

CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION

Board of Directors Meeting
April 20, 2021 – 6:40 P.M.
Diamond Hawk Clubhouse
255 Sonwil Drive
Cheektowaga, New York 14225

Board of Directors in Attendance

Kristina Groff	Edward Halady
Timothy Popielski	Denis Serugendo
Paul Gilden	Robert Lowery

Resource Personnel in Attendance

Amy Vigneron, Attorney At Law
Rachel Straker, Director of Community Development
Jerome Gabryszak, Community Development Aide

President Groff called the meeting to order at 6:40 p.m.

Discussion

A discussion ensued regarding the appointment of Directors to the Cheektowaga Economic Development Corporation. The Town Supervisor Diane Benczkowski prefers the Cheektowaga Economic Development Corporation to appoint Directors to its Board of Directors. The Cheektowaga Town Board will approve a resolution next week reappointing Directors and confirming its concurrence with an amendment to the Corporation's bylaws revoking the requirement that the Cheektowaga Town Board appoint Directors to the Corporation Board of Directors and allowing the Corporation Board of Directors to assume that power. Kristina also stated that it was most important to recruit new members for the Board.

Reading of Minutes

Motion by: Paul Gilden
Seconded by: Timothy Popielski
Motion: To approve the minutes of the June 20, 2020 and February 10, 2021 Board of Directors meetings.

Vote: Ayes 6 Nays 0 Abstain 0

Motion by: Edward Halady
Seconded by: Timothy Popielski
Motion: To appoint Richard Cielinski and Timothy Popielski to the Board of Directors of the Cheektowaga Economic Development Corporation for a term of three years said term expiring at the time of reappointment to said Board of Director positions but no later than June 30, 2024.

Vote: Ayes 6 Nays 0 Abstain 0

(At this point, Jerry Gabryszak passed out the Independence Certification, Acknowledgment of Fiduciary Responsibility and Confidential Evaluation of Board Performance forms to the Board).

Election of Officers

Kristina Groff was nominated for the office of President. Following Kristina's acceptance of the nomination, Timothy Popielski (Vice-President) and Denis Serugendo (Treasurer) agreed to serve another term in their respective offices. The office of Vice-President received no nominations. It was decided to vote on the officer positions individually. The following actions were taken.

Motion by: Paul Gilden
Seconded by: Edward Halady
Motion: To elect Kristina Groff as President of the Cheektowaga Economic Development Corporation for a one-year term.
Vote: Ayes 6 Nays 0 Abstain 0

Motion by: Edward Halady
Seconded by: Kristina Groff
Motion: To elect Denis Serugendo as Treasurer of the Cheektowaga Economic Development Corporation for a one-year term.
Vote: Ayes 6 Nays 0 Abstain 0

Motion by: Denis Serugendo
Seconded by: Paul Gilden
Motion: To elect Edward Halady as Secretary of the Cheektowaga Economic Development Corporation for a one-year term.
Vote: Ayes 6 Nays 0 Abstain 0

Appointment of Executive Committee

Motion by: Robert Lowery
Seconded by: Paul Gilden
Motion: To appoint President Kristina Groff, Treasurer Denis Serugendo and Secretary Edward Halady to the Executive Committee for the 2020-21 fiscal year.
Vote: Ayes 6 Nays 0 Abstain 0

Designation of Committees and Authorization to Appoint Committee Members

There was a brief discussion about combining some of the committees to be designated and occasionally holding virtual meetings on the zoom platform to facilitate greater participation by Directors.

Motion by: Edward Halady
Seconded by: Paul Gilden
Motion: To designate the following committees and authorize the President to appoint Directors to said committees: Budget, Audit, Governance, Loan Review/Finance, Policy and Marketing Committees.
Vote: Ayes 6 Nays 0 Abstain 0

New York State Audit Recommendations

A meeting was held on March 31st with Jason Lin, the New York State auditor to review his recommendations to improve the operations of the Corporation. Overall, their biggest findings point to a lack of regular board involvement and oversight. He highlighted the following recommendations in order to better organize our internal controls and processes.

