

MINUTES
OF THE LOAN COMMITTEE OF THE
BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION
(RDC)

- DATE AND PLACE:** July 10, 2019, at the Erie County Industrial Development Agency, 95 Perry Street, Suite 403, Buffalo, New York 14203
- MEMBERS PRESENT:** Joseph H. Emminger, Nancy LaTulip, David McKinley, and Michael A. Taylor
- MEMBERS ABSENT:** Rebecca Gandour, John J. Mudie and Royce L. Woods
- OTHERS PRESENT:** Steven Weathers, Chief Executive Officer; Mollie Profic, Chief Financial Officer; and Gerald Manhard, Chief Lending Officer/Assistant Secretary
- GUESTS:** Robert G. Murray, Esq., General Counsel and Daryl Spulecki, RDC Loan Manager

There being a quorum present at 9:08 a.m., the meeting of the RDC Loan Committee was called to order by its Chair, Mr. Emminger.

MINUTES

Upon motion made by Ms. LaTulip, and seconded by Mr. Taylor, and unanimously carried, it was

RESOLVED, that the minutes of the RDC Loan Committee meeting of May 8, 2019 are hereby approved.

APPROVAL OF LOAN CASES:

Buffalo Materials Handling, 125 Taylor Drive, Depew, New York, \$225,000, 84 month fixed loan, secured and guaranteed. Mr. Manhard reviewed the loan application and loan case detailing the proposed \$225,000 84-month term loan, proceeds of which will be used by the borrower to purchase certain machinery and equipment and for working capital.

Mr. Taylor disclosed that the borrower is a customer of the NYSBDC but that the NYSBDC is not involved with this particular transaction. General discussion ensued.

Mr. Taylor moved to approve of the proposed loan. Ms. LaTulip seconded the motion. Mr. Emminger called for the vote and the motion was then unanimously approved.

Buffalo Brewery Leasing, LLC, 492 Elmwood Avenue, Buffalo, New York, \$1,700,000, 90-month term loan, secured and guaranteed. Mr. Manhard reviewed the loan application and loan case detailing the proposed \$1,700,000 90-month term loan, originally approved by the RDC Board of Directors in September, 2017, proceeds of which were used to purchase certain machinery and equipment.

Mr. Manhard explained that the borrower has asked for the RDC to release its first lien position on certain brewery equipment and assets in order to enable the borrower to structure a certain new market tax credit structure. Borrower anticipates receiving \$300,000 in new market tax credits, and borrower has agreed that, upon receipt of such tax credits, the RDC loan would be paid down by the same amount, thus reducing the loan from \$1.7 million to \$1.4 million.

Mr. Manhard explained that the only way to consider this request would be for a collateral substitution of equal value to be made available to the RDC. The collateral to be released, according to the original invoice, has an approximate value of \$1.3 million. This would leave the RDC with only a second lien position on real estate valued at \$151,000. Borrower has proposed allowing the RDC to take a first lien position on commercial property, unrelated to the current transaction, valued at between \$750,000 to \$1 million, which is currently unencumbered. General discussion ensued.

Mr. Taylor requested that the RDC obtain a liquidated value appraisal on the equipment to be released and compare that appraisal amount to the appraisal on the real property proposed as replacement collateral. Mr. Manhard stated that the RDC will obtain two appraisals for the liquidated value of the equipment and the proposed new real property collateral, to determine if the real estate appraisal, at 80% value, is greater than liquidated value of equipment proposed to be released (orderly liquidation value).

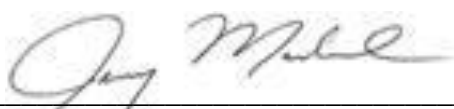
Mr. Weathers then suggested that a motion be made to approve of the collateral release and substitution conditions on the RDC staff confirming, and getting borrower to agree via an appropriate side agreement, that the borrower will pay for the costs of both appraisals, and, if 80% of the real estate appraisal exceeds the liquidated value of the equipment, then allow for the collateral substitution upon receipt of a pledge from the borrower to commit a \$300,000 cash payment to the RDC upon receipt of the new market tax credits.

Ms. LaTulip then moved to and Mr. Taylor seconded the motion as summarized by Mr. Weathers. Mr. Emminger called for the vote and the motion was unanimously approved.

RDC LOAN PORTFOLIO UPDATE

Mr. Manhard provided Members with an update on the RDC Loan Portfolio.

There being no further business to discuss, Mr. Emminger adjourned the meeting at 10:16 a.m.



Gerald Manhard, Assistant Secretary