



**Buffalo and Erie County Regional Development Corporation
Board of Directors Meeting
November 18, 2020**

**@ 12:00 p.m.
Via Conference Call**

- 1.0 Call to Order**

- 2.0 Approval of Minutes**
 - 2.1 Approval of the October 28, 2020 Meeting of the Board of Directors Meeting (Action Item) (Pages 2-4)

- 3.0 Reports / Action Items / Information Items:**
 - 3.1 Financial Report (Informational) (Pages 5-8)
 - 3.2 Approval of M&T Bank Resolution – CARES Act RLF Account (Action Item) (Pages 9-11)
 - 3.3 Loan Status Report (Informational) (Page 12)

- 4.0 RDC Lending Department Update:**
 - a) Update on Current Loan Customers (Informational)
 - b) Status of COVID-19 Emergency Relief Business Loan Program (Informational)

- 5.0 Adjournment - Next Meeting – December 16, 2020**

**MINUTES OF THE
MEETING OF THE BOARD OF DIRECTORS
OF THE
BUFFALO AND ERIE COUNTY REGIONAL
DEVELOPMENT CORPORATION
(RDC)**

- DATE AND PLACE:** October 28, 2020, held via telephone conference. Governor Cuomo's Executive Order 202.1, as amended from time to time, issued in response to the Coronavirus (COVID-19) crisis, suspended Article 7 of the Public Officers Law to the extent necessary to permit any public body to take actions without permitting in public in-person access to such meetings and authorized such meetings to be held remotely by conference call or other similar service, provided the public has the ability to view or listen to such proceedings and that the meeting is recorded and transcribed.
- LIVE STREAMED:** This Board meeting is being live-streamed and made accessible on the Erie County Industrial Development Agency website at www.ecidany.com.
- PRESENT:** Denise Abbott, Hon. Diane Benczkowski, Rev. Mark E. Blue, Hon. Howard Johnson, Tyra Johnson, Hon. Brian Kulpa, Richard Lipsitz, Brenda W. McDuffie, Hon. Glenn R. Nellis, Hon. Mark C. Poloncarz, Sister Denise Roche, Kenneth A. Schoetz and Art Wingerter
- EXCUSED:** Hon. Bryon W. Brown, James Doherty, Hon. Joseph Emminger, Dottie Gallagher, Hon. Darius G. Pridgen and Renee Wilson
- OTHERS PRESENT:** John Cappellino, President & CEO; Mollie Profic, Chief Financial Officer; Atiqah Abidi, Assistant Treasurer; Gerald Manhard, Chief Lending Officer; Dawn Boudreau, Director of Compliance; Beth O'Keefe, Business Development Officer; Grant Lesswing, Business Development Officer; Brian Krygier, Systems Analyst; Carrie Hocieniec, Administrative Coordinator; Lori Szewczyk, Director of Grants; Robbie Ann McPherson, Director of Marketing and Communications; and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC
- GUESTS:** Andrew Federick, Erie County Senior Economic Development Specialist; Deputy County Executive Maria Whyte and Adam Pratt on Behalf of A. Pratt Holdings, LLC

There being a quorum present at 12:38 p.m., the meeting of the RDC Board of Directors was called to order by its Chair, Ms. McDuffie.

MINUTES

The minutes of the September 23, 2020 meeting of the members were presented. Sister Denise moved and Mr. Johnson seconded, to approve of the minutes. Ms. McDuffie called for the vote, and the minutes were then unanimously approved.

REPORTS/ACTION ITEMS/INFORMATION ITEMS

Financial Report. Ms. Profic presented the September 2020 financial report. Ms. Profic noted that the balance sheet indicates the RDC finished the month with total assets of \$17.2 million and net assets of \$17.0 million. The monthly income statement shows net loss of \$1,700 for September. Total revenues were below budget by \$5,000. The most significant income, loan interest income, was under budget by \$2,000. Total expenses were above monthly budget by \$7,000. The year-to-date income statement shows revenues of \$294,000, including \$270,000 of loan interest income. Total expenses of \$373,000 are mainly management fee costs and professional services, for a net loss of \$79,000 through September. Ms. McDuffie directed that the report be received and filed.