- encourage more participation of Directors in committees and the management of the Corporation
- issuance of a Treasurer's report on a monthly or quarterly basis to keep directors abreast of the financial status of the Corporation. These reports can then be reviewed by the Treasurer and/or Executive Committee and a report presented to the Board at each quarterly Board meeting;
- work with the depositories to eliminate monthly bank fees;
- have bank statement reconciliation done by staff or a board member instead of the bookkeeper for additional oversight.
- all CD renewals and investment accounts should be reviewed by the Board. The board should be directly involved and make decisions about which banks to use for depositories of CEDC funds. This will also avoid any appearance of a conflict of interest. The board should review and approve certificates of deposit renewals.
- timely deposits of monthly loan payments.
- Development of written processes and standard operating procedures. A committee should be appointed to review existing policies and procedures and help to create a manual for handling of receipts, deposits, fee assessment, etc...
- development of a loan committee charter;
- establish a written policy and that incorporates standards for evaluating loan applications based on specific guidelines/criteria.
- establish a policy to better quantify the level of risk for each prospective loan and that we monitor the risk involved with our portfolio of loans as a whole.
- written minutes from loan committee meetings to show discussions and outline factors that impacted the committee's recommendation for approval/denial to the full board.
- develop a more standardized job creation report that can be shared regularly with all board members and with all necessary agencies we must report to (Town, HUD, PARIS).
- the auditor questioned how late fees are assessed and applied and recommended a review and amendment of that policy. (Note, pursuant to the loan agreement, "all payments made hereunder shall be applied first to the payment of any late charges or additions, then to the payment of accrued interest, and then to the reduction of principal.") The auditor preferred that late charges be accumulated over the course of the amortization period and added to the final payment amount. Or send a late fee invoice to the loan recipient.
- the application/commitment fee (1% of loan amount) was questioned. Typically, these funds go into a separate account – that for the past several years has been called a "special" account – name has to change, obviously! But, the funds were kept separate, because it was understood before that those funds were not deemed "program income" and subject to HUD regulations. The auditors said that the subrecipient agreement should be reviewed again and it was thought on their end that all income we receive is deemed program income and subject to HUD rules and regulations. Jerry has previously consulted with Harry Sicherman on this.

President Groff discussed the auditors' questions regarding the Walden Commerce Exchange. Even though the actual agreement and transactions were from the 90's and outside their audit period, because the loan was written off in the last couple of years during the annual audit, at the recommendation of our internal auditors, it was opened up for scrutiny. Because of the nature of the project, there were no job creation reports and the auditors questioned which HUD National Objective it fell under. A concern to the auditors was that there didn't seem to be a documented discussion or authorization from the board to officially write off the loan, and it was questioned what due diligence was done over the years to collect on any of the outstanding funds. They said that typically large write-offs are what they flag as potential misappropriation of funds – and is likely what prompted the subpoena of records. (Note: HUD national objective for this activity were low/moderate area benefit and project feasibility planning in relation to the development of the commercial park.) The auditor was given the opportunity to examine extensive documentation from this project.

President Groff stated that the next step for the audit team will be to submit a written report to our attention indicating each of the findings. The CEDC will have an opportunity to respond in writing to the findings and outline any corrective action we have already taken or plan to take.

Subrecipient Agreement with Town of Cheektowaga

Jerry Gabryszak advised the Board that the Corporation is required to execute an agreement with the Town of Cheektowaga for continued utilization of Community Development Block Grant revolving program income funds for the 2021-22 fiscal year.

Motion by: Paul Gilden
Seconded by: Timothy Popielski
Motion: To authorized the President to execute a Subrecipient Agreement with the Town of Cheektowaga for continued use of Community Development Block Grant Revolving program income for the 2021-22 fiscal year.
Vote: Ayes 6 Nays 0 Abstain 0

Review and Adoption of Mission Statement

The Corporation's Mission Statement, as stated below, was read and reviewed.

The mission of the CEDC is to foster and promote economic development and the creation and preservation of employment opportunities within the Town of Cheektowaga in order to strengthen and expand the Town's tax base, provide economic opportunity for all persons and improve the quality of life in the Town.

Following a brief discussion, the following motion was presented:

Motion by: Robert Lowery
Seconded by: Paul Gilden
Motion: To approve the Corporation's Mission Statement as presented.
Vote: Ayes 6 Nays 0 Abstain 0

Review and Approval of Investment Policy

Jerry Gabryszak explained that the New York State Authorities Budget Office requires that the Corporation’s Investment Policy be reviewed and approved annually. A copy of the investment policy was distributed to the Board of Directors for review. Following review and discussion, the following motion was made:

Motion by: Robert Lowery
Seconded by: Paul Gilden
Motion: To approve the Investment Policy as currently adopted.
Vote: Ayes 6 Nays 0 Abstain 0

Professional Services

The following professional service proposals were presented to the Board of Directors. At this point Amy Vigneron left the room.

Loan Analyst: H. Sicherman & Company, Inc.
5852 Forest Creek Drive
East Amherst, New York 14051

Proposed Hourly Rates

- \$ 185.00 per hour - Harry Sicherman
- \$ 145.00 per hour - Elizabeth Kraus
- \$ 145.00 per hour - Diane Church
- \$ 130.00 per hour - Greg Merriam II
- \$ 115.00 per hour - Richard Lipold
- \$ 105.00 per hour - Robert Zabel
- \$ 80.00 per hour - Rate in Travel Status (all personnel)
- Mileage reimbursement at the current maximum federal rate.
- Reimbursement for other expenses incurred with prior authorization.
- Cap of \$10,000 on payment for services.

