



October 31, 2016

Honorable John J. Mills, Erie County Legislature
c/o Karen M. McCarthy
Old Erie County Hall
92 Franklin Street, 4th Floor
Buffalo, New York 14202

Dear Ms. McCarthy,

As required under Section 2801 of the Public Authorities Law, we are enclosing a copy of a package which contains 2017 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
Controller

Erie County Industrial Development Agency
2017 Budget

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")
Proposed Budget for 2017

	Proposed Budget 2017	Approved Budget 2016	Projected 2016	Actual 2015
REVENUES:				
Administrative Fees	\$ 1,800,000	\$ 1,800,000	\$ 2,000,000	\$ 3,756,732
Affiliate Management Fees	353,500	342,500	364,700	353,137
Management Fees - BUDC	42,000	42,000	40,000	38,637
Interest Income - Loans	7,200	7,250	5,742	13,741
Interest Income - Cash & Investments	24,500	14,500	21,614	14,709
Rental Income	254,000	254,600	258,225	182,216
Other Income	42,500	32,500	33,570	27,805
UDAG Venture Investment Income	-	675,000	-	1,218,549
UDAG Venture Sale Income (one-time receipt)	880,000	-	5,366,076	-
Total Revenues	3,403,700	3,168,350	8,089,928	5,605,526
EXPENSES:				
Salaries & Benefits (65% - 67%)	2,134,107	2,060,866	1,946,814	1,855,769
Professional Services	266,500	306,500	325,217	191,069
General Office Expenses	244,700	197,250	251,687	220,654
Insurance Expense	100,000	107,120	100,000	102,907
Marketing Expenses	75,000	78,000	44,153	47,472
Invest Buffalo Niagara Membership	75,000	75,000	75,000	75,000
Public Notices	25,000	25,000	14,705	27,746
Building Operating Costs	191,560	208,200	159,758	170,070
Travel, Mileage & Meeting Expenses	82,000	78,000	68,059	61,952
Other Expenses	15,000	18,000	14,323	7,563
Total Expenses	3,208,867	3,153,936	2,999,715	2,760,202
GRANT INCOME:				
Revenues	250,000	250,000	50,000	36,484
Expenses	(250,000)	(250,000)	(53,816)	(9,225)
	-	-	(3,816)	27,259
NET INCOME (LOSS) BEFORE DEPRECIATION:				
	194,833	14,414	5,086,397	2,872,583
Depreciation	(140,000)	(140,000)	(140,012)	(137,120)
NET INCOME (LOSS) BEFORE SPECIAL PROJECTS:				
	54,833	(125,586)	4,946,385	2,735,463
N7+ consultants/expense reserve	(750,000)	-	-	-
NET INCOME (LOSS) AFTER SPECIAL PROJECTS:				
	\$ (695,167)	\$ (125,586)	\$ 4,946,385	\$ 2,735,463

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")
Proposed Budget for Fiscal 2017 - Special Projects

	Source of Funds	Proposed Budget 2017		Budget 2016	Projected Actual 2016	Actual 2015
NET INCOME (LOSS) AFTER SPECIAL PROJECTS:		\$ (695,167)		\$ (125,586)	\$ 4,946,385	\$ 2,735,463
<u>SPECIAL PROJECTS:</u>						
Initiatives for a Smart Economy:						
Venture Capital Co-Investment	TBD	1,000,000 *		1,000,000	-	-
Partner Initiatives:						
Grow Erie Fund (NDC)	UDAG	500,000 *		500,000	-	-
IBN Contribution (IBN)	** UDAG	-		-	-	-
Other Initiatives:						
Forgivable Attraction Loan(s)	*** UDAG			2,000,000	-	-
External Special Projects:						
Buffalo Building Reuse Project (BUDC)	UDAG	75,000		(A)	75,000	100,000
Beverly Gray	UDAG	-		(A)	250,000	-
Launch New York Grant	**** UDAG	-		(A)	100,000	200,000
Canadian Lead Generation (IBN)	UDAG	-		(A)	100,000	-
Labor Market Assessment (IBN)	UDAG	-		(A)	75,000	-
WNY Incubator Network	UDAG	-		(A)	20,000	-
Nonprofit Campus Concept	TBD	4,200,000 *		(A)	-	-
Industrial Land Park	UDAG	2,700,000 *		(A)	-	-
Total External Special projects		6,975,000		750,000	545,000	200,000
Total Special Project Expenses		8,475,000		4,250,000	620,000	300,000
NET INCOME (LOSS) AFTER OTHER INVESTMENTS:		\$ (9,170,167)		\$ (4,375,586)	\$ 4,326,385	\$ 2,435,463

* These line items are reported as expenses in the above budget for cash flow purposes, but will be reported as assets on the balance sheet for accounting purposes.

