

October 28, 2019

Honorable April N. M. Baskin, Erie County Legislature  
c/o Robert M. Graber  
Old Erie County Hall  
92 Franklin Street, 4<sup>th</sup> Floor  
Buffalo, New York 14202

Dear Mr. Graber:

As required under Section 2801 of the Public Authorities Law, we are enclosing a copy of a package which contains 2020 budgets for the following corporations:

- 1) Erie County Industrial Development Agency's ("ECIDA")
- 2) Buffalo and Erie County Regional Development Corporation ("RDC")
- 3) Buffalo and Erie County Industrial Land Development Corporation ("ILDC")

Please feel free to contact me if you have any questions or comments on the above. I can be reached at (716) 856-6525, ext. 123.

Regards,



Mollie Profic  
Chief Financial Officer

**Erie County Industrial Development Agency**  
**2020 Budget**

# ***Erie County Industrial Development Agency (ECIDA)***

## **2020 Budget + 3 Year Forecast**

### **A. Overview of Changes in 2020 Budget**

Presented herein is the projected operating budget for the Erie County Industrial Development Agency's ("ECIDA") year ending December 31, 2020 and a three-year forecast for 2021 – 2023.

The ECIDA is a not-for-profit, public benefit corporation that provides tax incentives, financing programs and economic development services to Buffalo and Erie County. In accomplishing its mission, the ECIDA does not receive any operational funding from Federal, State, County or local sources. Instead, the key source of revenue for the ECIDA is the administrative fees charged to those companies that utilize its various products and services. The income that the ECIDA generates is utilized to provide salaries to its professional staff for managing various economic development programs, as well as payments for professional fees, general office expenses, public notices/marketing, building costs and other miscellaneous expenses.

For the year ending December 31, 2020, the Agency is presenting a balanced budget. Depreciation, a noncash item, is estimated at \$130,000 and brings the budgeted operating loss to \$130,000. There is also \$632,000 budgeted for five external projects, which will be funded with existing UDAG funds, rather than operating cash. After reserving \$2,000,000 for future projects the potential net loss for 2020 is \$2,762,000. The majority of the budgeted loss would be from existing UDAG funds that have accumulated over several years.

The following significant risk factors may impact the 2020 results:

1. The majority of the ECIDA's administrative fee income is derived from a few large tax incentive and/or tax-exempt bond projects. The Agency does not collect a fee until the project (usually construction) is started, since many factors affect project timing. Depending on the timing of these projects, the Agency's fee income can fluctuate significantly from year to year.
2. Changes in the overall national and/or regional economy could result in a decrease in local investment projects that are assisted by the Agency, resulting in a corresponding decrease in administrative fee income.

The following information details the key changes in the 2020 budget compared to the 2019 projected revenues and expenses:

# Erie County Industrial Development Agency (ECIDA)

## 2020 Budget + 3 Year Forecast

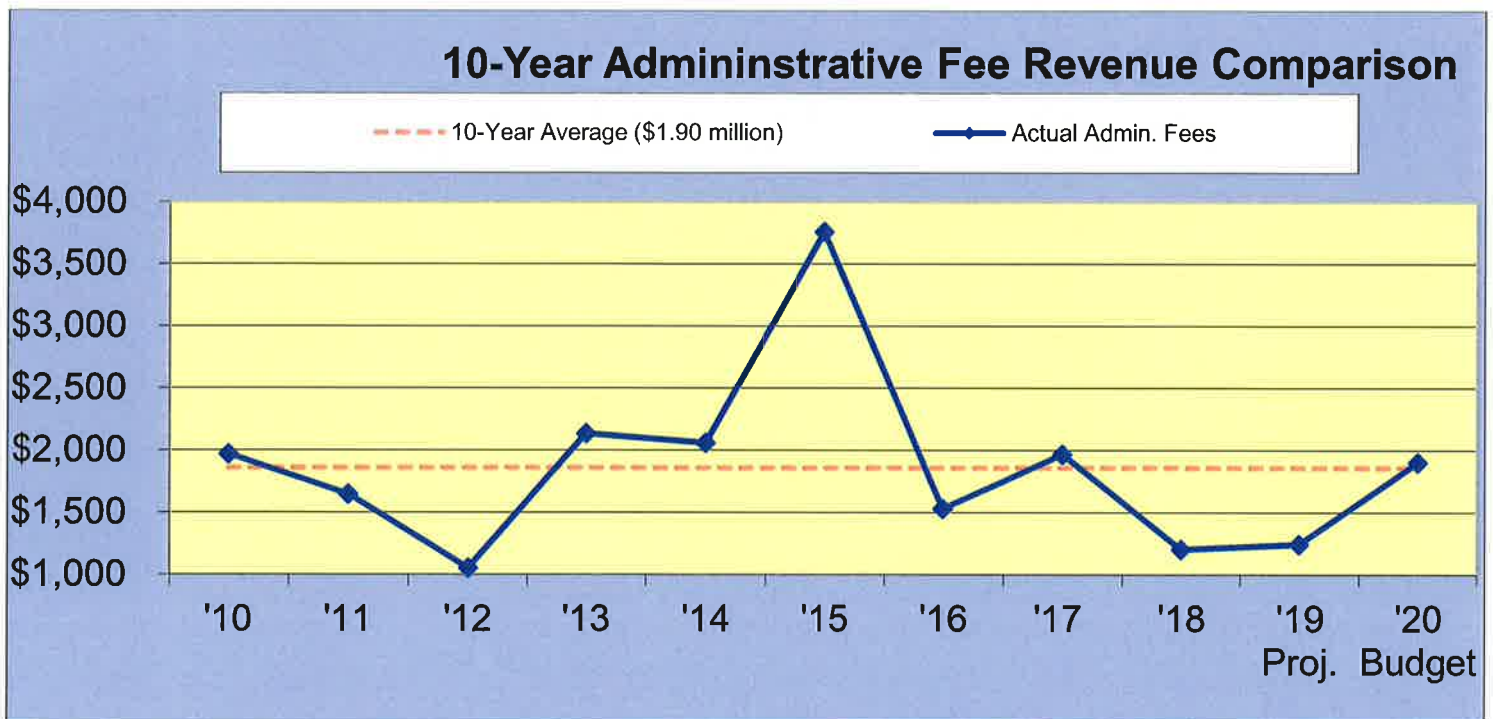
### A. Overview of Changes in 2020 Budget (continued)

