Meeting of the Olean Urban Renewal Agency
Wednesday, March 18, 2026
8:30 a.m.
Room 119 – Olean Municipal Building

Attendance: Members –Deanna Foster, Joe Keary, Adam Jester, Linda Witte, and Mayor Sherburne. Staff - Keri Kerper, Community Development Program Coordinator; Michael Morgan, Attorney, and Tiffany Taylor, Managerial Confidential Administrative Secretary. Others – John Irving, Certified Financial Planner.

1. **Roll Call**

Ms. Foster called the meeting to order at 8:30 a.m. and asked that the record show that all members were present except Vernon Robinson, who was excused, and noted there is one vacant position.

2. **Reading & Approval of the February 18, 2026 Committee and Regular Meeting Minutes**

A motion to approve the February 18, 2026 committee and regular meeting minutes was made by Ms. Witte, seconded by Mr. Keary. Voice vote, ayes all. Motion carried.

3. **January & February Financials**

A motion to approve the January and February financials was made by Mayor Sherburne, seconded by Ms. Witte. Voice vote, ayes all. Motion carried.

4. **Investment Presentation – John Irving**

Mr. Irving explained the Agency currently has two CDs, one which matures in April, and the other in August, both of which have a balance around $160,000. Mr. Irving explained interest rates are dropping, and rates are around 3.75% for a new issue and will continue to go down. Mr. Irving explained he is proposing using a managed money approach for half of the funds that the Agency has invested, while leaving the other half in a CD strategy while laddering them so every two months one comes due and provides the Agency liquidity, if it is needed. Mr. Irving explained this strategy will allow the Agency to have two buckets to choose from when funds are needed, and advised one half of the funds will be stable while the other half will fluctuate.

Mr. Irving explained people invest either to not lose money, or to make money, and with this proposal we are looking at a conservative portfolio preservation of capital. Mr. Irving explained approximately 17% of the equity would be located in stocks, 10% domestic, 6.31% international, and the rest would be made up of fixed income and alternatives. Mr. Irving explained page four of his handout illustrates going from CDs to a different makeup as far as fixed income alternatives. Mr. Irving explained this portfolio would be managed by Morningstar, Inc. and has the target rating of risk 22 on a scale of 1 to 100. Mr. Irving advised the standard deviation with this particular portfolio is 4.29% over a five year period of time which essentially means 68% of the time it could be plus 4.29% or minus 4.29% from average.

Mr. Irving explained page 8 of his presentation shows where the performance is based on the net gross and the benchmark, which is what he uses to determine whether or not a company is doing a good job as well as whether or not he is doing a good job. Mr. Irving explained this type of investment is 100% liquid and can be liquidated and sent to the Agency within a day if needed. Mr. Irving explained the only concern with this type of investment is market fluctuation; however, this investment shows it has been consistent and is beating its benchmark. Mr. Irving explained historically this investment lost 4.39% in 2022 due to inflation and high interest rates. Mr. Irving explained at this time the general bond market lost around 11% and the stock market lost around 20%, and the stock market recovered in about six months while the bond market took almost a year. Mr. Irving explained this portfolio can be moved and rearranged in a short period of time.

Ms. Foster asked if there are any penalties associated with liquidating the investment. Mr. Irving explained there are no penalties for liquidating or moving the investment; however, if the market is down when either of these occurs, the Agency incurs that loss. Mr. Jester asked if the 1.38% on Morningstar is reflective of what we will be paying. Mr. Irving explained with funds that use alternatives, they will be more active in the investment. Mr. Irving explained the published expense ratio is higher than what it is inside the product as these fees are negotiated down. Mr. Irving explained that fee will not be seen on the Agency's statement as this is an internal fee which is what we pay to have Morningstar manage the funds and move them around. Mr. Irving explained the fees the Agency will see includes about a .58% advisory fee, which breaks down to a .5% advisor fee, a .06% investment fee for doing bookkeeping, and .02% for Morningstar. Mr. Irving explained the Agency will never see what Morningstar makes gross, as what we see is what they make net. Mr. Irving explained Morningstar publishes a number as far as what their fee is, and noted page 12 shows over a one year period of time the fee for Morningstar alternatives is 1.34%. Mr. Irving explained when you look at internal fees for investments, the bottom line is you are getting what you pay for. Mr. Irving advised he has seen low fee funds that don't hold up in the market, or expensive ones that do the work. Mr. Irving indcated we want to look at the investment based on the benchmark and relative to its peer's net return. Mr. Irving explained if Morningstar makes 5.34%, the Agency nets 4.8%, and we will not get away from fees.

