



**Buffalo and Erie County Regional Development Corporation
Board of Directors Meeting
July 28 2021 @ 12:00 p.m.**

**95 Perry Street
5th Floor Conference Room
Buffalo, New York 14203**

- 1.0 Call to Order**
- 2.0 Approval of Minutes**
 - 2.1 Approval of the May 26, 2021 Minutes of the Meeting of the Membership (Action Item) (Pages 2-3)
- 3.0 Reports / Action Items / Information Items:**
 - 3.1 Financial Report (Informational) (Pages 4-7)
 - 3.2 Loan Status Report (Page 8)
 - 3.3 Annual Report of the Directors – (Action Item) (Page 9)
 - 3.4 Approval of Resolution to Request Release of Federal Interest in the RDC Loan Fund (Action Item) (Pages 10-13)
- 4.0 Management Team Reports:**
 - 4.1
- 5.0 Adjournment- Next Meeting August 25, 2021**

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

- DATE AND PLACE:** May 26, 2021, 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, Dottie Gallagher, Hon. Howard Johnson, Tyra Johnson, Richard Lipsitz, Brenda W. McDuffie, Hon. Mark C. Poloncarz, Sister Denise Roche and Kenneth A. Schoetz
- EXCUSED:** Hon. Bryon W. Brown, James Doherty, Hon. Joseph Emminger, Hon. Brian Kulpa, Hon. Glenn R. Nellis, Hon. Darius G. Pridgen, Paul Vukelic and Renee Wilson
- OTHERS PRESENT:** John Cappellino, President & CEO; Mollie Profic, Chief Financial Officer; Karen M. Fiala, Vice President/Secretary; Atiqah Abidi, Assistant Treasurer; Gerald Manhard, Chief Lending Officer; Jamee Lanthier, Compliance Officer; Beth O'Keefe, Business Development Officer; Grant Lesswing, Business Development Officer; Brian Krygier, Systems Analyst; Carrie Hocieniec, Administrative Coordinator; Robbie Ann McPherson, Director, Marketing & Communications, Pat Smith, Bookkeeper; Lori Szewczyk, Director of Grants; and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC
- GUESTS:** Andrew Federick, Erie County Senior Economic Development Specialist; Peter Wilson and Adrienne Schreier, on behalf of 283 Ship Canal/Sonwil Distribution; Eric Ekman, on behalf of MCG Real Estate Holdings; Kevin McAuliffe and Karen D'Antonio, on behalf of Barclay Damon; and Kevin Lawson and Chris Hoover, on behalf of KSL Diagnostics and Trevor Griffis

There being a quorum present at 12:43 p.m., the Meeting of the Board of Directors of the Buffalo and Erie County Regional Development Corporation was called to order by Chairwoman McDuffie.

MINUTES

The minutes of the March 24, 2021 meeting of the members were presented. Mr. Lipsitz 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 April 2021 financial report, noting that the balance sheet shows that the RDC ended the month with total assets of \$19.4M and net assets of \$19.2M. The increase in assets from March are due mainly to increases in loans receivable, as new loans continue to close out of our CARES Act funding. Cash also increased due to a draw of CARES Act funding received at the end of the month, to fund loans that closed in May. The April income statement shows \$21,000 of revenue, mostly loan interest income, and \$38,000 of expenses, netting to income of \$4,000 in April. The year-to-date income statement shows revenue of \$186,000 and \$157,000 of expenses, for net income of \$29,000 through April. Ms. McDuffie directed that the report be received and filed.

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

Election of Officers/Committee Appointments. Mr. Poloncarz, Chair of the Nominating Committee, reviewed the entire nominating slate but noted that Mr. Cummings has recently asked to be withdrawn from consideration of serving on the Policy Committee. Mr. Blue moved and Mr. Lipsitz seconded, to approve of the nominating slate as presented. Ms. McDuffie called for the vote and the aforementioned motion was unanimously approved. Ms. Gallagher then moved and Mr. Johnson seconded, to approve of Paul Vukelic replacing Mr. Cummings on the Policy Committee and accepting Mr. Cummings resignation to the Policy Committee. Ms. McDuffie called for the vote and the aforementioned motion was unanimously approved.