Motion by: Edward Halady
Seconded by: Paul Gilden
Motion: To renew the current contract with H. Sicherman & Company, Inc. for a one-year period for the 2010-22 fiscal year at the rates of reimbursement stated in the consultant’s renewal proposal dated June 23, 2020 and as stated above at the same terms and conditions of the existing agreement dated May 1, 2017 with a cap of \$10,000 and with the stipulation requiring said consultant to notify the President of the Cheektowaga Economic Development Corporation when the company’s invoices reach ninety percent (90%) of the maximum contract amount.
Vote: Ayes 6 Nays 0 Abstain 0

Legal Counsel: **Cohen & Lombardo P.C.**
Attorneys at Law
4140 Sheridan Drive
Amherst, New York 14221

Motion by: Edward Halady
Seconded by: Timothy Popielski
Motion: To extend the current contract with Cohen & Lombardo, P.C. for a one-year period for the 2021-22 fiscal year pursuant to the proposal of Cohen & Lombardo, P.C. at the terms and conditions of the existing agreement dated September 20, 2017 and at the partners' rate of \$250.00 an hour with a cap of \$10,000.00.
Vote: Ayes 6 Nays 0 Abstain 0

Auditor: EFPR Group, CPAs
6390 Main Street, Suite 200
Williamsville, New York 14221
Fee: \$ 4,650.00
Audit & Preparation of US Form 990, NYS Form CHAR-500,
Preparation of Financial Report for Component Units and other services
Pursuant to the Corporation's Request for Proposals and the Proposal
Submitted by the Auditor for the 2020-21 fiscal year.

Seconded by: Paul Gilden
Motion: To retain the services of the EFPR Group, CPAs for the fee of \$4,650.00 at the terms and conditions stated in the CEDC's Scope of Services and the proposal submitted by EFPR Group, CPAs for the 2020-21 fiscal year.
Vote: Ayes 6 Nays 0 Abstain 0

Bookkeeper

After a brief discussion, the following motion was made:

Motion by: Edward Halady
Seconded by: Robert Lowery
Motion: To approve the issuance of a Request for Proposals for bookkeeping services for the 2021-22 fiscal year.
Vote: Ayes 6 Nays 0 Abstain 0

Status Reports

Elizabeth Kraus-H. Sicherman & Company

Information is based on Elizabeth Kraus' latest report of February 21, 2021.

First Friends Day Care Center: Elizabeth's latest report (February 21, 2021) indicates the owner of the business will provide more details about his project.

Big Ditch Brewing Co., Inc.: The owners are interested in applying for a \$500,000 loan but are holding off on applying for a loan until COVID environment restrictions let up. Prospective property is on Transit Road in Cheektowaga. The total project exceeds \$40 million; of that amount \$15 million will be for new equipment & related items.

Gordon Companies, Inc.: Has expressed interest in a \$500,000 loan-awaiting additional information.

Elizabeth Kraus Resignation

It was announced that Elizabeth Kraus is resigning from H. Sicherman & Company to pursue a job offer in banking. The CEDC is appreciative of the work that Elizabeth has done on behalf of the CEDC and wishes her success in her new endeavor.

Amy Vigneron

Amy had discussed the coverage of CEDC Directors under the Town's insurance. The Town is self-insured. Amy will provide an update after she looks into the matter further.

Buffalo Bread Company: The loan has been written off on recommendation of the auditor. No further action will be pursued at this time.

Review and Adoption of FY 2021-22 Budget

The FY 2021-22 budget, which was forwarded to the Board of Directors prior to the meeting, was reviewed and following a brief discussion, the following motion was presented.

Motion by: Edward Halady
Seconded by: Paul Gilden
Motion: To approve the FY 2021-22 budget as presented.
Vote: Ayes 6 Nays 0 Abstain 0

New Board Member

Kristina Groff presented a candidate for appointment to the CEDC Board of Directors. David Tytka is the Senior Market Research Manager of Uniland Development Company. Following a brief presentation by Kristina, the following motion was made:

Motion by: Edward Halady
Seconded by: Timothy Popielski
Motion: To approve David Tytka to serve on the Board of Directors of the Cheektowaga Economic Development Corporation for a three-year term.
Vote: Ayes 6 Nays 0 Abstain 0

Website & Policies

Kristina has obtained two preliminary estimates for the revision and update the Corporation's website. A meeting is also planned with the current host of the website to review ideas for improvement. Jerry is working on policies for procurement and internal controls. He will also check on the status of the New York State PARIS reports.

Adjourn

Motion by: Kristina Groff
Seconded by: Edward Halady
Motion: To approve adjourn the meeting.
Vote: Ayes 6 Nays 0 Abstain 0

The meeting was adjourned at 8:15 p.m.


Secretary Signature