** Annual membership to Invest Buffalo Niagara (formerly Buffalo Niagara Enterprise) is now accounted for in the General Fund budget.

*** In the past, \$2,000,000 has been reserved for a forgivable loan; due to not activity over the past couple of years, we have excluded this from the proceeding year budget, however, the monies are available in the UDAG cash account if an opportunity presents itself.

**** 2016 was the final year of a three year, \$300,000 commitment to Launch NY.

(A) A budget of \$750,000 was approved for 2016 external special projects. Each project was presented to and approved by the Board separately for individual funding amounts.

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")
Proposed 3 Year Forecast 2018-2020

	Proposed Budget 2017	Forecast 2018	Forecast 2019	Forecast 2020
REVENUES:				
Administrative Fees	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,850,000
Affiliate Management Fees	353,500	364,000	375,000	386,000
Management Fees - BUDC	42,000	43,000	44,000	45,000
Interest Income - Loans	7,200	6,000	6,000	6,000
Interest Income - Cash & Investments	24,500	18,000	18,500	19,000
Rental Income	254,000	255,000	255,000	255,000
Other Income	42,500	40,000	40,000	40,000
UDAG Venture Sale Income	880,000	-	-	-
Total Revenues	3,403,700	2,526,000	2,538,500	2,601,000
EXPENSES:				
Salaries & Benefits	2,134,107	2,198,000	2,264,000	2,332,000
Professional Services	266,500	205,000	205,000	205,000
General Office Expenses	244,700	252,000	260,000	268,000
Insurance Expense	100,000	103,000	106,000	109,000
Marketing Expenses	75,000	77,000	79,000	81,000
Buffalo Niagara Enterprise Membership	75,000	75,000	75,000	75,000
Public Notices	25,000	26,000	27,000	28,000
Building Operating Costs	191,560	197,000	203,000	209,000
Travel, Mileage & Meeting Expenses	82,000	84,000	87,000	90,000
Other Expenses	15,000	15,000	15,000	15,000
Total Expenses	3,208,867	3,232,000	3,321,000	3,412,000
GRANT INCOME:				
Revenues	250,000	250,000	250,000	250,000
Expenses	(250,000)	(250,000)	(250,000)	(250,000)
	-	-	-	-
NET INCOME/(LOSS) BEFORE DEPRECIATION:	194,833	(706,000)	(782,500)	(811,000)
Depreciation	(140,000)	(140,000)	(140,000)	(140,000)
NET INCOME (LOSS) BEFORE SPECIAL PROJECTS:	54,833	(846,000)	(922,500)	(951,000)
N7+ consultants/expense reserve	(750,000)	-	-	-
NET INCOME (LOSS) AFTER SPECIAL PROJECTS:	\$ (695,167)	\$ (846,000)	\$ (922,500)	\$ (951,000)

Erie County Industrial Development Agency
Five Year Capital Budget 2017-2021

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
Facilities:						
<u>143 Genesee Street</u>						
Exterior						
Exterior Envelope	\$ -	\$ -	\$ 36,500	\$ 17,000	\$ 30,000	\$ 83,500
Landscaping	5,300	-	-	-	-	5,300
Lighting	5,000	-	-	-	9,000	14,000
Glazing	5,000	-	-	-	-	5,000
Entry Doors	-	-	-	14,000	-	14,000
Interior						
Kitchen	-	33,000	-	-	-	33,000
Bathrooms	17,000	-	-	-	-	17,000
Electrical	-	-	-	8,000	-	8,000
Painting	4,500	-	-	-	-	4,500
Sustainability	-	5,000	-	-	-	5,000
Misc	3,200	2,000	3,500	1,000	1,000	10,700
	40,000	40,000	40,000	40,000	40,000	200,000
<u>95 Perry Street</u>						
Interior						
Misc	10,000	10,000	10,000	10,000	10,000	50,000
Total Facilities	50,000	50,000	50,000	50,000	50,000	250,000
Information Technology:						
Accounting/loan software	35,000	-	-	-	-	35,000
Network infrastructure	18,000	-	-	-	-	18,000
Phone system	10,000	-	-	-	-	10,000
Servers	8,000	-	-	8,000	-	16,000
Misc.	5,000	2,500	2,500	2,500	2,500	15,000
Total Information Technology	76,000	2,500	2,500	10,500	2,500	94,000
GRAND TOTAL	\$ 126,000	\$ 52,500	\$ 52,500	\$ 60,500	\$ 52,500	\$ 344,000