Approval of the Following Loan Case: KSL Diagnostics Inc., 1000 Youngs Road, Suite 201, Williamsville, New York: \$1,000,000, 10 year Term Loan, Secured and Guaranteed. Mr. Manhard reviewed the loan request, proceeds of which will assist with the purchase of furnishings, fixtures, equipment, inventory and working capital. Sister Denise moved and Ms. Benczkowski seconded to approve of the loan as proposed. Ms. McDuffie called for the vote and the requested loan was unanimously approved.

There being no further business to discuss, Ms. McDuffie adjourned the meeting of the Agency at 1:06 p.m.

Dated: May 26, 2021

Karen M. Fiala, Secretary

Regional Development Corporation

Financial Statements

As of June 30, 2021

REGIONAL DEVELOPMENT CORPORATION ("RDC")

Balance Sheet

June 30, 2021

	June 2021	May 2021	December 2020
ASSETS:			
Restricted Cash**	\$ 7,309,680	\$ 7,023,324	\$ 6,542,914
Accounts Receivable	-	158,134	11,015
Direct Loans *	13,550,337	12,735,339	10,789,595
50/50 Bank Participation Loans *	137,778	141,809	149,514
Reserve for Loan losses	(142,828)	(179,791)	(181,412)
Total Loan Assets, net	<u>13,545,287</u>	<u>12,697,357</u>	<u>10,757,697</u>
TOTAL ASSETS	<u><u>\$ 20,854,967</u></u>	<u><u>\$ 19,878,814</u></u>	<u><u>\$ 17,311,626</u></u>
 LIABILITIES & NET ASSETS			
Accounts Payable	\$ -	\$ -	\$ 2,659
Due to ECIDA	173,536	146,284	293,638
Total Liabilities	<u>173,536</u>	<u>146,284</u>	<u>296,298</u>
Restricted Fund Balance	<u>20,681,431</u>	<u>19,732,530</u>	<u>17,015,328</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 20,854,967</u></u>	<u><u>\$ 19,878,814</u></u>	<u><u>\$ 17,311,626</u></u>

* Loan Portfolio Summary:	June 2021	May 2021	December 2020
# of Legacy RLF Loans	33	33	33
# of CARES Act RLF Loans	21	14	2
# of 50/50 Bank Participation Loans	1	1	1
	<u>55</u>	<u>48</u>	<u>36</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 June 2021

	Actual vs. Budget		
	Actual	Budget	Variance
REVENUES:			
Interest Income - Loans	\$ 35,803	\$ 45,000	\$ (9,197)
Interest Income - Cash & Inv.	112	167	(54)
Administrative Fees	-	1,250	(1,250)
Other Income	88,918	417	88,501
Total Revenues	124,833	46,833	78,000
EXPENSES:			
Management Fee - ECIDA*	26,700	26,667	33
Provision for Loan Losses	(36,963)	62,500	(99,463)
Rent & Facilities Expenses	2,100	2,083	17
Professional Services	3,035	6,250	(3,215)
General Office Expenses	45	142	(97)
Other Expenses	6,015	2,481	3,534
Total Expenses	932	100,123	(99,191)
NET INCOME/(LOSS):	\$ 123,901	\$ (53,290)	\$ 177,191