Finance and Audit Committee Update. Ms. Profic gave a report to the members on the joint Finance & Audit Committee meeting held on October 16, 2020. The purpose of the meeting was audit planning, and our independent auditors, Freed Maxick, gave a presentation on the upcoming year end audits. There were no changes to the budget that required any additional recommendation from the Committee. Ms. McDuffie directed that the report be received and filed.

2021 Proposed Budget. Ms. Profic reviewed the RDC's proposed budget for 2021 and explained the changes to the budget for 2021, along with risk factors impacting the budget. Budgeted revenues consist mainly of interest income from loans, at \$540,000 based on anticipated \$3M of loans closed by the end of 2020. Budgeted expenses are made up mainly of the ECIDA Management Fee (salary and benefit costs of ECIDA staff based on time spent on RDC business) and a provision for loan losses, estimated at 1.9% of projected outstanding loans, or \$250,000 to be conservative. The budgeted figures result in a budgeted net loss of \$155,000.

Mr. Nellis moved and Mr. Johnson seconded to approve of the 2021 RDC Proposed Budget. Ms. McDuffie called for the vote and the 2021 Proposed Budget was unanimously approved.

RDC Loan Status Report. Mr. Manhard presented this report. Ms. McDuffie directed that the report be received and filed.

Approval of the Following Loan Case: A. Pratt Holdings, LLC/Sherex Fastening Solutions, 400 Riverwalk Parkway, Suite 600, Tonawanda, New York. \$1,000,000, 10 year Term Loan, Secured and Guaranteed. Mr. Manhard reviewed this \$1,000,000 loan request, proceeds of which will assist with working capital and purchase of equipment and inventory. Mr. Manhard advised that the RDC Loan Committee approved the loan request at its September 9th meeting.

Mr. Poloncarz moved and Sister Denise seconded to approve of the loan as proposed. Ms. McDuffie called for the vote and the requested loan was unanimously approved.

RDC LENDING DEPARTMENT UPDATE:

Update on Current Loan Customers. Mr. Manhard presented this report. Ms. McDuffie directed that the report be received and filed.

Status of COVID-19 Emergency Relief Business Loan Program. Mr. Manhard gave a status update to members. Ms. McDuffie directed that the report be received and filed.

There being no further business to discuss, Ms. McDuffie adjourned the meeting of the Agency at 12:58 p.m.

Dated: October 28, 2020

Karen M. Fiala, Secretary

Regional Development Corporation

Financial Statements

As of October 31, 2020

REGIONAL DEVELOPMENT CORPORATION ("RDC")

Balance Sheet

October 31, 2020

	October 2020	September 2020	December 2019
ASSETS:			
Restricted Cash**	\$ 7,695,888	\$ 7,472,133	\$ 7,650,215
Direct Loans *	11,284,331	11,483,436	11,430,831
50/50 Bank Participation Loans *	149,514	149,514	184,723
Reserve for Loan losses	(1,882,360)	(1,882,360)	(1,895,963)
Total Loan Assets, net	<u>9,551,485</u>	<u>9,750,589</u>	<u>9,719,590</u>
TOTAL ASSETS	<u>\$ 17,247,373</u>	<u>\$ 17,222,722</u>	<u>\$ 17,369,805</u>
LIABILITIES & NET ASSETS			
Accounts Payable	\$ -	\$ -	\$ 23,723
Due to ECIDA	287,432	258,662	303,021
Total Liabilities	<u>287,432</u>	<u>258,662</u>	<u>326,743</u>
Restricted Fund Balance	<u>16,959,941</u>	<u>16,964,060</u>	<u>17,043,062</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 17,247,373</u>	<u>\$ 17,222,722</u>	<u>\$ 17,369,805</u>

* Loan Portfolio Summary:	October 2020	September 2020	December 2019
# of Direct Loans	36	36	39
# of 50/50 Bank Participation Loans	1	1	1
	<u>37</u>	<u>37</u>	<u>40</u>

** Cash is invested in interest bearing accounts at M&T Bank. The maximum FDIC insured amount is \$250,000, with the remainder collateralized with government obligations by the financial institution.