Erie County Industrial Development Agency (ECIDA)

Proposed 2017 Budget + 3 Year Forecast

A. Overview of Changes in 2017 Budget

Presented herein is the projected operating budget for the Erie County Industrial Development Agency's (the "ECIDA") year ending December 31, 2017 and a three-year forecast for 2018 to 2020.

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, 2017, the Agency is projecting a net *operating* income of approximately \$195,000. After deducting \$750,000 of expense reserves related to the N7+ facility, other investments and special project costs of \$8,475,000, and depreciation of \$140,000, the budgeted net loss for 2017 is \$9,170,000. The majority of this net loss, if not the entire loss, would be funded from existing funds that have accumulated over several years of profitable operations of the Agency. In addition, much of the other investment dollars would increase the assets of the Agency.

The following significant risk factors may impact the 2017 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. 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 2017 budget compared to the 2016 projected revenues and expenses:

Erie County Industrial Development Agency (ECIDA)

Proposed 2017 Budget + 3 Year Forecast

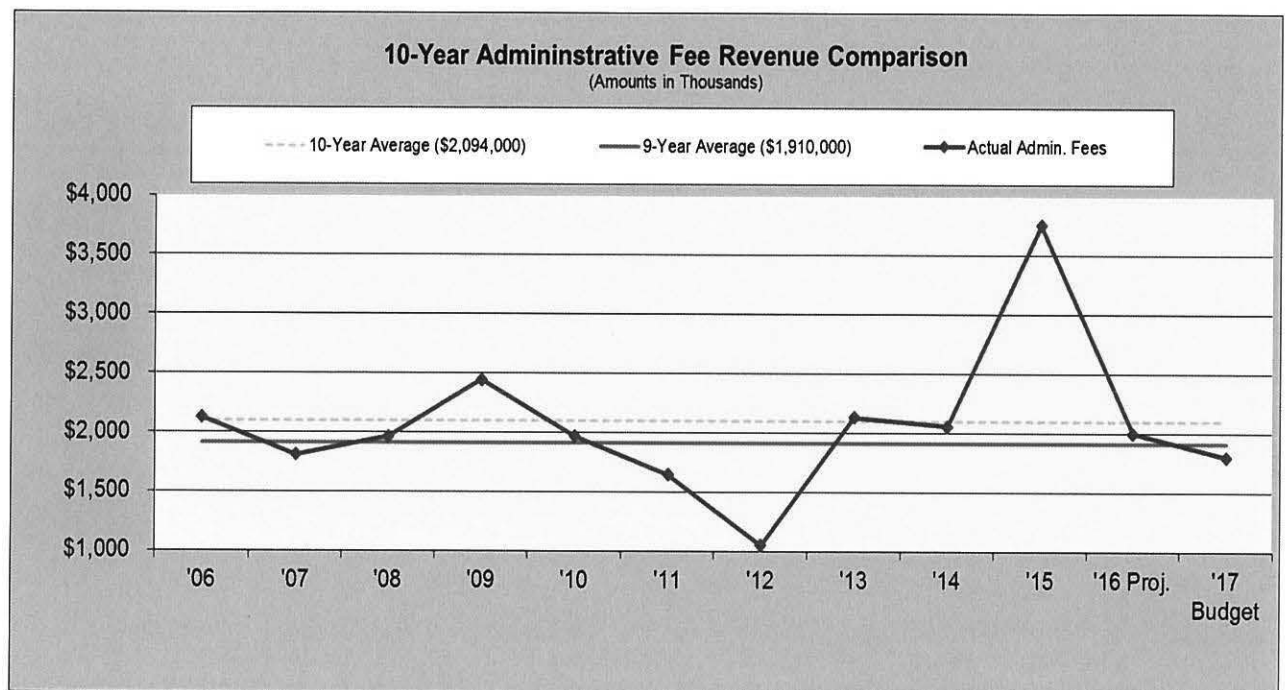
A. Overview of Changes in 2017 Budget (continued)