* 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: June 30, 2021

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
REVENUES:						
Interest Income - Loans	\$ 224,288	\$ 270,000	\$ (45,712)	\$ 224,288	\$ 165,547	\$ 58,741
Interest Income - Cash & Inv.	1,897	1,000	897	1,897	11,646	(9,750)
Administrative Fees	-	7,500	(7,500)	-	8,000	(8,000)
Other Income	123,211	2,500	120,711	123,211	1,374	121,837
Total Revenues	349,396	281,000	68,396	349,396	186,567	162,828
EXPENSES:						
Management Fee - ECIDA*	160,200	160,000	200	160,200	71,289	88,911
Provision for Loan Losses	(38,584)	125,000	(163,584)	(38,584)	(13,603)	(24,981)
Rent & Facilities Expenses	12,600	12,500	100	12,600	12,500	100
Professional Services	27,949	53,100	(25,151)	27,949	95,674	(67,725)
General Office Expenses	1,005	850	155	1,005	111	894
Other Expenses	45,122	14,888	30,235	45,122	5,618	39,504
Total Expenses	208,293	366,338	(158,045)	208,293	171,590	36,703
NET INCOME/(LOSS):	\$ 141,103	\$ (85,338)	\$ 226,440	\$ 141,103	\$ 14,978	\$ 126,125

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



**Loan Status Report
May 26, 2021 – July 28, 2021**

<u>RDC Loans Approved Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
Buffalo Fermentation, LLC	Buffalo	\$ 250,000
Eleven Lights Inc. d/b/a Ballyhoo Buffalo	Buffalo	\$ 75,000
Kishore Inc.	Amherst	\$ 500,000
S&K Kitchens, Inc.	Springville	\$ 150,000
Surianello General Concrete Contractors, Inc.	Buffalo	\$ 250,000
Total -5		<u>\$1,225,000</u>

<u>RDC Loans Closed Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
Buffalo Niagara Weldworks	Buffalo	\$ 125,000
Capello Salons	East Amherst	\$ 175,000
Divorce Mediation Services	Williamsville	\$ 40,000
Kathy's Kid Kare, Inc.	East Amherst	\$ 100,000
Main Springs, LLC d/b/a Lakewood Spirits	Buffalo	\$ 400,000
Mataj's, Inc.	Williamsville	\$ 100,000
Premium Coffee of WNY	Lackawanna	\$ 250,000
Rosewood Signs, Inc.	Tonawanda	\$ 100,000
Styles of Man	Buffalo	\$ 50,000
Tomric Systems, Inc.	Buffalo	\$ 250,000
Trace Assets Protection	Buffalo	\$ 250,000
Total - 11		<u>\$1,840,000</u>

<u>Loans in Closing Process</u>	<u>Municipality</u>	<u>Amount</u>
Total - 9	Various	\$2,125,000

<u>Loans in the Pipeline</u>	<u>Municipality</u>	<u>Amount</u>
Total - 7	Various	\$1,025,000

<u>2021 - Loans Closed</u>	<u>YTD Loan Total</u>	<u>Jobs to be Created</u>	<u>Retained Jobs</u>	<u>Dollars Leveraged</u>
Erie County 60/40 Loans – 8	\$280,000	8	7	0
RDC Loans – 30	\$4,155,000	92	284	\$755,000

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				

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

\$0/\$13,686,745 0% Delinquency Rate



MEMORANDUM

TO: Buffalo & Erie County Regional Development Corporation Members
FROM: Mollie Profic, CFO
SUBJECT: Annual Report of Directors
DATE: July 28, 2021

Under Section 519 of the New York State Not-for-profit Corporation Law, RDC is required to present an annual report at its annual member meeting. The annual report is to include 1) information on the assets and liabilities of RDC as of the end of the prior fiscal year, 2) the principal changes in assets and liabilities during the prior fiscal year, 3) the revenue or receipts of RDC during the prior fiscal year, 4) the expenses or disbursements of RDC during the prior fiscal year and 5) The number of members of RDC as of the date of the report, together with a statement of increase or decrease in the number of members during the prior fiscal year and a statement of the place where the names and places of residence of the current members may be found.

The audited financial statements were previously approved by RDC's Board of Directors at their March 24, 2021 meeting and were presented to the RDC members in order to satisfy the first four requirements noted above. A copy of the audited financial statements can be found at <http://www.ecidany.com/about-us-corporate-reports>.

In satisfaction of the final requirement of the NYS Not-for-profit Corporation Law, RDC has 23 membership positions at July 28, 2021 which is the same as reported at the prior year's annual meeting. The names of the members of RDC may be found at: <http://www.ecidany.com/about-us-board-of-directors> while the places of residence of current board members may be found at the RDC offices at 95 Perry Street, Suite 403, Buffalo, New York 14203.