#### Revenues:

##### *Administrative Fees (2020 Budget - \$1.90 million):*

Administrative fees primarily consist of fees earned by the ECIDA through the provision of tax abatements. During 2019, administrative fees included projects such as the Trico Building in downtown Buffalo, McKesson Corporation in Cheektowaga, and Unifrax in Tonawanda. Additionally, the Agency expects to close on a bond issuance prior to the end of 2019, which would result in a fee collected of approximately \$100,000. Since some fees are recognized over multiple years (in accordance with the terms of the related fee agreements), the Agency expects to recognize nearly \$580,000 of fees in 2019 related to prior year project approvals. The budgeted figure of \$1.90 million was derived using the 2010-2019 10-year average.

The following chart summarizes the actual administrative fee revenue over the past 10 years compared to the average administrative fee for the 10-year period from 2010-2019:



# ***Erie County Industrial Development Agency (ECIDA)***

## **2020 Budget + 3 Year Forecast**

### **A. Overview of Changes in 2020 Budget (continued)**

#### ***Affiliate Management Fees (increasing 25% from \$322,000 to \$404,500):***

Affiliate Management Fees represent salary, benefit, and facilities costs charged to ECIDA's affiliated companies (RDC & ILDC) for office space and services that ECIDA employees provide to these organizations, since they have no employees of their own. In 2019, employee turnover will lead to less than budgeted management fee due from RDC, while management fees due from ILDC are estimated to be higher than budget. Affiliate management fees are expected to align more with budgeted levels in 2020 due to increases in salaries and benefits as described in the expenses section below.

#### ***Management Fees – BUDC (decreasing 3% from \$120,000 to \$116,000):***

Management Fees – BUDC are salaries and benefit costs charged to Buffalo Urban Development Corporation ("BUDC") for services that ECIDA employees provide the organization and its affiliates. ECIDA provides financial reporting, facilities management, and administrative services to BUDC as part of a shared services agreement. Management fees are expected to decrease slightly in 2020.

#### ***Rental Income (increasing 17% from \$245,600 to \$288,200):***

Rental Income represents rent received by ECIDA from BUDC for office space, two facilities owned by ECIDA and other smaller agreements. Rent revenue for leased space at 143 Genesee Street is expected to remain steady at \$213,500. Rent received from the Port Terminal management agreement of \$8,300 in 2019 is budgeted at \$14,500 in 2020 based on projections from the management company. This revenue was budgeted at \$40,000 in 2019.

### **Expenses:**

#### ***Salaries & Benefits (increasing 6.9% from \$1.98 million to \$2.1 million):***

The increase in the 2020 budgeted salaries and benefits compared to the projected 2019 figures is due to employee turnover in 2019, which lead to gaps in payroll for those positions. In 2020 we expect to be at full staff, and the budget includes a projected salary increases and benefit expense increases. Salary increases of approximately 3% and a performance incentive pool that is calculated as 5% of total salaries compose the salaries portion of the increase. Compensation increases are based on an independent compensation study of ECIDA employees, comparing Agency employee salaries with other individuals in the local labor market who have similar titles and responsibilities. These adjustments, if any, will also be reviewed and approved by the ECIDA Board Compensation Committee for Executive Management and by the CEO for other staff. Annual rate increases for health care also contributes to higher employee benefit costs. As an organization of specialized professionals, salaries and benefits account for 74% of total budgeted operating expenses.