Revenues:

Administrative Fees (2017 Budget - \$1.8 million):

Administrative fees primarily consist of fees earned by the ECIDA through the provision of tax abatements. During 2016, administrative fees included multiple significant projects, such as Harbor Center, the Richardson Complex, Uniland and the Buffalo Niagara Medical Campus bond issuance. Since some fees are recognized over multiple years (in accordance with the terms of the related fee agreements), the Agency expects to recognize approximately \$874,000 of fees in 2017 related to 2016 and 2015 approvals. The budgeted figure of \$1.8 million was derived from the 2006-2014 9-year average, less \$100,000 due to the Richardson Complex fee being paid in full during 2016. 2015 was excluded from the calculation due to the unusually high fees earned from four bond issuances. Overall administrative fees are budgeted to remain consistent compared to 2016 as there are multiple projects expected to come to fruition and be approved during 2017, combined with fees related to prior year approvals.

The following chart summarizes the actual administrative fee revenue over the past 10 years compared to the average administrative fee for the 9-year period from 2006-2014:



Erie County Industrial Development Agency (ECIDA)
Proposed 2017 Budget + 3 Year Forecast

A. Overview of Changes in 2017 Budget (continued)

Affiliate Management Fees (increasing 3% from \$342,500 to \$353,500):

Affiliate Management Fees represent salaries, 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. Affiliate management fees are expected to increase slightly in 2017 due to increases in salaries and benefits as described in the expenses section below.

UDAG Venture Investment/Sale Income (\$880,000 in 2017, \$675,000 in 2016):

UDAG Venture Sale Income represents the ECIDA's final share of monies from the sale of one of the Agency's previous investments that was sold during 2016. As a result of that sale, a portion of the proceeds (\$880,000) is being held in escrow and can be received up to 18 months after the sale (September 2017). This will be the final monies received related to this investment. In 2016, the Agency budgeted \$675,000 for UDAG Venture Investment Income, for its share of net income from this investment.

Expenses:

Salaries & Benefits (increasing 8% from \$1.95 million to \$2.13 million):

The increase in salaries and benefits are a combination of projected salary increases, benefit expense increases and the addition of one employee to the ECIDA staff during 2016. Salary increases of approximately 3% and a performance incentive pool that is calculated as 12% of total salaries compose the salaries portion of the increase. Compensation increases are based on an independent compensation study of ECIDA employees. The study compared 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 consistently account for approximately 67% of total operating expenses.

Erie County Industrial Development Agency (ECIDA)

Proposed 2017 Budget + 3 Year Forecast

A. Overview of Changes in 2017 Budget (continued)

The following chart indicates the actual and projected headcount by department at December 31st of each year:

Department	2016	2017
Business Development	3	3
Finance / HR	3	3
Administrative Assistants / Reception	3	3
Lending	2	2
Tax Incentives / Compliance	2	2
Development / Property Management	1	1
Communications/Marketing	1	1
Technology	1	1
Grant Writer/Grant Administration	1	1
CEO	1	1
Total	18	18

Professional Services (decreasing 18% from \$325,200 to \$266,500):

Professional Services consist of the following:

	2017 Budget	2016 Budget	2016 Projection
Legal	\$120,000	\$150,000	\$93,200
Consultants	\$110,000	\$120,000	\$200,000
Auditing	\$36,500	\$36,500	\$32,000
Total	\$266,500	\$306,500	\$325,200

In 2016 legal costs were budgeted to increase due to an RFP that could have resulted in significant transition costs. This cost increase did not occur. Consultant expenses are budgeted to decrease slightly, as there was an increased use of consultants for projects such as N7+ in 2016.

Marketing (increasing 70% from \$44,000 to \$75,000):

The increase in marketing costs is due to an increase in targeted advertising outreach, specifically to the business media, and anticipated future outreach efforts to the minority and urban business communities.