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Income Statement
 Month of October 2020

	Actual vs. Budget		
	Actual	Budget	Variance
REVENUES:			
Interest Income - Loans	\$ 38,679	\$ 39,167	\$ (488)
Interest Income - Cash & Inv.	605	1,417	(812)
Administrative Fees	-	833	(833)
Other Income	175	1,250	(1,075)
Total Revenues	39,459	42,667	(3,208)
EXPENSES:			
Management Fee - ECIDA*	26,667	26,667	0
Rent & Facilities Expenses	2,083	2,083	(0)
Professional Services	14,801	2,500	12,301
General Office Expenses	-	200	(200)
Other Expenses	26	606	(580)
Total Expenses	43,578	32,056	11,521
NET INCOME/(LOSS):	\$ (4,119)	\$ 10,610	\$ (14,729)

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2020 budgeted figures.

REGIONAL DEVELOPMENT CORPORATION ("RDC")

Income Statement

Year to Date: October 31, 2020

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
REVENUES:						
Interest Income - Loans	\$ 309,155	\$ 391,667	\$ (82,512)	\$ 309,155	\$ 425,111	\$ (115,956)
Interest Income - Cash & Inv.	14,045	14,167	(121)	14,045	32,426	(18,380)
Administrative Fees	8,000	8,333	(333)	8,000	1,825	6,175
Other Income	2,131	12,500	(10,369)	2,131	4,724	(2,594)
Total Revenues	333,331	426,667	(93,336)	333,331	464,086	(130,755)
EXPENSES:						
Management Fee - ECIDA*	266,667	266,667	0	266,667	292,000	(25,333)
Provision for Loan Losses	(13,603)	166,667	(180,270)	(13,603)	1,499,557	(1,513,160)
Rent & Facilities Expenses	20,833	20,833	(0)	20,833	19,000	1,833
Professional Services	135,665	40,300	95,365	135,665	42,126	93,539
General Office Expenses	111	2,000	(1,889)	111	1,208	(1,097)
Other Expenses	6,779	6,063	717	6,779	2,099	4,681
Total Expenses	416,452	502,529	(86,077)	416,452	1,855,990	(1,439,538)
NET INCOME/(LOSS):	\$ (83,121)	\$ (75,863)	\$ (7,258)	\$ (83,121)	\$ (1,391,904)	\$ 1,308,783

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2020 budgeted figures.



Item 3.2

MEMORANDUM

TO: RDC Board of Directors
FROM: Mollie Profic, CFO
SUBJECT: M&T Bank Resolution – CARES Act RLF Account
DATE: November 18, 2020

As a subrecipient of Federal funding under the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, the RDC must establish a separate bank account for the receipt of funds and disbursement of loans under the newly established revolving loan fund (RLF).

M&T Bank has a standard Public Funds Certified Resolution, a copy of which follows this memo. As part of internal controls surrounding cash disbursements, RDC’s procedures require two signers on each check issued by the Agency. Signers on the account will be identical to the current signers on RDC bank accounts:

- John Cappellino, President & CEO
- Karen Fiala, Vice President
- Mollie Profic, Vice President & Treasurer
- Atiqa Abidi, Assistant Treasurer

The establishment of this account will allow the RDC to begin accepting funds and closing loans under this program, providing much-needed capital to the local business community.

Action:

The RDC Board is requested to authorize the individual(s) listed above to enter into and deliver to M&T Bank any agreements, instructions and other documents which relate to M&T Bank’s new account and approve of the M&T Bank Public Funds Resolution which is attached hereto.



PUBLIC FUNDS CERTIFIED RESOLUTION

ACCOUNT NUMBER _____ SAFE DEPOSIT BOX _____ SAFE DEPOSIT BOX
BRANCH LOCATION (CC#) 622 NUMBER _____
DEPOSITOR Regional Development Corp

NAME John Cappellino
ROLE / TITLE President & CEO
ADDRESS 95 Perry Street
Buffalo, NY 14203
TELEPHONE (716) 856-6525
EMAIL ADDRESS (if available) jcappelli@ecidany.com
U.S. SSN _____
COUNTRY(IES) OF CITIZENSHIP USA
COUNTRY OF RESIDENCE USA
DATE OF BIRTH _____
SIGNATURE _____

NAME Karen Fiala
ROLE / TITLE Vice President
ADDRESS 95 Perry Street
Buffalo, NY 14203
TELEPHONE (716) 856-6525
EMAIL ADDRESS (if available) _____
U.S. SSN _____
COUNTRY(IES) OF CITIZENSHIP USA
COUNTRY OF RESIDENCE USA
DATE OF BIRTH _____
SIGNATURE _____

