



**Buffalo and Erie County Regional Development Corporation  
Meeting of the Board of Directors**

**February 22, 2023 @ 12:00 p.m.**

**701 Ellicott Street, Center of Excellence in Bioinformatics and Life Sciences (CBLS)  
The Event Space/Conference Room B2-205, located on the 2nd floor, Buffalo, New York 14203**

**1.0 Call to Order**

**2.0 Approval of Minutes**

2.1 Minutes of the December 21, 2022 Meeting of the Board of Directors (Action Item) (Pages 2-3)

**3.0 Reports / Action Items / Information Item(s):**

3.1 Financial Report (Informational) (Pages 4-6)

3.2 Finance & Audit Committee Update

a) Public Sector Banking Services RFP (Action Item) (Pages 7-10)

3.3 Governance Committee Update (Informational)

3.4 Loan Status Report (Informational) (Page 11)

3.5 Approval of the Following Loan Case(s)

a) Linita Design & Manufacturing, Inc. (Action Item) (Pages 12-19)

b) Top Seedz Food Corp. (Action Item) (Pages 20-26)

**4.0 Management Team Report:**

4.1

**5.0 Adjournment- Next Meeting March 22, 2023**

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

**DATE AND PLACE:** December 21, 2022, at the Northland Workforce Training Center, 683 Northland Avenue, Community Room, Buffalo, New York 14211

**PRESENT:** Denise Abbott, Rev. Mark E. Blue, Hon. Joseph Emminger, Dottie Gallagher, Michael P. Hughes, Hon. Brian Kulpa, Tyra Johnson, Richard Lipsitz, Jr., Brenda W. McDuffie, Hon. Glenn R. Nellis, Hon. Mark C. Poloncarz and Kenneth A. Schoetz

**EXCUSED:** Hon. Diane Benczkowski, Hon. Bryon W. Brown, James Doherty, Hon. Howard Johnson, Denise McCowan, Hon. Darius G. Pridgen and Paul Vukelic

**OTHERS PRESENT:** John Cappellino, President & CEO; Mollie Profic, Chief Financial Officer; Atiqah Abidi, Senior Accountant; Gerald Manhard, Chief Lending Officer/Secretary; Grant Lesswing, Director of Business Development; Andrew Federick, Business Development Officer; Soma Hawramee, Compliance Portfolio Manager, Brian Krygier, Director of Information Technology; Carrie Hocieniec, Operations Assistant/Assistant Secretary; Laurie Hendrix, Administrative Coordinator; Robbie Ann McPherson, Director of Marketing & Communications; Robert G. Murray, Esq., General Counsel/Harris Beach PLLC and Christopher Canada, Bond Counsel/Hodgson Russ.

**GUESTS:** Zachary Evans on behalf of Erie County; Alex Carducci on behalf of the City of Buffalo and Adam Pratt on behalf of A. Pratt Holdings/Sherex Fastening Solutions

There being a quorum present at 12:28 p.m., the meeting of the Buffalo and Erie County Regional Development Corporation (the "RDC"), was called to order by its Chair, Ms. McDuffie.

**MINUTES**

The minutes of the November 30, 2022, meeting of the members were presented. Mr. Lipsitz moved, and Ms. Gallagher 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 November 2022 financial report. The balance sheet shows the RDC finished the month with total assets of \$22.5M, consisting mainly of cash and loans receivable. Liabilities reflect amounts due to ECIDA for 2022 costs and net assets are \$22.2M. The November income statement shows \$51,000 of revenue, mainly loan interest income, and net income for the month was \$25,000. The year-to-date income statement shows revenues of \$704,000 and \$231,000 of expenses, for net income of \$473,000 through November. Of this revenue, \$194,000 is the last of the CARES Act grant income, which will be used for the ongoing administrative costs of that loan portfolio. The negative provision for loan losses is a result of loan payoffs and adjustments to reserves during the year. Ms. McDuffie directed that the report be received and filed.

Loan Status Report. Mr. Manhard provided this report to the members. Mr. Poloncarz queried about the status of Peterson Heating & Cooling, Inc. Mr. Manhard responded that the Company is now current on its payments but still owes RDC legal fees for costs incurred to bring the loan current. Ms. McDuffie directed that the report be received and filed.

### Approval of the Following Loan Case:

A. Pratt Holdings LLC/Sherex Fastening Solutions/Disc Lock LLC, 400 Riverwalk Parkway, Suite 600, Tonawanda, New York. \$750,000 84-month Term Loan, Secured and Guaranteed. Mr. Manhard reviewed this proposed \$750,000 loan request, proceeds of which will be used to buyout the note to former partner James Pickren.

Mr. Emminger moved and Ms. Abbott 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 at 12:42 p.m.