***Erie County Industrial Development Agency (ECIDA)***  
**2020 Budget + 3 Year Forecast**

**A. Overview of Changes in 2020 Budget (continued)**

***Professional Services (decreasing 8.7% from \$106,000 to \$96,500):***

Professional Services consist of the following:

	<b>2020 Budget</b>	<b>2019 Budget</b>	<b>2019 Projection</b>
Legal	\$50,000	\$44,250	\$64,000
Consultants	\$20,000	\$20,000	\$16,000
Auditing	\$26,500	\$25,750	\$25,750
<b>Total</b>	<b>\$96,500</b>	<b>\$90,000</b>	<b>\$105,750</b>

In 2020 legal expenses are budgeted at \$50,000 to reflect increased costs in 2019. Consultant expenses are budgeted consistently at \$20,000, while audit costs are set to increase in accordance with the proposal approved in 2017.

***Erie County Industrial Development Agency (ECIDA)***  
**2020 Budget + 3 Year Forecast**

**B. External Special Projects & Reserves for Future Projects**

The ECIDA's 2020 budget currently includes \$582,000 for external projects and \$2 million allocated for potential future projects that are consistent with the ECIDA's strategic plan and the restrictions on the UDAG and/or General Funds as follows:

Project	2020 Budget	2019 Approved Budget	2019 Projected Actual
<b>External Special Projects</b>	\$ 332,000	\$ 282,000	\$ 282,000
<b>Industrial Land Park Grant</b>	200,000	200,000	200,000
<b>Angola Ag Park Grant</b>	100,000	-	900,000
<b>ESD Grant Reimbursement</b>	-	(1,390,000)	(1,390,000)
<b>Z7+ Expense Reserve</b>	-	-	626,422
<b>Reserves for Future Projects:</b>			
Venture Capital Co-Investment	1,000,000	1,000,000	-
Forgivable Attraction Loan	1,000,000	1,000,000	750,000
<b>Total</b>	<b>\$ 2,582,000</b>	<b>\$ 1,292,000</b>	<b>\$ 818,422</b>

External Special Project allocations of \$632,000 include organizations that have received funding in the past, such as BUDC's Buffalo Building Reuse Project (\$100,000) and Invest Buffalo Niagara (\$72,000 for Canadian Lead Generation). Invest Buffalo Niagara's request for funds for Canadian Lead Generation was a two-year request totaling \$144,000. Agency staff is also working with community partners to establish a Minority Business Enterprise Assistance Program. These requests will be presented to the ECIDA Board for approval before funding. Two other expenditures with Invest Buffalo Niagara (\$50,000) and the National Development Council (\$60,000) are annual commitments and will not require specific Board action.

\$200,000 is budgeted for Industrial Land Park, representing one-fifth of the \$1 million grant that the Board approved to ILDC for Bethlehem Steel site carrying costs. \$100,000 is budgeted for Angola Ag Park, representing one-third of the estimated carrying costs approved by the Board. The Reserves for Future Projects of \$2 million are discussed on the following pages and would also require Board approval prior to funding.

The Z7+ Expense Reserve represents the remaining funds from the Board's \$1.5 million allocation in 2016. The balance of those funds is projected to be spent, with no additional allocation in the 2020 budget. The \$750,000 Forgivable Attraction Loan in 2019 relates to the Workforce Retention Fund approved in August 2019 to encourage Time Release Properties and Sciences to retain its current workforce and create new jobs after construction of their new facility on the former Bethlehem Steel Site.

***Erie County Industrial Development Agency (ECIDA)***  
**2020 Budget + 3 Year Forecast**

**B. External Special Projects & Reserves for Future Projects (continued)**

**Venture Capital Co-Investment**

**Proposal: \$1,000,000**

**The Issue** – Currently, high-growth-potential companies have difficulty attracting angel or seed capital funding when they are in the earliest of their development stages. With the significant public investment in university and college research facilities and scientists, there is a need to commercialize this research in order to provide the “pay-back” on the community’s investment in the form of new high-paying jobs. Currently, there is a lack of early-stage capital for venture companies located in Western New York. Meanwhile, other communities which face similar issues have been successful in utilizing publicly-sponsored funds to support new companies.

Current New York State law does not explicitly allow IDAs to make equity venture investments in private companies. In order to achieve a change in New York State law, ECIDA is working with NYSEDC and the local New York State legislative delegation to pass legislation to codify the powers and duties of an IDA to operate an equity venture program and to provide venture investment to startup entrepreneurs and private companies.

