.

RDC has a related party relationship with Erie County Industrial Development Agency (ECIDA). The entities are managed by the same personnel and currently share the same board of directors. The entities also share the same mission, which is to provide the resources that encourage investment, innovation, growth and global competitiveness thereby creating a successful business climate that benefits the residents of the region.

In accordance with accounting standards, RDC is not considered a component unit of another entity.

### Basis of Presentation:

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

### Measurement Focus:

RDC reports as a special-purpose government engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. RDC's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred.

RDC's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for services and payments made to purchase those goods or services. Certain other transactions are reported as nonoperating activities and include RDC's interest income.

### Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### Cash:

Cash management is governed by New York State (the State) laws and as established in RDC's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Policies permit management to use demand accounts and certificates of deposit for daily operating funds. Invested resources are limited to obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that, in the event of a bank failure, RDC's deposits may not be returned to it. At December 31, 2015, RDC's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging banks' agents in RDC's name.

**Loans Receivable:**

Loans receivable are stated at the principal amount outstanding, net of an allowance for uncollectible loans. The allowance method is used to compute the provision for uncollectible loans.

Determination of the balance of the allowance for uncollectible loans is based on an analysis of the loan portfolio and reflects an amount that, in management's judgment, is adequate to provide for potential loan losses. Loans are written off when, in management's judgment, no legal recourse is available to collect the amount owed.

Interest on loans receivable is accrued as required by the terms of the agreement; management considers that collection is probable based on the current economic condition of the borrower. Interest accrual stops when management adjusts a loan reserve to 50% or more of the loan's outstanding balance.

**Stock Warrants:**

In connection with certain loans, RDC has received, at no cost, stock warrants from the borrowers. The borrower is sometimes given the right to repurchase these warrants from RDC at a predetermined price. RDC also receives rights to convert certain loans to equity of the borrower.

**Net Position:**

- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets whose use is constrained to a particular purpose. Restrictions are imposed by the U.S. Economic Development Administration (EDA) and U.S. Department of Housing and Urban Development.

- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the restricted component of net position and therefore are available for general use by RDC.

**Income Taxes:**

Although the financial statements are required to be reported as a governmental entity, RDC is a 501(c)(3) not-for-profit organization for income tax purposes and is exempt from income taxes under §501(a) of the Internal Revenue Code. Management believes RDC is no longer subject to examination by Federal taxing authorities for years ended prior to December 31, 2012.

**2. Loans Receivable:**

The revolving loan programs were originally established through multiple grants received between 1979 and 1983 from the EDA amounting to $7,000,000. Matching funds totaling $5,250,500 were also received from various sources.

Loans made to local businesses complement private financing at interest rates ranging from 4% to 8.25% with varying repayment terms. All loans are classified as commercial. The following is a summary of loans receivable:

| | **2015** | 2014 |
|---|---|---|
| Current status | **$ 9,445,839** | $ 7,646,880 |
| 30-90 days past due | **-** | - |
| Non-accrual | **191,133** | 233,450 |
| | **9,636,972** | 7,880,330 |
| Less allowance | **178,247** | 232,612 |
| Less current portion | **1,842,544** | 1,771,586 |
| | **$ 7,616,181** | $ 5,876,132 |

Following is a summary of the activity in the allowance for uncollectible loans:

| | 2015 | 2014 |
|---|---|---|
| Balance, beginning of year | **$ 232,612** | $ 836,229 |
| Additions charged to operations | **15,729** | 70,376 |
| Write-offs | **(70,094)** | (673,993) |
| | **$ 178,247** | $ 232,612 |

**3. Related Party Transactions:**

ECIDA allocates a portion of its personnel and overhead costs to RDC based on a cost allocation plan. Costs allocated by ECIDA amounted to $352,691 and $328,728 for the years ended December 31, 2015 and 2014. Amounts owed to ECIDA at December 31, 2015 and 2014 totaled $313,327 and $300,095, respectively.

**4. Contingencies:**

**Loan Fund Utilization:**

RDC is not in compliance with EDA regulations regarding the utilization of revolving loan funds. These regulations require that 75% of the revolving loan fund be loaned or committed at all times. During 2015, RDC's utilization increased from 38.2% to 46.1%. Management is aggressively promoting the loan fund to local businesses and expects to increase utilization in 2016.

EDA requires formal sequestration of excess funds and any interest earned on the funds is to be remitted to the U.S. Treasury. RDC can only access sequestered funds with EDA's permission. EDA may also impose sanctions such as suspension or termination of loan programs.