Erie County Industrial Development Agency (ECIDA)

Proposed 2017 Budget + 3 Year Forecast

A. Overview of Changes in 2017 Budget (continued)

Building Operating Costs (increasing 20% from \$159,800 to \$191,600):

The increase in Building Operating Costs relates to the lease of 143 Genesee Street, ECIDA's former office location. Since the property is being leased to a for-profit enterprise, the ECIDA will begin paying an approximately \$21,000 "as-if-owned" PILOT to compensate the City of Buffalo and Erie County for the corresponding loss of property taxes. This additional payment was considered when the lease with the tenant was negotiated.

N7+ Consultants/Expense Reserve:

In 2016 the ECIDA Board allocated \$1,500,000 for costs related to the N7+ project. The Agency has included a \$750,000 carryover of those monies previously allocated for the N7+ project in the 2017 budget. These monies could be used for consultant, development, or other unforeseen expenses that may arise throughout the course of this project.

B. Special Projects & ECIDA Program Allocations

The ECIDA's 2017 budget currently includes \$6.975 million of external special projects and \$1.5 million allocated for internal ECIDA Programs that are consistent with the ECIDA's strategic plan and the restrictions on the UDAG and General Funds as follows:

Project	2017 Budgeted Amount	2016 Approved Budget	2016 Projected Actual
External Special Projects	\$ 6,975,000	\$ 750,000	\$ 595,000
ECIDA Program Allocations:			
Venture Capital	1,000,000	1,000,000	-
High-Impact Project Exp. Fund	-	2,000,000	-
Grow Erie Fund	500,000	500,000	-
Total	\$ 8,475,000	\$ 4,250,000	\$ 595,000

The External Special Project allocations of \$6,975,000 includes \$75,000 for Buffalo Urban Development Corporation ("BUDC"), which has received funding in the past. The other External Special Projects and Program Allocations are discussed on the following pages. All of these expenditures require Board approval.

If the Agency does not continue to pursue these projects, the monies will be retained by ECIDA or re-allocated to other projects that fit the Agency's mission. It should also be noted that the Venture Capital Co-Investment, Nonprofit Campus Concept and Industrial Land Park projects are presented as expenses for budget purposes, but would be accounted for as assets on the financial statements.

Erie County Industrial Development Agency (ECIDA)

Proposed 2017 Budget + 3 Year Forecast

B. Special Projects & ECIDA Program Allocations (continued)

Venture Capital Co-Investment

Proposal: \$1,000,000

The Problem – 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.

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*. One of the goals outlined in the plan is as follows: “*Increase access for local emerging companies to early-stage capital and strengthen the entrepreneurship ecosystem in Western New York*”.

Erie County Industrial Development Agency (ECIDA)

Proposed 2017 Budget + 3 Year Forecast

B. Special Projects & ECIDA Program Allocations (continued)

Grow Erie Fund

Proposal: \$500,000

The Problem – The ECIDA’s current loan program, operated by the Buffalo and Erie County Regional Development Corporation, does not allow loan proceeds to be used for construction financing and the refinancing and restructuring of existing debt. Also, the funds are not eligible for the SBA guarantee program.

The Proposal – In 2012, the ECIDA provided approximately \$1 million which was matched with \$3 million by the National Development Council’s (“NDC”) to establish the Grow Erie Fund, a subsidiary of the Grow America Fund program. The Grow America Fund is an SBA 7(a) guaranteed lending program that is operated and managed by the NDC. The advantages of the program are longer terms, lower down payments and interest rates. Also, the loan fund can be used for construction financing and the refinancing and/or restructuring of existing debt(s). NDC provides all the loan underwriting, servicing and administration of the program. The Grow Erie Fund is targeted towards firms engaged in manufacturing, warehouse and distribution, information technology, life sciences and agribusiness. To continue to grow the fund, the ECIDA would provide an additional capitalization of \$500,000. NDC normally provides matching funds of 3:1 to the local contributions. However, due to the success of the local program, NDC has proposed providing a \$3.5 million match (7:1) to the ECIDA’s proposed \$500,000 contribution.

Use of Funds – To make loans to companies located in Erie County to create and retain jobs through investment and growth.

Partners – National Development Council (NDC).

Consistency with Community Plans – This strategy is consistent with the County Executive’s “Initiatives for a Smart Economy” which states: *“Projects assisted by the ECIDA will be those that bring outside investment and good jobs to Erie County, strengthening our economic base and leading to stabilization of the population of the area”*.