Dated: December 21, 2022

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Elizabeth A. O'Keefe, Secretary

**Regional Development Corporation**

**Financial Statements**

As of January 31, 2023

**REGIONAL DEVELOPMENT CORPORATION ("RDC")**

**Balance Sheet**

January 31, 2023

	January 2023	December 2022 (Unaudited)
<b>ASSETS:</b>		
Restricted Cash**	\$ 5,372,313	\$ 5,256,480
Accounts Receivable	203,424	204,250
Direct Loans *	17,512,811	17,567,963
50/50 Bank Participation Loans *	56,510	60,989
Reserve for Loan losses	(524,886)	(524,886)
Total Loan Assets, net	<u>17,044,435</u>	<u>17,104,065</u>
<b>TOTAL ASSETS</b>	<u>\$ 22,620,172</u>	<u>\$ 22,564,795</u>

**LIABILITIES & NET ASSETS**

Accounts Payable	\$ -	\$ 1,518
Deferred Revenue	97,105	97,105
Due to ECIDA	316,889	291,289
Total Liabilities	<u>413,994</u>	<u>389,912</u>
Restricted Fund Balance	<u>22,206,178</u>	<u>22,174,884</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>\$ 22,620,172</u>	<u>\$ 22,564,795</u>

<b>* Loan Portfolio Summary:</b>	January 2023	December 2022
# of Legacy RLF Loans	34	33
# of CARES Act RLF Loans	30	30
# of 50/50 Bank Participation Loans	1	1
	<u>65</u>	<u>64</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**

Year to Date: January 31, 2023

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
<b>REVENUES:</b>						
Interest Income - Loans	\$ 48,986	\$ 52,500	\$ (3,514)	\$ 48,986	\$ 37,869	\$ 11,117
Interest Income - Cash & Inv.	7,921	58	7,863	7,921	121	7,801
Administrative Fees	-	1,250	(1,250)	-	-	-
Other Income	194	417	(223)	194	263	(69)
<b>Total Revenues</b>	<b>57,101</b>	<b>54,225</b>	<b>2,876</b>	<b>57,101</b>	<b>38,252</b>	<b>18,848</b>
<b>EXPENSES:</b>						
Management Fee - ECIDA*	23,400	23,800	(400)	23,400	23,800	(400)
Provision for Loan Losses	-	187,500	(187,500)	-	-	-
Rent & Facilities Expenses	2,200	1,125	1,075	2,200	2,100	100
Professional Services	-	3,333	(3,333)	-	3,700	(3,700)
General Office Expenses	-	167	(167)	-	-	-
Other Expenses	206	2,248	(2,042)	206	10	196
<b>Total Expenses</b>	<b>25,806</b>	<b>218,173</b>	<b>(192,367)</b>	<b>25,806</b>	<b>29,610</b>	<b>(3,804)</b>
<b>NET INCOME/(LOSS):</b>	<b>\$ 31,295</b>	<b>\$ (163,948)</b>	<b>\$ 195,243</b>	<b>\$ 31,295</b>	<b>\$ 8,642</b>	<b>\$ 22,652</b>

\* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2023 budgeted figures.



**Item 3.2**

**MEMORANDUM**

**TO:** ECIDA, RDC and ILDC Boards of Directors  
**FROM:** Mollie Profic, Vice President  
**SUBJECT:** Public-Sector Banking Services RFP  
**DATE:** February 22, 2023

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The ECIDA's Professional Services Request for Proposals (RFP) Process requires proposals for Banking Services to be solicited at least every 5 years. Proposals were last solicited in 2017, after which a banking relationship was established with M&T Bank. In November 2022, ECIDA and its affiliated entities, and Western Region Corporation conducted a joint RFP for banking services.

**Request for Proposal Process:**

The RFP was submitted directly to the top ten largest banks in Erie County per the 2022 Business First book of Lists and any banks that had proposed in 2017. Ads were also placed in The Buffalo News, the Buffalo Criterion, and Challenger Community News stating the Agency issued an RFP for these services. In addition, the RFP was posted on ECIDA's website. Proposals were due November 15, 2022. Five proposals were received.

**Evaluation Process:**

Proposals were evaluated by Mollie Profic, CFO, Atiqa Abidi, Senior Accountant, and Patricia Smith, Bookkeeper and points were assigned based on the following criteria as stated in the RFP:

- 1) Proposed Account Structure / Investment Program. (40%)
- 2) Qualifications and public sector banking experience of the individuals to be assigned. (25%)
- 3) Experience of the bank in providing similar services to local governments, CRA rating and local branch network. (25%)
- 4) Scope of services offered including degree of automation. (10%)

Based on the first-round score ratings, a short-list of three banks was developed: Evans Bank, Key Bank, and M&T Bank. The staff committee requested additional information and/or demonstration as needed.