**The Proposal** – In 2015, the ECIDA began the reestablishment of its Venture Capital Fund to provide equity investments in early-stage, high-growth-potential companies. The ECIDA will partner with qualified co-investors from Erie County such as Launch NY, 43 North, Z80 Labs, and/or Rand Capital. In the past, the ECIDA has had several key economic development successes by partnering with Rand Capital, such as its equity investments in GEMCOR II, LLC and Synacor, Inc. (approximately 400 jobs combined). The ECIDA would rely upon the expertise of its partners to conduct the due diligence required to evaluate the business, structure the investment and develop an exit strategy.

**Use of Funds** – To make equity (stock) and/or debt project expenditures in selected businesses.

**Partners** – Launch NY, 43North, Z80 Labs, Rand Capital and other venture capital firms.

**Approval** – The ECIDA Board would approve all project expenditures under this program.

**Consistency with Community Plans** – This strategy is consistent with the County Executive’s, *Initiatives for a Smart Economy 2.0*. One of the goals outlined in the plan is as follows: “*Erie County will create Venture Fund programs and provide venture equity to local entrepreneurs through the ECIDA*”.



***Erie County Industrial Development Agency (ECIDA)***  
**2020 Budget + 3 Year Forecast**

**B. Special Projects & ECIDA Program Allocations (continued)**

**Forgivable Attraction Loan(s)**

**Proposal: \$1,000,000**

**Qualification** – Businesses must be relocating to a HUD-defined distressed area or meet other HUD qualifications and provide a significant regional impact in terms of investment and/or job creation.

**The Issue** – Currently a number of communities across the nation are aggressively pursuing businesses to entice them to their region. One vehicle that communities have used to tip the relocation decision in their favor is the use of a high-impact project expenditure fund. Until 2013, the Buffalo region did not have such a program, while neighboring states were offering these programs with positive results, to Erie County's detriment.

**The Proposal** – The ECIDA would continue to fund a forgivable attraction loan fund that could aid in the attraction of key new businesses that would have a regional employment or investment impact. The attraction incentive would be structured in the form of a loan, with a portion or all of it forgiven if the company establishes their business in Erie County and meets specified investment and/or job goals. The ECIDA would work with Invest Buffalo Niagara to offer this incentive to those businesses that are the most promising and/or target the attraction loan to specific industries or regions (such as Southern Ontario). By providing this incentive, the Buffalo region would be perceived as demonstrating the community's support for the business relocation and could be the tipping point that leads to the relocation of the business as well as related "follow on" investments.

**Use of Funds** – To make project expenditures to companies located outside of Western New York to offset a portion of their investment costs in relocating. Companies assisted would be in one of the regional targeted industry sectors and have a regional employment or investment impact. The program would have a targeted maximum incentive of \$25,000 per job created.

**Partners** – Invest Buffalo Niagara

**Approval** – The ECIDA Board would approve all awards under this program.

**Consistency with Community Plans** – This strategy is consistent with the County Executive's "Initiatives for a Smart Economy 2.0" which states: "*Projects assisted by the ECIDA will be those that bring outside investment and self-sustaining jobs to Erie County while strengthening the regional economic base, helping to create a more inclusive economy and leading to population stabilization throughout the area*".