Erie County Industrial Development Agency (ECIDA)
Proposed 2017 Budget + 3 Year Forecast

B. Special Projects & ECIDA Program Allocations (continued)

Nonprofit Campus Concept

Proposal: \$4,200,000

The Problem – Currently, nonprofit organizations throughout Erie County are facing higher demand for their services, competition for funding, and difficulties recruiting and retaining employees. Many could benefit from strategic collaborations that would create some operating efficiencies and encourage cost sharing.

The Proposal – ECIDA is in a position to be a community leader and purchase building(s) suitable for a nonprofit campus. Bringing multiple organizations together to create synergies as well as savings for those entities, while allowing them to lease space in a high-quality facility. Organizations that locate at the nonprofit campus will be able to share space, equipment, and services. Reducing administrative and overhead expenses frees up vital cash flow for nonprofits and allows them to focus on their mission and goals, resulting in a greater community impact. The project will be evaluated from a mission-based perspective and from a financial perspective to assess viability before moving forward.

Use of Funds – To acquire property suitable for a nonprofit campus.

Approval – The ECIDA Board would approve the purchase of this property.

Consistency with ECIDA Mission – The mission of the ECIDA 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”. Creation of a nonprofit campus will enable the organizations to further contribute to advancing job opportunities, economic welfare, and improved quality of life for all residents of Erie County.

Erie County Industrial Development Agency (ECIDA)
Proposed 2017 Budget + 3 Year Forecast

B. Special Projects & ECIDA Program Allocations (continued)

Industrial Land Park

Proposal \$2,700,000

The Problem – Erie County’s past as a location for manufacturing items such as steel, automobiles, and chemicals have left several large parcels of land empty and contaminated. ECIDA recognizes that in order to grow business and create jobs these sites must first be rehabilitated and made ready for construction.

The Proposal – ECIDA works with Erie County toward common goals that are consistent with the Agency’s mission. The County has been working to rehabilitate several areas around the County to create shovel-ready sites for new investment. Many of these sites are eligible for New York State’s Brownfield Cleanup Program and various grants. In order to take advantage of the available funding and programs a certain level of up-front investment must be made in a property. The ECIDA would like to use funds toward a property purchase to help achieve a common goal of creating a business-ready park to bring new business and jobs to Erie County.

Use of Funds – To acquire property for an industrial land park.

Partner – Erie County

Approval – The ECIDA Board would approve the land purchase.

Consistency with Community Plans – This strategy is consistent with the County Executive’s, *Initiatives for a Smart Economy*. One of the goals of the plan is “*To have shovel ready business sites totaling over 1,000 acres in all geographic areas of the County suitable for all industrial sectors including office, research, medical, logistics, and warehousing, as well as light and heavy manufacturing.*”

Regional Development Corporation
2017 Budget

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Proposed Budget for 2017

REVENUES:

	Proposed Budget 2017	Approved Budget 2016	Projected 2016	Actual 2015
Interest Income - Loans	\$ 420,000	\$ 432,000	\$ 407,022	\$ 379,056
Interest Income - Cash & Inv.	8,664	6,866	1,580	4,922
Administrative Fees	15,000	15,000	17,964	17,531
Other Income	7,500	7,500	14,460	441,188
Total Revenues	451,164	\$ 461,366	441,026	842,697

EXPENSES:

ECIDA Management Fee*	\$ 335,000	\$ 325,000	\$ 345,714	\$ 335,045
Provision for Loan Losses**	200,000	200,000	75,000	15,729
Rent & Facilities Expenses	18,000	17,000	17,000	17,646
Professional Services	70,500	71,500	35,000	33,395
Marketing & Other Expenses	3,250	3,250	2,101	1,528
Total Expenses	626,750	616,750	474,816	403,343

NET INCOME/(LOSS):

	\$ (175,586)	\$ (155,384)	\$ (33,790)	\$ 439,354
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* Represents an allocation of salary and benefit costs from the ECIDA based on staff time charged to the RDC.