**Results:**

While all of the respondents were capable and suitable partners, M&T Bank was the top-rated bank:

- M&T offers competitive interest rates, the highest earnings credit rate, and there is no requirement for non-interest-bearing accounts to support services.
- M&T has a dedicated government banking team headquartered in Buffalo. The Senior Relationship Manager for M&T Bank has over 17 years of government banking experience. Clients include IDAs, state agencies, counties, and public authorities.
- M&T has received an “outstanding” CRA rating since 1989.
- Forty branches throughout Erie County are convenient for staff tasked with making deposits.
- M&T offers a suite of anti-fraud services, including but not limited to: positive pay/reverse positive pay, ACH monitor, ACH debit block and check block. Multi-factor authentication (MFA) is required to log in to the bank’s Treasury Center. A smart phone app is also available.
- M&T is a community leader in Diversity, Equity and Inclusion initiatives, investment in technology, and is the leading small business lender in the Buffalo-Rochester market for 2022.

On January 10, 2023, the Joint Finance & Audit Committee reviewed the RFP results and recommended that their respective Boards approve the retention of M&T Bank as the prime bank of the ECIDA, RDC and ILDC.

**Recommendation:**

Per the following resolution, I am requesting that Boards approve the retention of M&T Bank as the prime bank of the ECIDA, RDC and ILDC to the respective Boards for the calendar years 2023-2025, with an option of retaining the bank for the 2026-2027 calendar years.



**RESOLUTION OF THE  
BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION  
REGARDING DEPOSITS OF MONEY AND THE INVESTEMENT OF FUNDS**

WHEREAS, the Buffalo and Erie County Regional Development Corporation (the “RDC”) desires to adopt a resolution which will provide the necessary authority for the RDC to fully comply with the applicable provisions of Section 10 and Section 11 of the New York General Municipal Law, as applicable, with respect to deposits and investments of public money in the name of the RDC for use in normal business operations, in the furtherance of the corporate purposes of the RDC; and

WHEREAS, in accordance with the RDC’s Professional Services Requests for Proposals Process and Policy, the RDC issued an RFP for Banking Services, entitled “Public Sector Banking Services” (hereinafter referred to as the “Banking Services RFP”); and

WHEREAS, the Banking Services RFP was submitted to the ten largest banks located in Erie County, noticed on the RDC’s website, and placed in the Buffalo News, the Buffalo Criterion, and the Challenger Community News; and

WHEREAS, staff of the RDC reviewed and scored the Banking Services RFP responses and based on initial scoring of the RFP responses, Evans Bank N.A., KeyBank N.A. and M&T Bank were selected for follow-up and additional requests for information; and

WHEREAS, RDC staff recommends M&T Bank as the prime bank, to provide banking, cash management, and investment services to the RDC; and

WHEREAS, on January 10, 2023, the RDC’s Finance & Audit Committee reviewed the Banking Services RFP process, the RDC’s staff memorandum regarding the recommendation of M&T Bank, and unanimously resolved to recommend to the RDC that M&T Bank be chosen as the prime bank to provide banking, cash management, and investment services to the RDC.

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

Section 1: The RDC hereby affirms that it is hereby authorized to open and close such bank and investment accounts and to maintain such banking relations as may be determined by the President/Chief Executive Office (“CEO”), from time to time, to be necessary or appropriate for the transaction of the RDC’s business.

Section 2: Effective with the adoption of this resolution, the RDC hereby finds, in comparison to the other Banking Services RFP respondents, that M&T requires no service charges, has greater governmental banking experience, an “outstanding” CRA rating, and a dedicated project management team to assist with the banking transition as well as web-based banking, transaction services and positive pay features superior to the other Banking Services RFP respondents and as such, hereby designates M&T Bank as the RDC’s official depository of

funds and to provide cash management and investment services as described within the Banking Services RFP, said engagement to be for an initial three year term (2023 – 2025), with retention for 2026 and 2027 if approved by the RDC’s Finance and Audit Committee.

Section 3. Each bank and investment account authorized by this resolution shall provide that no withdrawals shall be made from such accounts nor shall any checks be drawn thereon unless withdrawal slips or checks (as applicable) are signed by such individual or individuals as may be designated by both the Chair and the CEO.

Section 4. Each bank and investment account authorized by this resolution shall adhere to the current Investment and Deposit Policy as approved by the RDC.

Section 5. This Resolution shall take effect immediately and shall remain in effect and be binding until revoked by written notice given by the RDC to M&T Bank.

ADOPTED: February 22, 2023



**Loan Status Report  
February 2023**

<u>RDC Loans Approved Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
A Pratt Holdings/Sherex Fastening (mfg/distributor)	Tonawanda	\$750,000
Rustbelt Love, Inc. (stationary supplier)	Buffalo	\$100,000
<u>RDC Loans Closed Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
Johnson's Taphouse (brewery)	Hamburg	\$600,000
Rustbelt Love, Inc. (stationary supplier)	Buffalo	\$100,000
<u>Loans in Closing Process</u>	<u>Municipality</u>	<u>Amount</u>
Perry's Ice Cream Inc.	Akron	\$2,000,000
A. Pratt Holdings/Sherex Fastening (mfg/distributor)	Tonawanda	\$ 750,000
 <b>Total: 3 loans</b>		 <b>\$2,850,000</b>