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")  
Budget for 2020**

	<b>Budget 2020</b>	<b>Approved Budget 2019</b>	<b>Projected 2019</b>	<b>Actual 2018</b>
<b>REVENUES:</b>				
Administrative Fees	\$ 1,900,000	\$ 1,960,000	\$ 1,242,000	\$ 1,200,992
Affiliate Management Fees	404,500	402,500	322,180	429,445
Management Fees - BUDC	116,000	82,000	120,000	83,474
Interest Income - Loans	-	-	-	6,184
Interest Income - Cash & Investments	105,000	30,000	117,739	57,376
Rental Income	288,200	314,700	245,657	291,852
Other Income	36,000	36,000	26,771	38,053
UDAG Venture Sale Income	-	-	31,915	-
Total Revenues	2,849,700	2,825,200	2,106,262	2,107,376
<b>EXPENSES:</b>				
Salaries & Benefits	2,114,140	2,102,500	1,978,100	2,017,337
Professional Services	96,500	90,000	105,734	149,857
General Office Expenses	176,500	169,000	174,732	232,696
Insurance Expense	82,000	85,000	74,178	81,159
Marketing Expenses	50,000	50,000	50,000	37,471
Public Notices	25,000	24,000	26,804	17,641
Building Operating Costs	232,560	229,860	233,211	197,007
Travel, Mileage & Meeting Expenses	63,000	64,840	62,455	52,947
Other Expenses	10,000	10,000	5,062	(137,285)
Total Expenses	2,849,700	2,825,200	2,710,275	2,648,830
<b>GRANT INCOME:</b>				
Revenues	125,000	1,931,216	579,465	6,855,127
Expenses	(125,000)	(1,931,216)	(530,903)	(6,758,907)
	-	-	48,561	96,220
<b>NET INCOME (LOSS) BEFORE DEPRECIATION, EXTERNAL SPECIAL PROJECTS AND OTHER RESERVES:</b>				
	<b>(0)</b>	<b>-</b>	<b>(555,453)</b>	<b>(445,234)</b>
Depreciation	(130,000)	(130,000)	(129,600)	(115,879)
<b>NET INCOME (LOSS) BEFORE EXTERNAL SPECIAL PROJECTS AND OTHER RESERVES:</b>				
	<b>(130,000)</b>	<b>(130,000)</b>	<b>(685,053)</b>	<b>(561,113)</b>
<b>External Special Projects:</b>				
Buffalo Building Reuse Project (BUDC)	100,000	100,000	100,000	100,000
UDAG Gain on Venture Investments	-	-	-	(42,401)
Annual Membership (IBN)	50,000	50,000	50,000	50,000
Canadian Lead Generation (IBN)	72,000	72,000	72,000	72,000
NDC Technical Assistance	60,000	60,000	60,000	60,000
MBE Assistance Program	50,000	-	-	-
Z7+ consultants/expense reserve	-	-	626,422	12,558
Industrial Land Park grant paid*	200,000	200,000	200,000	120,000
Industrial Land Park grant (rec'd)*	-	(1,390,000)	(1,390,000)	(1,390,000)
Industrial Land Park sale proceeds	-	-	(250,000)	-
Angola Ag Park grant paid	100,000	-	900,000	-
Angola Ag Park grant (rec'd)	-	-	-	-
UDAG Gain/(Loss) on Venture Investments	-	-	-	-
Total Special Projects	632,000	(908,000)	368,422	(1,017,843)
<b>NET INCOME (LOSS) BEFORE OTHER RESERVES:</b>				
	<b>(762,000)</b>	<b>778,000</b>	<b>(1,053,475)</b>	<b>456,730</b>
<b>Reserves for Future Projects:</b>				
Venture Capital Co-Investment	1,000,000	1,000,000	-	-
Forgivable Attraction Loan(s)	1,000,000	1,000,000	750,000	-
Total Other Reserves	2,000,000	2,000,000	750,000	-
<b>NET INCOME (LOSS):</b>				
	<b>\$ (2,762,000)</b>	<b>\$ (1,222,000)</b>	<b>\$ (1,803,475)</b>	<b>\$ 456,730</b>

\* Board authorized the acquisition of the Bethlehem Steel property by ILDC in February 2017; this included an allocation of \$5,700,000 for land acquisition, and \$1,000,000 for carrying costs over the next 5 (\$200,000/year) years. ILDC reimbursed \$1.39M in 2018 and reimburse another \$1.39M in 2019 when ESD grant revenue is received.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")**  
**Three Year Forecast 2021-2023**