** Est'd 2017 Loan Balance	\$ 10,500,000
Provision for Loan Losses	(200,000)
Percentage of Loans	1.9%

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Proposed 3 Year Forecast 2018-2020

	Proposed Budget 2017	Forecast 2018	Forecast 2019	Forecast 2020
REVENUES:				
Interest Income - Loans	\$ 420,000	\$ 500,000	\$ 500,000	\$ 500,000
Interest Income - Cash & Inv.	8,664	20,000	20,000	20,000
Administrative Fees	15,000	15,000	15,000	15,000
Other Income	7,500	7,500	7,500	7,500
Total Revenues	451,164	542,500	542,500	542,500
EXPENSES:				
ECIDA Management Fee*	\$ 335,000	\$ 325,000	\$ 330,000	\$ 330,000
Provision for Loan Losses	200,000	200,000	200,000	200,000
Rent & Facilities Expenses	18,000	18,000	19,000	19,000
Professional Services	70,500	75,000	75,000	75,000
General Office Expenses	-	1,000	1,000	1,000
Marketing & Other Expenses	3,250	5,000	5,000	5,000
Total Expenses	626,750	624,000	630,000	630,000
NET INCOME/(LOSS):	\$ (175,586)	\$ (81,500)	\$ (87,500)	\$ (87,500)

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

Regional Development Corporation (RDC)

Proposed 2017 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 2017, the RDC is expected to fund new loans of approximately \$2 million. This will be offset by approximately \$2.2 million in loan repayments into the revolving loan fund. Interest income on loans is expected to be approximately \$420,000 for 2017, which represents a 12% decrease from \$475,000 for 2016.

B. Overview of Changes in 2017 Budget:

The following summarizes the key changes between the 2017 budget and the projected 2016 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 decrease by approximately \$10,000 or 3% in 2017 due to a relatively flat amount of employee time spent on RDC projects.
- The budgeted amount for the provision for loan losses is \$200,000 for 2017. The provision represents approximately 2% of the total 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 6% versus a historical portfolio charge-off rate of approximately 19%.

C. Summary of Risk Factors impacting the 2017 Budget:

The following significant risk factors may influence the 2017 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.

Industrial Land Development Corp
2017 Budget

BUFFALO & ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION ("ILDC")
Proposed Budget for 2017

	Proposed Budget 2017	Approved Budget 2016	Projected 2016	Actual 2015
REVENUES:				
Interest Income - Loans	\$ 30	\$ 100	\$ 98	\$ 500
Interest Income - Cash & Investments	-	30	-	1
Other Income	-	-	1,322	1,768,614
Total Revenues	30	130	1,420	1,769,115
EXPENSES:				
ECIDA Management Fee*	\$ 500	\$ 500	500	\$ 1,764,933
Provision for Loan Losses	-	-	-	(6,632)
Professional Services	300	400	529	325
General Office Expenses	100	100	-	-
Other Expenses	500	-	1,756	28,513
Total Expenses	1,400	1,000	2,785	1,787,139
NET INCOME/(LOSS):	\$ (1,370)	\$ (870)	\$ (1,365)	\$ (18,024)

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

INDUSTRIAL LAND DEVELOPMENT CORPORATION ("ILDC")
Proposed 3-Year Forecast 2018-2020

	Proposed Budget 2017	Forecast 2018	Forecast 2019	Forecast 2020
REVENUES:				
Interest Income - Loans	\$ 30	\$ -	\$ -	\$ -
Interest Income - Cash & Investments	-	40	45	45
Other Income	-	-	-	-
Total Revenues	30	40	45	45
EXPENSES:				
ECIDA Management Fee*	\$ 500	\$ 100	\$ 100	\$ 100
Provision for Loan Losses	-	-	-	-
Professional Services	300	100	100	100
General Office Expenses	100	100	100	100
Other Expenses	500	-	-	-
Total Expenses	1,400	300	300	300
NET INCOME/(LOSS):	\$ (1,370)	\$ (260)	\$ (255)	\$ (255)

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

Industrial Land Development Corporation (ILDC)

Proposed 2017 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 2017 Budget:

The following summarizes the key changes between the 2017 budget and the projected 2016 results:

- The decrease in Other Income is due to the fact that in 2016, the ILDC recovered some loan monies previously written off. ILDC does not typically include such recoveries in the budget as they are uncertain and any dollar amounts are not predictable.

B. Summary of Risk Factors impacting the 2017 Budget:

The following significant risk factor may influence the 2017 budget:

1. Due to numerous uncertainties, the value of collateral, guarantees, etc., ILDC’s actual loan loss experience may vary significantly from the loan loss amount budgeted.
2. In the past, the ILDC has generated fee income from issuing tax-exempt debts. 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 2017 budget. It is possible a tax-exempt bond is issued within the next year and both income and expenses will be recognized, accordingly.