<u>Loans in the Pipeline</u>	<u>Municipality</u>	<u>Amount</u>
3 - Loans	Various	\$2,100,000

<u>2022 - Loans Closed</u>	<u>YTD Loan Total</u>	<u>Jobs to be Created</u>	<u>Retained Jobs</u>	<u>Dollars Leveraged</u>
6	\$4,125,000	43	88	\$28,450,000
MWBE Loans – 1				

**Loan Portfolio Performance**

**Past Due Loans:**

<u>Loan</u>	<u>Balance</u>	<u>Principal/Interest Amount Past Due</u>	<u>Days Past Due</u>	<u>Comments</u>
Peterson Heating & Cooling	\$100,000	\$166.68	52	Legal Action: Borrower past due for Jan. & Feb. interest only payments and Legal Fees. Awarded judgment on 2/3/2023

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

\$100,000 / \$17,723,940 = 0.6% Delinquency Rate (65 Loans)

**RDC Funds Available to Lend:**            \$944,049



**RDC Loan Analysis**

<b>Borrower:</b>	Linita Design & Manufacturing Corp.	<b>Structure:</b>	Corp.	<b>Year Established:</b>	1973
<b>Address:</b>	951 Hamburg Turnpike	<b>City:</b>	Lackawanna	<b>Zip:</b>	14218
<b>Website:</b>	Linita.com	<b>NAICS:</b>	332312	<b>SIC:</b>	3441
<b>Loan Amount:</b>	\$750,000	<b>Interest Rate:</b>	4%	<b>Term:</b>	96 months (interest only year 1)
<b>Monthly Payment:</b>	\$10,251.60	<b>Contact Name:</b>	Sean Greenhouse	<b>Site Visit:</b>	9/28/2022
<b>Purpose:</b>	Working Capital and Equipment	<b>Jobs Existing:</b>	40	<b>Jobs to be created – 3 years</b>	15

**SOURCES AND USES**

<b>Sources:</b>	<b>Amount</b>	<b>% of Project</b>
RDC Loan	\$750,000	80%
Equity	\$200,000	20%
<b>Total Sources</b>	<b>\$950,000</b>	<b>100%</b>
<b>Uses:</b>		
	<b>Amount</b>	
RDC Loan		
Working Capital	\$750,000	80%
Equity		
Working Capital	\$200,000	20%
<b>Total Uses</b>	<b>\$950,000</b>	<b>100%</b>
<b>Dollars Leveraged:</b>	<b>\$200,000</b>	<b>20%</b>

**COLLATERAL AND SECURITY**

<b>Collateral:</b>	2nd lien on all business assets behind Five Star Bank.
<b>Guarantors:</b>	Unlimited personal guarantees of Carlos and Eva Vera, Corporate guaranty of Carlotti Holdings LLC.

**SUPPLEMENTAL INFORMATION**

<b>Fund Criteria:</b>	<b>Job Creation:</b> <input checked="" type="checkbox"/> <b>Job Retention:</b> <input checked="" type="checkbox"/> <b>Target Industry:</b> <input checked="" type="checkbox"/> <b>MWBE:</b> <input checked="" type="checkbox"/>
<b>Eligibility:</b>	<b>Bank Declination:</b> <input checked="" type="checkbox"/> <b>Financing Gap:</b> <input checked="" type="checkbox"/> <b>Target Area:</b> <input checked="" type="checkbox"/>
<b>Recommended By:</b>	Gerald Manhard and Daryl Spulecki
<b>Loan Committee Vote:</b>	<b>Approved:</b> <input checked="" type="checkbox"/> <b>Declined:</b> <input type="checkbox"/>
<b>Date:</b>	<b>Signatures:</b>

## **I. Background:**

Linita Design & Mfg. Corp. (LDM) originally started as a small fabrication shop located in Guelph, ON Canada in 1973. LDM operated out of a 15,000 square foot facility, manufacturing and servicing the hydraulic press industry.

LDM's owner/CEO Carlos Vera joined the Company as its General Manager in 1991 and introduces LDM to the Hydro/Gates/Hoist market. In 2003, Carlos purchased the Company, continued its growth, and continuously put more emphasis on the Hydro/Gate business. Currently, the ownership structure is Carlos owns 25% of LDM and his wife, Vera owns 75% which has enabled them to become a certified MWBE owned business. Throughout his tenure with the company, Carlos recognized and evaluated operating in and selling to US based Hydro projects, and eventually opened an 80,000 square foot facility in Western New York in 2010. The Company is now headquartered in Lackawanna at 1951 Hamburg Turnpike. Linita continues its presence in Guelph where it houses design, engineering and purchasing staff as part of LDM's Canadian affiliate. The Canadian presence has proven beneficial as LDM's network of Canadian suppliers is strong and the Company often is able to take advantage of favorable currency exchange factors.