Under the RDC bylaws, the RDC is also required to present an Annual Policy Statement setting forth general objectives and guidelines for the Corporation. The RDC's website provides information regarding the various guidelines for RDC's loan programs at <http://www.ecidany.com/loans>. In addition, the RDC is required to complete a Loan Administration Plan (LAP) for the Federal Economic Development Administration which outlines detailed objectives and guidelines for the revolving loan fund. Copies of the LAP are available upon request.



Date: July 28, 2021
To: ECIDA and RDC Board Members
From: John Cappellino, CEO
Re: Release of Federal Interest in the ECIDA/RDC Revolving Loan Fund

In February 2021, the ECIDA/RDC received notice from the EDA of new federal legislation allowing the release of federal interest in the agency's existing Revolving Loan Fund (RLF). The recently enacted Reinvigorating Lending for the Future Act (the Act) authorizes EDA to release its federal interest in certain RLF awards that have operated satisfactorily for seven years beyond the disbursement of grant funds. By authorizing EDA to release its federal interest in certain RLF awards, the Act will reduce RLF recipient administrative burden and allow RLF award funds to be used for broader economic development purposes.

As a way of brief history, the ECIDA/RDC Revolving Loan Fund was established between 1979-1983 with \$7,000,000 of grants from the EDA that were combined with other local funding sources for a total RLF of approximately \$9,300,000. Since the inception, the RDC has made 659 loans totaling \$129,000,000. The RLF has encouraged private investment of \$875,000,000 and has helped create 1,868 jobs while helping to retain 913 jobs. Since 1979, the capital base of the RLF has nearly doubled to \$17,000,000 due to the repayment of 465 loans totaling \$88,000,000.

The benefits of applying for the release of federal interest in the existing RDC RLF are numerous and range from decreased operating costs to more flexible loan terms. Some of the more specific and potential benefits include:

- Relief of the administrative burden of reporting to the EDA semi-annually (cost savings)
- Relief of Single Audit requirement for the existing RLF (cost savings)
- Allow more flexibility of RLF interest rate and terms
- Use of RLF funds can be expanded to include the refinance of debt, non-profits, etc.
- Waive requirement of a bank declination letter
- Establishment of more targeted loan funds to various sectors of the community including minorities, women, start-ups, industry specific, etc.

The EDA recently contacted the ECIDA/RDC to inform them the approval process for the award may become more complicated as the EDA is migrating the RLF reporting system to a new platform. It is anticipated the process could be more onerous for older RLF programs such as ours, due to the re-certification of data since the initial EDA disbursement back in 1979. The application process involves providing our most recent annual reports, audits, final program reporting, Board Resolution and other miscellaneous documents the ECIDA/RDC can provide expeditiously to receive approval. Therefore, the EDA has recommended the ECIDA/RDC submit their release of federal interest request prior to June 30, 2021, be placed on the approval waiting list and submit the Board Resolution after the July 28, 2021 Board meeting.

After the release of EDA's federal interest future uses of this RLF can range greatly and must continue to comply with the Public Works and Economic Development Act of 1965 (PWEDA). The program goal of PWEDA is to raise the standard of living for all citizens and increase the wealth and overall rate of growth



of the economy by encouraging communities to develop a more competitive and diversified economic base. Future activities of the loan fund would be subject to the broad definitions of this act including:

- Creating an environment that promotes economic activity by improving and expanding public infrastructure
- Promoting job creation through increased innovation, productivity, and entrepreneurship
- Empowering local and regional communities experiencing chronic high unemployment and low per capita income to develop private sector business and attract increased private-sector capital investment

Future changes to the operation of the RLF would not require EDA approval.

The RDC is seeking Board approval of the attached Resolution allowing the ECIDA/RDC to request the release of EDA's federal interest in the Revolving Loan Fund.