	Budget 2020	Forecast 2021	Forecast 2022	Forecast 2023
<b>REVENUES:</b>				
Administrative Fees	\$ 1,900,000	\$ 1,950,000	\$ 1,950,000	\$ 1,950,000
Affiliate Management Fees	404,500	417,000	430,000	443,000
Management Fees - BUDC	116,000	119,000	123,000	127,000
Interest Income - Cash & Investments	105,000	108,000	111,000	114,000
Rental Income	288,200	300,000	300,000	300,000
Other Income	36,000	40,000	40,000	40,000
Proceeds from Land Sales (UDAG)	-	250,000	250,000	200,000
Total Revenues	2,849,700	3,184,000	3,204,000	3,174,000
<b>EXPENSES:</b>				
Salaries & Benefits	2,114,140	2,178,000	2,243,000	2,310,000
Professional Services	96,500	140,000	140,000	140,000
General Office Expenses	176,500	182,000	187,000	193,000
Insurance Expense	82,000	84,000	87,000	90,000
Marketing Expenses	50,000	52,000	54,000	56,000
Public Notices	25,000	26,000	27,000	28,000
Building Operating Costs	232,560	240,000	247,000	254,000
Travel, Mileage & Meeting Expenses	63,000	65,000	67,000	69,000
Other Expenses	10,000	10,000	10,000	10,000
Total Expenses	2,849,700	2,977,000	3,062,000	3,150,000
<b>GRANT INCOME:</b>				
Revenues	125,000	250,000	250,000	250,000
Expenses	(125,000)	(250,000)	(250,000)	(250,000)
	-	-	-	-
<b>NET INCOME (LOSS) BEFORE DEPRECIATION, EXTERNAL SPECIAL PROJECTS AND OTHER RESERVES:</b>				
	<b>(0)</b>	<b>207,000</b>	<b>142,000</b>	<b>24,000</b>
Depreciation	(130,000)	(120,000)	(120,000)	(120,000)
<b>NET INCOME (LOSS) BEFORE EXTERNAL SPECIAL PROJECTS AND OTHER RESERVES:</b>				
	<b>(130,000)</b>	<b>87,000</b>	<b>22,000</b>	<b>(96,000)</b>
<b><u>External Special Projects and Strategic Initiatives:</u></b>				
Buffalo Building Reuse Project (BUDC)	100,000	100,000	100,000	100,000
Annual membership (IBN)	50,000	50,000	50,000	50,000
Canadian Lead Generation (IBN)	72,000	72,000	-	-
NDC Technical Assistance	60,000	60,000	60,000	60,000
MBE Assistance Program	50,000	50,000	50,000	50,000
Industrial Land Park grant paid	200,000	200,000	200,000	-
Industrial Land Park sale proceeds	-	(250,000)	(250,000)	(200,000)
Angola Ag Park grant paid	100,000	100,000	100,000	-
Venture Capital Co-Investment	1,000,000	-	-	-
Forgivable Attraction Loan(s)	1,000,000	-	-	-
Total Special Projects and Other Strategic Investments	2,632,000	382,000	310,000	60,000
<b>NET INCOME (LOSS):</b>	<b>\$ (2,762,000)</b>	<b>\$ (295,000)</b>	<b>\$ (288,000)</b>	<b>\$ (156,000)</b>

**Erie County Industrial Development Agency**  
**Five Year Capital Budget 2020-2024**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total</u>
<b>Facilities:</b>						
143 Genesee Street	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 100,000
95 Perry Street	10,000	10,000	10,000	10,000	5,000	45,000
<b>Total Facilities</b>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>25,000</u>	<u>145,000</u>
<b>Information Technology:</b>						
AV Equipment	70,000	-	-	-	-	70,000
New Laptops	-	25,000	-	-	-	25,000
Servers	8,000	-	-	-	8,000	16,000
Misc.	3,000	3,000	3,000	3,000	3,000	15,000
<b>Total Information Technology</b>	<u>81,000</u>	<u>28,000</u>	<u>3,000</u>	<u>3,000</u>	<u>11,000</u>	<u>126,000</u>
<b>GRAND TOTAL</b>	<u><b>\$ 111,000</b></u>	<u><b>\$ 58,000</b></u>	<u><b>\$ 33,000</b></u>	<u><b>\$ 33,000</b></u>	<u><b>\$ 36,000</b></u>	<u><b>\$ 271,000</b></u>

**Regional Development Corporation**  
**2020 Budget**

## ***Regional Development Corporation (RDC)*** **2020 Budget + 3 Year Forecast**

The Buffalo and Erie County Regional Development Corporation (“RDC”) presently has one activity – the operation of a federally restricted revolving loan fund that provides loans to eligible businesses that would not otherwise be able to obtain such financing from normal commercial sources.

### **A. Key Budget Assumptions:**

In 2020, the RDC expects to fund new loans of approximately \$2 million. This will be offset by approximately \$780,000 in loan repayments into the revolving loan fund. Interest income on loans is expected to be approximately \$470,000 for 2019, which represents a 10% decrease from the \$520,000 budget for 2019.

### **B. Overview of Changes in 2020 Budget:**

The following summarizes the key changes between the 2020 budget and the projected 2019 results:

- The ECIDA Management Fee represents a fee charged by the ECIDA for services that its employees provide to the revolving loan fund, since RDC has no employees of its own. The fee is expected to increase by approximately \$59,000 or 23% in 2020 due to employee turnover in 2019, coupled with increases in salaries and benefits.
- The budgeted amount for the provision for loan losses is \$200,000 for 2020. The provision represents approximately 1.4% of the estimated active loan portfolio balance. The mission of the RDC is to deal primarily with businesses unable to adequately finance operations through normal commercial banking channels. Historically, the loan fund has been a working capital lender, rather than a fixed asset lender, taking junior collateral positions. The \$200,000 provision for loan losses is net of any anticipated collateral sales and SBA and other guarantees (if applicable). Currently, the charge-off rate for loans issued over the past 10 years is approximately 2.2% versus a historical portfolio charge-off rate of approximately 18%.

### **C. Summary of Risk Factors Impacting the 2020 Budget:**

The following significant risk factor may influence the 2020 budget:

1. Due to the numerous uncertainties, including the recent recession, value of collateral, guarantees, etc., RDC’s actual loan losses may vary significantly from the loan loss amount budgeted.