### **The Industry:**

The Hydro/Gates/Hoist industry revolves around dams constructed for both Hydro Power (think Niagara Falls) and for Flood Protection (think New Orleans). About ½ of all U.S Hydro Power sites are owned by the U.S Army Corp of Engineers, and LDM has a great reputation with the Corp. A typical project budget includes design, property/ land renovations, equipment, and site installation.

LDM is a niche company in the Hydro/Dam industry and has 2 other competitors that possess capabilities in both Design and Manufacturing. The balance of the competitors typically bid on pre-designed projects or are forced to outsource materials and/or design services. The industry has been stimulated over the past 2-3 years by U.S infrastructure bills and programs totaling \$1.1 trillion to assist with the replacement of dams across the United States. The industry has been further stimulated by the Inflation Reduction Act which has elevated Hydropower to the same status as Solar, providing significant tax incentives to developers. As a result, the \$1 trillion Hydropower industry has doubled to become a \$2 trillion industry. LDM is seeing the growth in its bid activity, which leads to the forecasted revenue growth. LDM bid activity trends are as follows:

- 2017-2021                      \$34 million/year bids by LDM (annual average)
- YE February 2022            \$73 million in bids issued by LDM
- YE February 2023            \$150 million in bids (\$108 million thru August)

### **LDM Products Offered:**

- Water Control Gates - Water control gates often need to be built to very specific requirements depending on use and location.
- Hoists - Design, Engineering & Manufacturing of Dam Gate (wire rope hydraulically operated or screw-stem) Hoist equipment.
- Trash Rack Cleaners - A trash rack cleaner is a type of mechanical device that is used to remove debris from the trash racks of a water intake structure.

### **LDM Service Offered:**

- **Design and Engineering-** Over 90 combined years of Hydro-Mechanical Engineering. focused on the design of Tainter, Radial, Sluice, Crest, Vertical Lift, Spillway & Bulkhead gates. They also specialize in the design of Wire-Rope, Cable Drum Hoists, Gantry Cranes, Stoplogs, Trash Rake cleaning machines and the like.
- **Mechanical Assembly-** offers deep experience in the final assembly, shop testing and electrical wiring.
- **Surface Preparation and Sandblasting-** provides large capacity surface preparation via the use of recycled steel grit media. We are proudly an SSPC QP3 Certified and an AISC Sophisticated Paint Endorsed facility.
- **Coating and Painting-** specialize in high build epoxies and water-resistant coatings. We utilize a variety of equipment which allows us the capacity and capability of applying beyond 90% solid based coatings.
- **Stress Relieving Oven-** Stress Relieving Ovens relieve the stresses of welding, machining, and heat processing. The ovens heat materials to just below the transformation temperature, which helps eliminate stress caused by welding or machining. Once the parts have been heated thoroughly, they are then cooled in a controlled way to alleviate stress.

**LDM Capabilities:**

- Manufacturing Facility (80,000 square feet) with 150-ton crane equipment.
- In-house sandblasting, painting and bake ovens.
- Expertise in design, engineering, and product management with the ability to fabricate dam sections measuring 100 ft in width and more than 150 ft in height.
- Industry certifications in welding (AWS), steel construction (AISC), hydraulics (AGMA), and steel coatings/painting (SSPC QP3).

**RDC Existing Relationships:**

- Linita Design & Manufacturing Corp. received a \$750,000 RDC term loan in February 2013. The funds were used to purchase equipment, inventory and to hire new employees. All payments were made as agreed, and the loan was paid in full on 12/1/2020.

**II. Project Description:**

Linita Design & Manufacturing Corp. has applied for a \$750,000 RDC Business Loan to assist the company with its working capital needs that will arise in 2023 because of the increased project activity. The company has a backlog of projects totaling \$22 million and is currently negotiating two other projects which are the largest hydropower projects over the past 50 years. Both projects total \$30 million and will further add to LDM's project backlog that will extend into 2026. LDM is highly respected in the hydropower industry, an industry that has exploded given the Federal Government prioritizations. Specifically, the funds will be used to hire approximately 15 employees over the next 2 years, materials, supplies, freight, and subcontractors.

**III. Company Management:**

**Carlos Vera, Owner/President-**Mr. Vera manages the daily operations of Linita Design & Manufacturing Corp. He joined LDM in 1991 as a design engineer. He was largely responsible for LDM's move into the water control market in the mid 90'S and was instrumental in helping to grow sales outside of Ontario, the company's original location. Mr. Vera introduced water control gates to LDM's product line and designed the first water control gates for the Portage Dam in Ontario. Mr. Vera purchased the Company from its original owner Val Porcatello in 2003. Mr. Vera formed a U.S corporation in 2009 and transferred the company's manufacturing operations to Lackawanna. In 2009, through an affiliated real estate holding company, Carloti Holdings, he purchased an 80,000 square foot plant from Gibraltar Steel.