NAME Mollie Profic
ROLE / TITLE Vice President & Treasurer
ADDRESS 95 Perry Street
Buffalo, NY 14203
TELEPHONE (716) 856-6525
EMAIL ADDRESS (if available) mprofic@ecidany.com
U.S. SSN _____
COUNTRY(IES) OF CITIZENSHIP USA
COUNTRY OF RESIDENCE USA
DATE OF BIRTH _____
SIGNATURE _____

NAME Atiqa Abidi
ROLE / TITLE Assistant Treasurer
ADDRESS 95 Perry Street
Buffalo, NY 14203
TELEPHONE (716) 856-6525
EMAIL ADDRESS (if available) _____
U.S. SSN _____
COUNTRY(IES) OF CITIZENSHIP USA
COUNTRY OF RESIDENCE USA
DATE OF BIRTH _____
SIGNATURE _____

I certify that Depositor named above has duly authorized the opening of a deposit account pursuant to the agreement on M&T Bank's Commercial Deposit Account Opening Request, and that I am duly authorized to act on behalf of Depositor; that Depositor is:

- an agency or department of the United States,
- an agency, division or department of the State of New York,
- a State of _____ local government entity (county, town, village),
- a school district,
- a fire district, or
- other _____

duly organized and validly existing under the laws of the State of New York; and, if applicable, that the resolutions set forth below or provided separately to M&T Bank have been duly adopted by the Board of of Depositor, at a meeting duly called and held on November 18, 2020; that each of such resolutions is in full force and effect and none has been rescinded, revoked, or modified; and that none of such resolutions nor any action pursuant thereto will violate any law, rule, regulation, charter, by-law or agreement by which Depositor is governed, constituted or bound.

RESOLVED, that:

1. Manufacturers and Traders Trust Company ("M&T Bank"), a New York banking corporation, is hereby designated a depository for this entity (the "Depositor") and the officers or employees named herein or on a Rider hereto are hereby authorized to open one or more deposit accounts from time to time (each an "Account") on behalf of Depositor.
2. M&T Bank may purchase, give credit for, cash, accept, certify and pay from funds on deposit in the Account, without inquiry, all items signed, drawn, accepted or endorsed on behalf of Depositor, whether under a title, the words "Authorized Signature" or otherwise, with the actual or purported facsimile signature of any one of the officials whose names, capacities and specimen signatures appear above or on a Rider hereto, or his or her successor in office (each an "Authorized Signer"), regardless of the circumstances under which the signature shall have become affixed so long as the signature is the actual signature of an Authorized Signer or resembles the facsimile signature of an Authorized Signer previously certified to M&T Bank. Depositor shall indemnify M&T Bank against all claims, damages, liabilities, costs and expenses (including, but not limited to, attorneys' fees and disbursements) incurred by M&T Bank in connection with honoring any signature of any Authorized Signer (including any facsimile signature that resembles the facsimile signature of an Authorized Signer previously certified to M&T Bank) or any refusal to honor the signature of any person who is not an Authorized Signer. Depositor acknowledges and agrees that any requirement of Depositor that any item or other instrument for the payment of money signed, drawn, accepted or endorsed on behalf of Depositor bear the signature of more than one Authorized Signer is solely an internal requirement of Depositor and imposes no duty of enforcement on M&T Bank.
3. Any Authorized Signer may, on behalf of Depositor, transact with and through M&T Bank all such business as he or she deems advisable upon such terms as he or she deems proper, including, but not limited to, obtaining an undertaking and pledge of collateral for uninsured balances in the Account, entering into custodial agreements concerning such collateral, obtaining such loans and other extensions of credit as may be consistent with applicable law, discounting, selling, assigning, delivering and negotiating items, guaranteeing the obligations of others pursuant to applicable law, applying for letters of credit, electronic funds transfers, capital markets products, automated clearing house ("ACH") payments, cash management, trust and investment products and any other services or transactions, and, in compliance with all applicable law and procedures, pledging, hypothecating, assigning, mortgaging, encumbering, granting security interests in and otherwise creating liens upon Depositor's property, whether real or personal, tangible or intangible ("Property"), as security for loans and other extensions of credit, and in connection with any such transaction of business do all acts or other things as he or she shall deem proper including, but not limited to, signing, drawing, accepting, executing and delivering items, guarantees, assignments, pledges, hypothecations, receipts, waivers, releases and other instruments, agreements and documents, making and receiving delivery of Property, accepting, receiving, withdrawing and waiving demands and notices and incurring and paying liabilities, costs and expenses.
4. In the event an Authorized Signer acting on behalf of Depositor shall apply to or contract with M&T Bank for any electronic funds transfer service that M&T Bank may make available to Depositor, including, but not limited to, any service that contemplates M&T Bank's execution of payment orders initiated by Depositor for the wire or ACH transfer of funds to or from an Account of Depositor, such Authorized Signer shall be empowered on behalf of Depositor to designate one or more persons (who may, but need not be, Authorized Signers), each of whom, acting alone, shall be authorized on behalf of Depositor to transmit payment orders to M&T Bank for the transfer of funds to or from Depositor's Account.
5. Each person identified as an Authorized Signer, and each person or persons designated by an Authorized Signer to act on behalf of Depositor (who may, but need not be, Authorized Signers), shall have the power and authority to transact business and bind Depositor through electronic medium (e.g., the Internet) and M&T Bank may rely on any of the following to the same extent as the actual signature and proof of identity of each such person to bind Depositor: any electronic signature or digital signature, under applicable law, of such person; any identifier issued by M&T Bank, its affiliates or any other party (e.g., Personal Identification Number associated with ATM or other card or any access device) to such person; or any other criteria that M&T Bank may reasonably rely on which may serve as an indicator of authentication for such person.

