

**MINUTES OF A MEETING OF THE
COMPENSATION COMMITTEE OF THE
ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(ECIDA)**

DATE AND PLACE: March 28, 2018, at the Erie County Industrial Development Agency, 95 Perry Street, Suite 403, Buffalo, New York 14203

PRESENT: Dottie Gallagher-Cohen, David L. Lowrey, Richard Lipsitz, Jr. and Hon. Mark C. Poloncarz

EXCUSED: James F. Doherty

OTHERS PRESENT: Steve Weathers, Chief Executive Officer; John Cappellino, Executive Vice President; Mollie Profic, Treasurer; and Robert Murray, Secretary

GUESTS: Sister Denise Roche; Rev. Mark E. Blue; Steve DePerrior on behalf of the Burke Group and Andrew Federick, Senior Economic Development Specialist, Erie County

There being a quorum present at 10:32 a.m., the Meeting of the Compensation Committee was called to order by its Chair, Mr. Poloncarz.

MINUTES

The minutes of the May 16, 2017 Compensation Committee meeting were presented, and upon motion made by Ms. Gallagher-Cohen, and seconded by Mr. Lipsitz, and as thereafter voted upon the minutes were unanimously approved.

COMPENSATION REVIEW & ANALYSIS

Mr. Steve DePerrior from the Burke Group presented the March, 2018, ECIDA Compensation Review and Analysis report.

At this point in time, Mr. Lowrey joined the meeting.

Mr. Poloncarz expressed concern that peer organizations presented in the Burke Group report are different than the ECIDA except for the Baltimore entity, and do not permit a reasonable compensation comparison. Mr. DePerrior queried as to whether the Genesee County IDA (the "GCIDA") allows for a reasonable comparison. Mr. Poloncarz responded that the GCIDA's executive director is very much overpaid, and thus does not provide for a reasonable comparison.

Mr. DePerrior stated there are not many IDA comparable entities with similar activities that have \$3-5 million in revenues and he acknowledged that it is challenging to find peer entities, and stated that if only IDAs are used, then there is tremendous variation in revenues, such that other

entities that have similar operations and similar revenues must be analyzed, as these types of entities would be entities from which the ECIDA could recruit from.

General discussion ensued regarding the base salary market analysis and the base salary ranges market analysis.

Ms. Gallagher-Cohen emphasized that, in her opinion, the key metric is the employee's total compensation including base salary and bonus and fringe benefits, and that the committee should consider the compensation analysis around the example that if "x" employee leaves, then what will we need to pay "x's" replacement. Ms. Gallagher-Cohen also stated that we need to balance compensation with retirement benefits, to ensure that we are not overcompensating staff.

Mr. DePerrior responded that he does not believe staff is being overcompensated because the ECIDA's cost of living adjustments keep people in step with the market, and because salaries appear consistent with the market, and, because the bonus system is performance based, it ensures that employees are not being overpaid.

Ms. Gallagher-Cohen stated that she believes while the base pay is in step with the market, she stated that the bonus system is generous, and the health and retirement benefits are also high, such that the overall compensation is not balanced.

Mr. Poloncarz stated that ECIDA employees are not part of the New York retirement system, so the idea is that we must be able to ensure that ECIDA employees can obtain satisfactory retirement benefits, but we cannot have them then simultaneously earning generous base pay and generous bonus payments.

Mr. DePerrior stated an option is to take a closer look at retirement.

Mr. Lipsitz stated the ECIDA employees do not have a collective bargaining agreement (a "CBA") in place, and ECIDA employees are also not New York employees, such that ECIDA employees would normally negotiate these issues. Mr. Lipsitz stressed that the ECIDA employees do not have a guaranteed benefit, and this is critical to this analysis.

Ms. Gallagher-Cohen stated that we have a duty to ensure that we have a balanced compensation system. Mr. Lipsitz responded that in his opinion, in review of overall compensation, with some exceptions, that the ECIDA is close to market. Mr. DePerrior agreed with Mr. Lipsitz and noted differences are due generally to years in service.

Mr. Lipsitz responded that if you keep employee compensation near/at market rate, then employees typically will not desire a CBA because employees will generally be happy and as such, Mr. Lipsitz stated that he is in favor of keeping compensation at or over market.

At this point in time, Mr. Poloncarz requested that the Committee go into Executive Session to discuss the employment history of a particular person. Mr. Lipsitz moved and Mr. Lowrey seconded to enter into Executive Session for the purpose as described above. The motion was then unanimously approved. At 11:06 a.m., the Agency entered into Executive Session. Upon motion made by Mr. Lipsitz and seconded by Mr. Lowrey, and unanimously approved, the Agency terminated Executive Session at 11:46 a.m.

PROPOSED 2017 PERFORMANCE INCENTIVES

Mr. Poloncarz proposed that with respect to 2017 performance incentives that the committee adopt all bonuses as proposed, and place Mr. Weathers in the “excellent” category. Mr. Lipsitz moved and Ms. Gallagher Cohen seconded to approve of the motion. Mr. Poloncarz called for the vote, and the motion was unanimously approved.

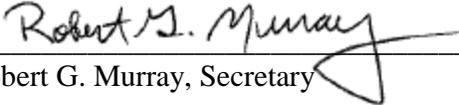
Mr. Poloncarz noted that the ECIDA needs to discuss and better manage employee performance incentive expectations because he finds it unusual that all employees exceeded performance expectations, so that perhaps the ECIDA should consider changing the expectations. As such, Mr. Poloncarz stated that there will be additional Compensation Committee meetings to discuss and adjust employee performance incentive expectations.

PROPOSED 2018 SALARY INCREASES

Mr. Poloncarz proposed that the COLA increase should be 2.5%, determined that there should be no COLA adjustment for Mr. Weathers, but proposed instead, that Mr. Weather’s salary be increased to \$165,226 in line with the Burke Group report, and proposed that all other 2018 salary increases be approved as proposed. Mr. Lowrey moved, and Mr. Lipsitz seconded, to approve of the proposal. Mr. Poloncarz called for the vote, and the motion was unanimously approved.

Mr. Poloncarz then stated that there will be future Compensation Committee meetings to again review true peer groups to the ECIDA to assist with the 2019 review. Mr. Poloncarz noted the ECIDA has both competitive salaries and competitive fringe benefits, and that the committee needs to determine if that is appropriately balanced. He also stated that Ms. Gallagher-Cohen desires that an analysis of total ECIDA compensation payments compared to budget, and in comparison to other IDAs in New York, be undertaken. Mr. Poloncarz confirmed that industry peer IDAs will be determined in future Compensation Committee meetings.

Upon motion made by Ms. Gallagher-Cohen and seconded by Mr. Lowrey, the meeting was adjourned at 11:53 a.m.


Robert G. Murray, Secretary