In 2011, EDA requested RDC to quantify the amount of funds subject to sequestration. RDC has since segregated funds and remits quarterly interest earnings on the EDA grant portion to the U.S. Treasury. Segregated funds amounted to $6,504,876 and $6,502,379 at December 31, 2015 and 2014.

**BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION**

**Supplementary Information**
**Schedule of Balance Sheets - By Revolving Loan Program**

**December 31, 2015**
**(with summarized comparative totals as of December 31, 2014)**

| | EDA Account | County Account | City Account | Total 2015 | Total 2014 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current assets:** | | | | | |
| Cash | $ 1,102,969 | $ 4,193,814 | $ 1,437,813 | $ 6,734,596 | $ 8,100,162 |
| Restricted cash | 4,094,810 | 1,356,123 | 1,053,943 | 6,504,876 | 6,502,379 |
| Loans receivable | 1,778,020 | - | 64,524 | 1,842,544 | 1,771,586 |
| | 6,975,799 | 5,549,937 | 2,556,280 | 15,082,016 | 16,374,127 |
| Loans receivable, net | 7,616,181 | - | - | 7,616,181 | 5,876,132 |
| | $ 14,591,980 | $ 5,549,937 | $ 2,556,280 | $ 22,698,197 | $ 22,250,259 |
| **Liabilities and Net Position** | | | | | |
| **Current liabilities:** | | | | | |
| Accounts payable | $ 2,337 | $ - | $ - | $ 2,337 | $ 12,531 |
| Due to U.S. Department of Housing and Urban Development | - | 1,546,423 | - | 1,546,423 | 1,540,876 |
| Due to affiliate | 289,216 | - | 24,111 | 313,327 | 300,095 |
| | 291,553 | 1,546,423 | 24,111 | 1,862,087 | 1,853,502 |
| **Net position:** | | | | | |
| Restricted | 14,300,427 | 4,003,514 | 2,532,169 | 20,836,110 | 20,396,757 |
| | $ 14,591,980 | $ 5,549,937 | $ 2,556,280 | $ 22,698,197 | $ 22,250,259 |

## Supplementary Information
## Schedule of Revenues, Expenses, and Changes in Net Position - By Revolving Loan Program

**For the year ended December 31, 2015**
**(with summarized comparative totals for December 31, 2014)**

| | EDA Account | County Account | City Account | Total 2015 | Total 2014 |
|---|---|---|---|---|---|
| **Operating revenues:** | | | | | |
| Interest from loans | $ 372,121 | $ - | $ 6,935 | $ 379,056 | $ 381,279 |
| Sale of warrants | 386,609 | - | - | 386,609 | - |
| Loan commitment and other fees | 17,531 | - | - | 17,531 | 7,272 |
| Total operating revenues | 776,261 | - | 6,935 | 783,196 | 388,551 |
| **Operating expenses:** | | | | | |
| General and administrative | 363,473 | - | 24,142 | 387,615 | 397,959 |
| Provision for uncollectible loans, net | (38,850) | - | - | (38,850) | 59,121 |
| Total operating expenses | 324,623 | - | 24,142 | 348,765 | 457,080 |
| Operating income (loss) | 451,638 | - | (17,207) | 434,431 | (68,529) |
| **Nonoperating revenue:** | | | | | |
| Interest | 2,564 | - | 2,358 | 4,922 | 4,395 |
| Change in net position | 454,202 | - | (14,849) | 439,353 | (64,134) |
| Net position - beginning | 13,846,225 | 4,003,514 | 2,547,018 | 20,396,757 | 20,460,891 |
| **Net position - ending** | $ 14,300,427 | $ 4,003,514 | $ 2,532,169 | $ 20,836,110 | $ 20,396,757 |

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# INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Buffalo and Erie County Regional
Development Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Buffalo and Erie County Regional Development Corporation (RDC), a business-type activity, which comprise the balance sheet as of December 31, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 18, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered RDC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RDC's internal control. Accordingly, we do not express an opinion on the effectiveness of RDC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether RDC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of RDC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RDC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lumsden & McCormick, LLP

March 18, 2016

Lumsden & McCormick LLP
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# INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW

The Board of Directors
Buffalo and Erie County Regional
Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Buffalo and Erie County Regional Development Corporation (RDC), a business-type activity, which comprise the balance sheet as of December 31, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated March 18, 2016.

In connection with our audit, nothing came to our attention that caused us to believe that RDC failed to comply with §2925(3)(f) of the New York State Public Authorities Law regarding investment guidelines during the year ended December 31, 2015. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding RDC's noncompliance with the above rules and regulations.

The purpose of this report is solely to describe the scope and results of our testing. This communication is not suitable for any other purpose.

Lumsden & McCormick, LLP

March 18, 2016