**Sean Greenhouse, COO-** Mr. Greenhouse joined Linita Design & Manufacturing Corp in 2012 as Manager of Sales and Client Relations and HR Coordinator. He evolved from Sales and HR to Purchasing and day to day operations for LDM. In 2019 he was named COO. He is a graduate of St. Josephs Collegiate Institute, obtained a BA of Communications from Buffalo State College in 2005. He went on to obtain an MLO of Organizational Leadership from Medaille College in 2009.

**Charles Papia-, CFO-**Mr. Papia manages all accounting and cash management activities at Linita Design & Manufacturing Corp. He has over 30 years of management experience in construction and manufacturing. He is experienced in budgeting, cost systems, general management, construction project management, materials management. Prior to joining LDM he was Financial Reporting Manager for A.W. Farrell & Son. Inc, a construction company located in Dunkirk NY.

#### **IV. Job Creation:**

- The loan will enable the business to retain its 40 full-time equivalent employment positions and create an additional 15 full-time positions upon completion of the project over the next three years. Ten (10) of the jobs will be for welders/manufacturing personnel that will range in pay from \$24-\$30/hour, plus health benefits paid at 90%. The remaining five (5) jobs will be for management support positions and range in salary from \$60k - \$90k, plus health benefits paid at 90%.

#### **V. Strengths and Weaknesses:**

##### **Strengths:**

- Strong experienced management team that has successfully navigated turbulent economic conditions.
- The company was recently awarded several large projects which should generate enough cash flow to service the proposed RDC loan and all company debt.
- The company previously paid off a RDC term loan of \$500,000 with no late payments.
- The recent government infrastructure bill and emphasis on clean energy will supply ample opportunities for future contracts.
- The Inflation Reduction Act elevated hydropower to the same status as solar, providing significant tax incentives to developers.
- The RDC will have sufficient collateral to secure the RDC loan.
- The creation of 15 FTE employment positions.
- The company's leverage position has improved significantly over the past 5 years.
- Good personal credit and net worth of the guarantors.

**Weaknesses:**

- Recent operating losses.
- The long operating cycle of the business can create cash flow issues at certain times.
- A future outbreak of COVID-19 could impact business by creating unforeseen project delays, ultimately affecting the cash flow and profitability of the company. However, LDM projects are considered high priority and its anticipated the company will be deemed an essential business.

**VI. Recommendation:**

Based on the above analysis, it is recommended the \$750,000 RDC Term Loan be approved based on the following terms and conditions:

<b>Loan Amount:</b>	\$750,000
<b>Interest Rate:</b>	4%
<b>Loan Amortization:</b>	84 months
<b>Loan Term:</b>	96 months; 1 <sup>st</sup> year of the loan will require interest only payments.
<b>Monthly P&amp;I payment:</b>	\$10,251.60
<b>Commitment Fee:</b>	\$3,750.00

**Security/Collateral:**

- 2nd lien on all business assets behind Five Star Bank.
- The unlimited personal guaranty of Carlos and Eva Vera.
- Corporate guaranty of Carloti Holdings LLC (R/E Holding Company)