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

The meeting of the Buffalo and Erie County Regional Development Corporation was convened on July 28, 2021 at 12:00 p.m.

The following resolution was duly offered and seconded, to wit:

RESOLUTION OF THE BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION ("RDC") REQUESTING THE RELEASE OF THE ECONOMIC DEVELOPMENT ADMINISTRATION (THE "EDA") INTEREST IN THE REVOLVING LOAN FUND

WHEREAS, in 1979, 1982, and 1983, the Erie County Industrial Development Agency (the "Agency") was the recipient of three EDA grants in the total amount of \$7,000,000 (the "EDA Grants") to capitalize a revolving loan fund (the "RLF") for the purpose of encouraging the retention and expansion of existing companies as well as the attraction of new companies to target areas of Erie County; and

WHEREAS, the Agency facilitated the establishment of the Buffalo and Erie County Regional Development Corporation (the "RDC") as an affiliate of the Agency and sub-granted the EDA Grants to the RDC to establish the RLF; and

WHEREAS, the RLF was also capitalized with grants from the County of Erie Community Development Block Grant funds in the amount of \$2,316,000 and the City of Buffalo Community Development Block Grant funds in the amount of \$1,800,000, and has received no other further grant funding since it was started; and

WHEREAS, in October 2016, the County of Erie Community Development Block Grant funds of \$2,316,000 were removed from the RLF after a dispute between the U.S. Department of Housing and Urban Development ("HUD") and EDA related to the County of Erie sub-fund was settled; and

WHEREAS, through the efforts of the RDC, the RLF has grown to total net assets now in excess of \$17,000,000, which includes the EDA and the City of Buffalo grant funding as described above, principal repayments, and interest; and

WHEREAS, the EDA retains a federal interest in the EDA Grants and the Agency and the RDC have submitted a written request that EDA release its federal interest in the RLF; and

WHEREAS, the Agency and the RDC have determined that there are numerous benefits associated with seeking the EDA to release its federal interest in the EDA Grants and the RLF including relief of the administrative burden of reporting to the EDA semi-annually (cost savings), relief of Single Audit requirement of RLF Program (cost savings), more flexibility of RLF interest rate and terms, use of RLF funds can be expanded to include the refinance of debt, non-profits, etc., requirement of a bank

declination letter can be waived, and establishment of more targeted loan funds to various sectors of the community including minorities, women, start-ups, industry specific, etc.; and

WHEREAS, in order to permit the EDA to release its interest in the EDA Grants and in the RLF, the Agency and the RDC have confirmed that 1) more than seven years have passed since the EDA Grants were made to the Agency, 2) the Agency and the RDC have complied with the terms and conditions of the EDA Grants, and 3) the Agency and the RDC intend to, on a going forward basis, utilize the RLF for one or more activities that continue to carry out the economic development purposes of the Public Works and Economic Development Act of 1965, being the authority by which the EDA Grants were initially made; and

WHEREAS, the RDC believes it is in the best interest of the Agency, the RDC, and the residents of Erie County for the Agency and the RDC to seek the EDA release of its federal interest in the RLF.

NOW, THEREFORE, BE IT RESOLVED BY THE BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION AS FOLLOWS:

Section 1. The RDC hereby approves and affirms the request to release the EDA's federal interest in the EDA Grants and RLF and confirms that the RLF will continue to be used to carry out activities consistent with the economic development purposes of the Public Works and Economic Development Act of 1965.

Section 2. The Chair, the Vice Chair, the President/Chief Executive Officer, the Executive Vice President, the Chief Financial Officer/Treasurer and/or the Assistant Treasurer are hereby authorized, on behalf of the RDC, to negotiate, execute and deliver the appropriate EDA release agreement consistent with the terms as provided for within this resolution and any related documents and the officers, employees and agents of the RDC are hereby authorized and directed for and in the name and on behalf of the RDC to do all acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of this resolution.

Section 3. All actions heretofore undertaken by the RDC are ratified and approved.

Section 4. This resolution shall take effect immediately.

Dated: July 28, 2021