**REGIONAL DEVELOPMENT CORPORATION ("RDC")**  
**Budget for 2020**

	<b>Budget 2020</b>	<b>Approved Budget 2019</b>	<b>Projected 2019</b>	<b>Actual 2018</b>
<b>REVENUES:</b>				
Interest Income - Loans	\$ 470,000	\$ 520,000	\$ 523,338	\$ 449,706
Interest Income - Cash & Investments	17,000	10,000	41,484	28,000
Administrative Fees	10,000	10,000	3,129	24,768
Other Income	15,000	20,000	2,657	3,650
Total Revenues	512,000	\$ 560,000	570,608	506,124
<b>EXPENSES:</b>				
ECIDA Management Fee*	\$ 320,000	\$ 350,000	\$ 261,000	\$ 333,912
Provision for Loan Losses**	200,000	175,000	750,000	40,512
Rent & Facilities Expenses	5,900	23,000	22,800	18,802
Professional Services	30,775	42,000	37,500	27,962
Travel, Mileage & Meeting Expenses	-	2,500	800	-
General Office Expenses	16,800	900	1,372	2,539
Other Expenses	27,000	16,075	1,604	5,577
Total Expenses	600,475	609,475	1,075,076	429,304
<b>NET INCOME/(LOSS):</b>	\$ (88,475)	\$ (49,475)	\$ (504,468)	\$ 76,820

\* Represents an allocation of salary and benefit costs from the ECIDA based on staff time charged to the RDC.

** Estimated 2020 Loan Balance	\$ 14,435,000
Provision for Loan Losses	\$ 200,000
Percentage of Loans	1.4%

**REGIONAL DEVELOPMENT CORPORATION ("RDC")**  
**Three Year Forecast 2021-2023**

	<b>Budget 2020</b>	<b>Forecast 2021</b>	<b>Forecast 2022</b>	<b>Forecast 2023</b>
<b>REVENUES:</b>				
Interest Income - Loans	\$ 470,000	\$ 475,000	\$ 480,000	\$ 485,000
Interest Income - Cash & Investments	17,000	15,000	15,000	15,000
Administrative Fees	10,000	15,000	15,000	15,000
Other Income	15,000	10,000	10,000	10,000
Total Revenues	512,000	515,000	520,000	525,000
<b>EXPENSES:</b>				
ECIDA Management Fee*	\$ 320,000	\$ 330,000	\$ 330,000	\$ 335,000
Provision for Loan Losses	200,000	175,000	150,000	150,000
Rent & Facilities Expenses	5,900	25,000	25,000	25,000
Professional Services	30,775	50,000	50,000	50,000
General Office Expenses	16,800	900	900	900
Marketing & Other Expenses	27,000	5,000	5,000	5,000
Total Expenses	600,475	585,900	560,900	565,900
<b>NET INCOME/(LOSS):</b>	\$ (88,475)	\$ (70,900)	\$ (40,900)	\$ (40,900)

\* Represents an allocation of salary and benefit costs from the ECIDA based on staff time charged to the RDC.



**Industrial Land Development Corp**  
**2020 Budget**

# ***Industrial Land Development Corporation (ILDC)***

## **2020 Budget + 3 Year Forecast**

The Industrial Land Development Corporation (“ILDC”) consists of two sub-funds (Erie County’s Business Development Fund (“BDF”) and a general fund. The ILDC administers the BDF loan fund on behalf of Erie County for HUD-eligible small businesses that would not otherwise be able to obtain such financing from commercial sources. The ILDC also issues tax-exempt bonds on behalf of various not-for-profit organizations in Erie County.

### **A. Overview of Changes in 2020 Budget:**

The following summarizes the key changes between the 2020 budget and the projected 2019 results:

- In 2019, the ILDC received \$155,000 of grant income toward the purchase of land for the Angola Ag Park. No such revenue is expected in 2020.
- The ECIDA Management Fee represents a fee charged by the ECIDA for services that its employees provide, since ILDC has no employees of its own. The fee is expected to increase by approximately \$29,000 or double in 2020 due to anticipated increases in time spent on ILDC projects by ECIDA staff.
- Professional services consist of legal, consulting, and auditing costs, and are expected to decrease by about \$77,000 or 59% in 2020. This is due to the land acquisition (legal) and environmental consulting costs incurred in 2019 that are not anticipated to continue at the same rate in 2020.
- The Special Projects section of the budget relates to grants for the Bethlehem Steel property purchase and carrying costs, along with a grant related to the Angola Ag Park carrying costs. ILDC expects to recognize \$1.75 million in 2020 to offset the cost of purchasing additional land at the former Bethlehem Steel site, which will be reimbursed to ECIDA when received. A total of \$300,000 is budgeted to be used in 2020 for carrying costs related to the two properties, which will be granted by ECIDA’s UDAG fund. Other grant revenue relates to the creation of an Opportunity Zone guide.