Mr. Jester asked what our overall strategy and need for this money is. Mr. Jester advised we need to have funds available for emerging acquisition opportunities and development opportunities, and the investment must be without significant risk. Mr. Jester explained when we have an amount in stock and suddenly the market goes down, that could meaningfully impact the Agency's ability to carry out its mission. Mr. Jester explained this is something we need to take into consideration. Mr. Jester explained alternatives are usually a more aggressive strategy and asked if what is shown as currently mostly treasury can flip and be more aggressive. Mr. Irving responded the investment may move away a little bit from treasuries, and when we put together the Investment Policy Statement it will cover what can and cannot be done. Mr. Irving noted we do not want the fund to waiver too far off of its objective. Mr. Irving explained if we go into the fund with 60% fixed and 40% equity into the fund, we don't want the fund manager to decide we can get a better return if that is flipped around as all of a sudden we are taking on more risk and not getting our objective. Mr. Irving explained we can go into different types of alternatives and risk but we need to maintain within a risk corridor and cannot arbitrarily go out and buy something that does not fit within that risk corridor.

Mr. Irving advised the whole idea of this type of investment is to stay within a comfort zone, while having more liquidity than we have with CDs. Mr. Irving indicated he feels the Agency should maintain both strategies so there is an ability to choose what pile of funds to tap into. Mr. Irving explained the 3.75% CD rates will go down, but even when this goes down this is not a bad investment without risk that provides some stability. Mr. Irving explained risk is where the Agency is comfortable and investment doesn't have to be able making as much money as we can. Mr. Irving explained investing can be a way to meet objectives comfortably without losing sleep at night. Mr. Irving explained these are funds that have been entrusted to this Agency, and the Agency has to do their due diligence to ensure the funds are as safe as possible. Mr. Irving explained other boards do take on a higher amount of risk, mostly alumni boards and not-for-profit "big brother" organizations. Mr. Irving explained seeing where this board's purpose is, he does not think the Agency should be taking that much risk.

Mr. Jester explained it goes back to the Agency's mission. Mr. Jester advised we are not an individual retiring, and we have to be able to react quickly to opportunities in real estate. Mr. Jester explained he feels taking on too much risk without knowing what the horizon could be could end us up in a situation where we haven't given the investment enough time to grown and possibly puts our capital at risk. Mr. Irving explained we are coming off of two very good years, and we need to ignore the memos people misread and tweets everyone wants to react to. Mr. Irving explained we look at the long game and play it for there. Mr. Jester explained someone could contact Ms. Kerper requiring the Agency to react by the next meeting, and we don't want to have to wait for the resolution of a catalyst of events that created a problem. Mr. Irving noted another benefit of this type of investment is funds can very easily be moved between strategies and from one portfolio to another portfolio without the worry of capital gains or taxation. Mr. Irving explained his presentation breaks down the investment sectors. Mr. Irving explained most is in technology, energy, and financial services, which are sectors that are going to do well with this administration. Mr. Irving explained between consumer cyclical and consumer defense they are naturally moving more towards consumer defense, and people are starting to feel the effects of inflation from six or seven months ago. Mr. Irving explained as short-term rates go down and long-term rates go up, we will be seeing a move from treasuries to corporate in bonds.

At this time, Ms. Witte left the meeting.

Ms. Foster asked how quickly we need to make a move and Mr. Irving explained at least not until the middle of April when one CD comes due. Mr. Irving explained one strategy the Agency may want to adopt is to keep a portion of funds in cash, with a portion in CDs and then the rest in another type of investment. Mr. Irving explained having money in an account that is not an investment will allow the Agency to have instant money if it is needed. Mr. Irving advised with this investment it would take one day to get the funds liquidated and in a position to send them to a checking account, while with a CD we would have to find a buyer midterm. Mr. Irving explained the strategy is to keep some cash available and ready to go.

Mr. Jester suggested in thinking about the Agency's goal from a revenue perspective and considering how the Agency is going to generate revenues, and determine if it will be through acquisitions and sales, leases and rents, or form investments. Mr. Jester explained he feels we are happy to have money ready to deploy for the betterment of this area and see if we can make money and not lose money while we are waiting for a project to come up. Mr. Jester advised he feels this portfolio looks a little more aggressive, and it is not currently core to our philosophy to make money from our investments. Mr. Jester explained he feels this is a good presentation but for what we do, he feels is I more aggressive and risky than what we typically do.