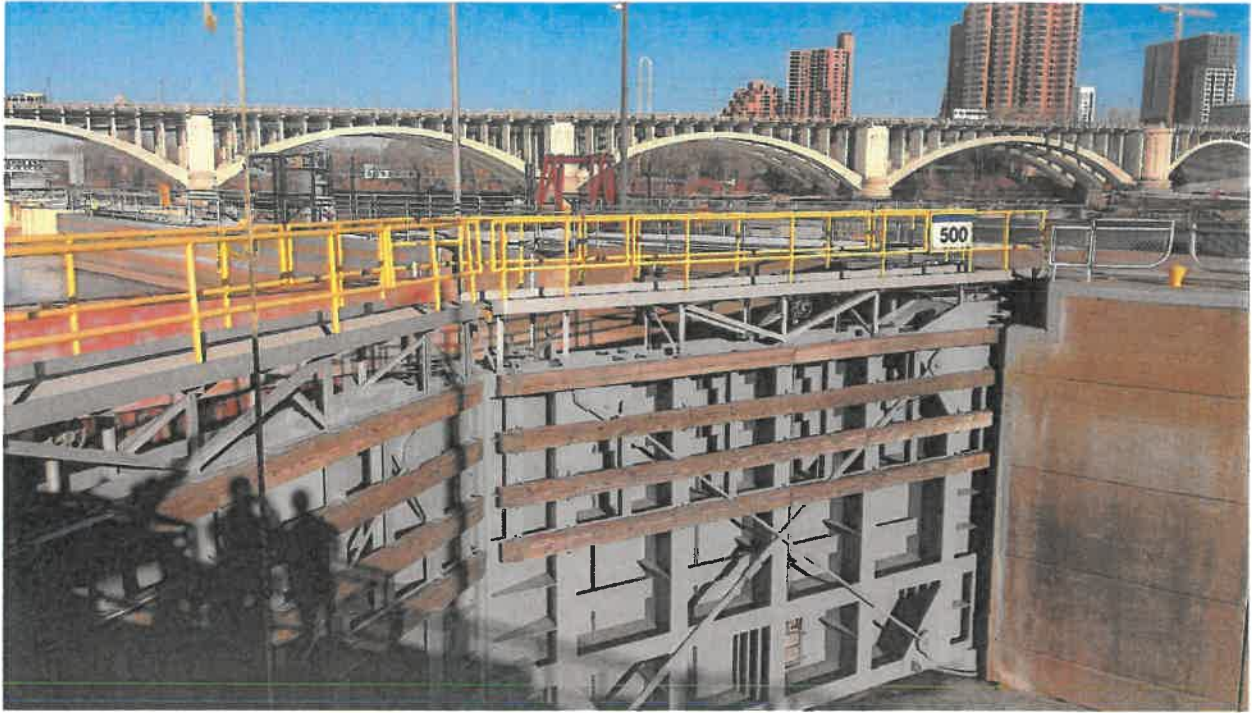
**Loan Conditions:**

- Annually, receipt of reviewed financial statements and/or Federal Tax Returns containing all schedules within 120 days of Year End.
- Annually, receipt of personal Federal Tax Returns with all schedules for each guarantor(s) within 120 days of Year End.
- Receipt of annual Personal Financial Statements for all guarantor(s).
- Annual receipt of employment survey.
- Annual site visit by RDC staff.
- All closing costs to be paid by the borrower.





**Glenmore Dam**



**Upper St Anthony Dam**



**Yards Creek Pumped Storage**



**RDC Loan Analysis**

<b>Borrower:</b>	Top Seedz Foods, LLC	<b>Structure:</b>	Limited Liability Corp (LLC)	<b>Year Established:</b>	2017
<b>Address:</b>	247 Cayuga Rd.	<b>City:</b>	Cheektowaga	<b>Zip:</b>	14225
<b>Website:</b>	Topseedz.com	<b>NAICS:</b>	311919	<b>SIC:</b>	2096
<b>Loan Amount:</b>	\$750,000	<b>Interest Rate:</b>	4%	<b>Term:</b>	90 months (1 <sup>ST</sup> 6 mos. Int. only)
<b>Monthly Payment:</b>	\$10,251.60	<b>Contact Name:</b>	Rebecca Brady	<b>Site Visit:</b>	TBD
<b>Purpose:</b>	Equipment	<b>Jobs Existing:</b>	29	<b>Jobs to be created</b>	7.5

**SOURCES AND USES**

<b>Sources:</b>	<b>Amount</b>	<b>% of Project</b>
RDC Loan	\$750,000	30%
M&T Bank	\$750,000	30%
Equity	\$1,000,000	40%
<b>Total Sources</b>	<b>\$2,500,000</b>	<b>100%</b>
<b>Uses:</b>		
<b>Uses:</b>	<b>Amount</b>	<b>% of Project</b>
RDC Loan		
Equipment/Working Capital	\$750,000	30%
M&T Bank		
Equipment/Working Capital	\$750,000	30%
Equity		
Equipment	\$1,000,000	60%
<b>Total Uses</b>	<b>\$2,500,000</b>	<b>100%</b>
<b>Dollars Leveraged:</b>	<b>\$1,750,000</b>	<b>70%</b>

**COLLATERAL AND SECURITY**

<b>Collateral:</b>	2nd lien on all business assets behind M&T Bank. Keyman life insurance of \$750,000
<b>Guarantors:</b>	Unlimited personal guarantees of Rebecca and William Brady

**SUPPLEMENTAL INFORMATION**

<b>Fund Criteria:</b>	<b>Job Creation:</b> <input checked="" type="checkbox"/> <b>Job Retention:</b> <input checked="" type="checkbox"/> <b>Target Industry:</b> <input checked="" type="checkbox"/> <b>WBE:</b> <input checked="" type="checkbox"/>
<b>Eligibility:</b>	<b>Bank Declination:</b> <input checked="" type="checkbox"/> <b>Financing Gap:</b> <input checked="" type="checkbox"/> <b>Target Area:</b> <input checked="" type="checkbox"/>
<b>Recommended By:</b>	Gerald Manhard and Daryl Spulecki
<b>Loan Committee Vote:</b>	<b>Approved:</b> <input type="checkbox"/> <b>Declined:</b> <input type="checkbox"/>
<b>Date:</b>	<b>Signatures:</b>

## **I. History/Background:**

Rebecca Brady, a native of New Zealand, relocated from Singapore and Japan to Western New York in 2015 when her husband William's job brought them here (Engineer at Moog.). Rebecca had been out of the work force for 10 years, which she spent raising their 3 children, and realized, although she had much experience in corporate marketing, the gap in employment made it difficult to land a job. She quickly realized she needed to reinvent herself. In her new home of Western New York, Rebecca, an avid tennis, and squash player, was always making healthy snacks, packed with nutrient dense seeds. The crackers are made from a mix of pumpkin, flax, sunflower seeds, chia, and hemp. Arrowroot, olive oil, and hot water hold it all together. The crackers are organic, gluten free, and vegan. After initial positive feedback in 2017 she rented commissary space with ovens at the Quaker Bonnet on the West Side of Buffalo and began producing the crackers. She sold the snacks under the name Top Seedz at local farmers markets and other local spots like Horsefeathers Winter Market on Connecticut St. in Buffalo. She then approached the leadership team at Wegmans on Transit Rd. to gauge their interest in carrying her products. She received positive feedback from the store, and they began carrying her products. To date, all 107 Wegmans grocery stores now carry Top Seedz.