I further certify that each person whose name appears above or on a Rider hereto opposite an office has been duly elected or appointed to and now holds such office of Depositor; that each other person whose name thus appears is acting for Depositor in the capacity opposite such other person's name; and that each signature on this certification or a Rider hereto is a true specimen of the signature of the person whose signature it purports to be.

X

Date

Authorized Signature

Title



Loan Status Report October 27, 2020 – November 17, 2020

RDC Loans Approved Since Last Meeting

	<u>Municipality</u>	<u>Amount</u>
A. Pratt Holdings, LLC	Tonawanda	\$1,000,000
Affordable Technology Solutions, LLC	Clarence	\$ 50,000
Flex-E-Brick Products, Inc.	Lackawanna	\$ 50,000
Med Lab, Inc.	Cheektowaga	<u>\$ 400,000</u>
Total		<u>\$1,500,000</u>

RDC Loans Closed Since Last Meeting

	<u>Municipality</u>	<u>Amount</u>
Biz Win Strategies	Williamsville	\$ 50,000

Loans in Closing Process

	<u>Municipality</u>	<u>Amount</u>
(None)		\$

Loans in the Pipeline

	<u>Municipality</u>	<u>Amount</u>
Bhavani Group, Inc.	Cheektowaga	\$ 50,000
HRB Hotels, Inc.	Amherst	\$ 50,000
RJL Collision	Buffalo	\$ 50,000
Steel Leaf Brewing Company	West Seneca	<u>\$ 350,000</u>
Total		<u>\$ 500,000</u>

<u>2020 - Loans Closed</u>	<u>YTD Loan Total</u>	<u>Jobs to be Created</u>	<u>Retained Jobs</u>	<u>Dollars Leveraged</u>
3	\$1,700,000	0	64	\$7,400,000

Loan Portfolio Performance

Past Due Loans:

<u>Loan</u>	<u>Outstanding Balance</u>	<u>Amount Past Due</u>	<u>Days Past Due</u>	<u>Comments</u>
NONE				

Loans in Default (Legal Action):

<u>Borrower Name</u>	<u>Amt Approved</u>	<u>Outstanding Loan Balance</u>	<u>Comments</u>
Buffalo Forklift	\$1,500,000	\$1,427,975	Legal Discovery Process
Adiabatic Solutions	\$ 250,000	\$ 250,000	Legal Summary Judgment Filed
HarkerBio, LLC	\$ 500,000	\$ 105,286	Demand Letter to Guarantor
Great Lakes Concrete	\$ 500,000	\$ 43,067	Negotiating Payoff Arrangements
Totals	\$2,750,000	\$1,826,328	

Portfolio Delinquency Rate (Past Due Outstanding Loan Balance *divided by* Portfolio Balance):

\$1,826,328 / \$11,520,525 = **15.8%**