### **B. Summary of Risk Factors impacting the 2020 Budget:**

The following significant risk factors may influence the 2020 budget:

1. Due to numerous uncertainties, the value of collateral, guarantees, etc., the ILDC may experience loan losses that are currently not included in the budget.
2. In the past, the ILDC has generated fee income from issuing tax-exempt debt. These monies are received directly by ILDC and then paid to ECIDA. However, due to the infrequent nature of these activities, and the uncertainty as to when such transactions will occur, ILDC has not included any bond closings in the 2020 budget. It is possible a tax-exempt bond is issued within the next year and both income and expenses will be recognized, accordingly.

**BUFFALO & ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION ("ILDC")**  
**Budget for 2020**

	<b>Budget 2020</b>	<b>Approved Budget 2019</b>	<b>Projected 2019</b>	<b>Actual 2018</b>
<b>REVENUES:</b>				
Interest Income - Loans	\$ 230	\$ 350	\$ 354	\$ 450
Interest Income - Cash & Investments	10	10	12	13
Grant Income	-	-	155,000	-
Proceeds from Land Sales	250,000	-	250,000	-
Other Income	-	-	36,250	82,985
<b>Total Revenues</b>	<b>250,240</b>	<b>360</b>	<b>441,616</b>	<b>83,448</b>
<b>EXPENSES:</b>				
ECIDA Management Fee*	\$ 58,000	\$ 28,000	28,800	\$ 159,717
Professional Services	53,100	23,000	130,237	82,021
General Office Expenses	600	-	-	515
Other Expenses	875	2,625	1,961	31,535
<b>Total Expenses</b>	<b>112,575</b>	<b>53,625</b>	<b>160,998</b>	<b>273,788</b>
<b>SPECIAL PROJECTS:</b>				
Industrial Land Park - ESD grant	1,755,000	1,390,000	-	2,780,000
Industrial Land Park - ECIDA grant	200,000	200,000	200,000	120,000
Industrial Land Park grant reimbursement	(1,755,000)	(1,390,000)	-	(2,780,000)
Industrial Land Park grant costs	(200,000)	(200,000)	(200,000)	-
Angola Ag Park - ECIDA grant	100,000	-	900,000	-
Angola Ag Park grant costs	(100,000)	-	(900,000)	-
Other grant revenue	25,000	509,657	161,492	231,008
Other grant expenses	(25,000)	(509,657)	(161,492)	(231,008)
	-	-	-	120,000
<b>NET INCOME/(LOSS):</b>	<b>\$ 137,665</b>	<b>\$ (53,265)</b>	<b>\$ 280,618</b>	<b>\$ (70,340)</b>

\* Represents an allocation of salary and benefit costs from the ECIDA based on staff time charged to the ILDC.

**INDUSTRIAL LAND DEVELOPMENT CORPORATION ("ILDC")**  
**Three Year Forecast 2021-2023**

	<b>Budget 2020</b>	<b>Forecast 2021</b>	<b>Forecast 2022</b>	<b>Forecast 2023</b>
<b>REVENUES:</b>				
Interest Income - Loans	\$ 230	\$ 170	\$ 101	\$ 45
Interest Income - Cash & Investments	10	25	25	25
Grant Income	-	-	-	-
Proceeds from Land Sales	250,000	250,000	250,000	200,000
Other Income	-	-	-	-
Total Revenues	250,240	250,195	250,126	200,070
<b>EXPENSES:</b>				
ECIDA Management Fee*	\$ 58,000	\$ 30,000	\$ 30,000	\$ 30,000
Professional Services	53,100	3,600	3,800	3,900
General Office Expenses	600	-	-	-
Other Expenses	875	2,500	4,000	5,000
Total Expenses	112,575	36,100	37,800	38,900
<b>SPECIAL PROJECTS:</b>				
Industrial Land Park - ESD grant	1,755,000	-	-	-
Industrial Land Park - ECIDA grant	200,000	200,000	200,000	-
Industrial Land Park grant reimbursement	(1,755,000)	-	-	-
Industrial Land Park costs	(200,000)	(200,000)	(200,000)	-
Angola Ag Park - ECIDA grant	100,000	100,000	100,000	-
Angola Ag Park grant costs	(100,000)	(100,000)	(100,000)	-
Other grant revenue	25,000	-	-	-
Other grant expenses	(25,000)	-	-	-
	-	-	-	-
<b>NET INCOME/(LOSS):</b>	\$ 137,665	\$ 214,095	\$ 212,326	\$ 161,170

\* Represents an allocation of salary and benefit costs from the ECIDA based on staff time charged to the ILDC.