Mr. Morgan noted any investing involves risk. Mr. Morgan explained he does not think it is contrary to the Agency's mission unless we were to invest in some sort of growth fund or specialty group of assets, and explained that could be seen as contrary to our mission. Mr. Morgan explained what is being proposed is even more conservative than an investment fund, and explained it sounds like it is primarily bond investing. Mr. Morgan indicated we could gain or lose 4%, or we could gain or lose 10%. Mr. Morgan explained this is in a fund that is going to lose 40% in a year and place us at risk of not meeting our fiduciary duties. Mr. Morgan explained what is being proposed is also not FDIC insured and there is certainly some risk there. Mr. Morgan advised that to insulate the board from risk, there should be no investments that are not FDIC insured. Mr. Morgan explained we cannot keep pace with the CD with interest rates, and explained he feels this is a liquid, generally safe investment. Ms. Foster explained there is another Agency meeting prior to the CD coming due and advised everyone take the time to look over the information and consider how to proceed. Mr. Jester explained this is a pretty conservative portfolio, but it is not without risk, and we are used to working with CDs that have no risk. Mr. Jester explained he wants to ensure we are not exposing ourselves or too much of our equity. Mr. Jester explained there may be something in between this and a CD that is more liquid and offers the same or a little better return than a CD.

5. Bills and Communications

Ms. Kerper explained she has not received the bill for the Olean Times Herald legal notice for the bookkeeping RFP. Ms. Foster explained the Agency authorized Ms. Kerper to spend up to a certain amount without prior Agency approval. Ms. Kerper advised she will get this paid when the bill is received.

6. Old Business

a. Strategic Planning

Ms. Kerper explained 457 North Union Street, the former Jane's Bridal, is listed for sale by Reccio in an amount of $170,000. Mr. Morgan explained he had the opportunity to tour this building a couple of years ago, and the owner did improvements and remodeled the upstairs apartments. Mr. Morgan advised there were some serious code violations, primarily structural, which were improved in exchange for satisfying the requirements of a lawsuit against the owner. Mr. Morgan explained the downstairs is improved only to the bare minimum. Mr. Jester asked if the building is weatherproofed and Mr. Morgan explained it is. Ms. Foster asked if the apartments are rented and Mr. Morgan advised they are not. Mr. Jester explained the assessed value on this property is $99,500.

Ms. Kerper explained Code Enforcement has already been in touch with the owners of the Eleni Interiors building and they will be pressure washing the building. Ms. Kerper explained this property is for sale with Howard Hanna for $499,000, and noted their taxes are current. Ms. Kerper explained she has made communications with Mike Ozzella, the property manager for the former Tile Plant, and Mr. Ozzella has advised the owner would like to be contacted directly. Ms. Kerper noted Bobby Sina is willing to have a discussion about the former Eagles Club building, and noted she is still getting the runaround from Benderson for the West State Street property. Ms. Kerper advised as schedules allow, she and Mayor Sherburne will be making these communications directly.

7. New Business

a. **Ethics Officer**

A motion to appoint Attorney Morgan as the Ethics Officer was made by Mr. Jester, seconded by Mr. Keary. Voice vote, ayes all. Motion carried.

b. Audit & Finance Committee Member

Ms. Kerper noted both the Audit and Finance Committees require an additional member. Ms. Foster asked if Mayor Sherburne has formally invited a new member to the Agency, and Mayor Sherburne explained she has not. Mayor Sherburne explained she will be working on finding members for various boards she needs to fill. Ms. Foster explained the Audit Committee consists of herself and Ms. Witte, and Finance is herself and Mr. Jester.

A motion to appoint Mr. Keary to the Finance Committee was made by Mr. Jester, seconded by Ms. Foster. Voice vote, ayes all. Motion carried.

Mayor Sherburne recommended leaving the Audit Committee vacancy while she finds a new appointment for the Agency, and advised she will look for a member who would be a good fit for that committee.

8. Next Meeting Date

The next meeting of the Olean Urban Renewal Agency is scheduled for Wednesday, April 15, 2025 at 8:30 a.m. in Room 119 of the Olean Municipal Building.

9. Adjournment

A motion to adjourn was made by Mayor Sherburne, seconded by Mr. Jester. Voice vote, ayes all. Motion carried. Meeting adjourned at 9:15 a.m.