As demand grew for the snacks the company had to increase its production capabilities and soon moved to its current location at 247 Cayuga Rd. Cheektowaga. The manufacturing space is 6,000 square feet and is leased from the NFTA. The company currently has 29 part-time employees, a majority of which are refugees that Rebecca connected with through Journeys End refugee group.

Besides Wegmans the snacks are now carried in Whole Foods, Tops Markets, Giant, Home Goods, Erewhon, and the Lexington Co-Op. To date they are producing 70,000 boxes a month which are being distributed to 600 stores nationwide. The company's growth plan is to be in 6500 stores by 2027.

In 2017, the company received a \$50,000 Ignite Buffalo Grant which assisted them with making the move to its current location. In 2021, the company won \$1 million from the 43 North in their annual start-up competition due to their quality product, management, and overall business plan.

## **II. Project Description:**

The business has applied for a \$750,00 RDC Business Loan to assist with purchasing equipment needed for phase 2 of their expansion. Because of rising demand for their product, the company is moving its production, warehouse, and office operations from 257 Cayuga St. Cheektowaga to 101 Oak St in Buffalo. The company will be moving from 6,000 square feet of space to 35,000 square feet to meet its surging demand. The facility on Oak St. is located across the street from Braymillers Market. This will enable the company to go from producing 1 million boxes of crackers a year to 6 million boxes a year.

The total project cost will be \$2.5M. M&T Bank will be participating in this project and lending \$750,000 for equipment and working capital. The company is injecting \$1M (43 North prize) into the project to cover some of the soft costs, working capital and equipment. and working capital associated with the expansion project. The RDC has been asked to assist with a term loan to help provide the GAP financing needed to complete the project as M&T Bank's credit exposure for a project of this type limits the amount they can lend.

By relocating to the larger facility, the company will be able to automate some of its labor intensive (by hand) production and packaging. Automation will save time and increase efficiency. The new space also offers more room for storage and administrative offices. This will create the need for a minimum of 7 full-time equivalent employment positions and retain the 29 part time positions they have currently. It will also be an easier commute for its

employees as a majority live in the City of Buffalo. This is an ideal location for East Buffalo residents seeking work close to where they live, as well as those who rely on public transportation.

Additionally, Empire State Development is in the process of approving a \$315K Excelsior Jobs Tax Credit in exchange for promised job commitments over the next 5 years.

### **III. Company Management:**

Rebecca Brady-100% owner, CEO: Rebecca manages all aspects of the business including sales, marketing, product introduction, production, and delivery. Built the Top Seedz company and brand from the ground up. She successfully launched products in prominent retail and eatery establishments in the Buffalo region. The company was an Ignite Buffalo grant winner in July 2018. Established new production facility in late 2018 and currently expanding sales in the US. Before becoming a stay-at-home mom, she worked for in corporate marketing for firms in New Zealand, Singapore, and Japan. She holds Bachelor of Commerce & Administration from Victoria University of Wellington NZ.

William Brady-COO: William assists with all things' operations. He has been employed by Moog since 2016 as Director of Supplier Quality Engineering. Prior to Moog, he was Engineering Manager for the Asia Pacific region for Industrial Machinery Solutions in Japan and was Engineering Manager for Mitsubishi Chemical Corporation in Singapore. He holds a Bachelor of Engineering from University College Dublin, a master's in Project Development from University College of Dublin, and a MBA from Alliance Manchester Business School.

### **IV. Job Creation:**

- The loan will enable the business to retain its 29 full-time equivalent employment positions and will create an additional 7.5 full-time positions upon completion of the project. Currently, most of the company's employees are refugees and City of Buffalo residents who reside in distressed census tracts. The 7 jobs being created are good-paying jobs and will consist of: Production Technicians and a Warehouse Technician - \$55k each; Marketing Manager - \$65k; Sales Representative - \$75k; Plant Engineer and Manufacturing Engineer - \$80k each; and an Operations Manager - \$120k. In addition to the salary received, the positions will receive health and other benefits estimated at 15% of the salary.

### **V. Strengths and Weaknesses:**

#### **Strengths:**

- Growing customer base and strong relationships with large grocery chains, e-commerce and market-place websites.
- Increasing sales trend since inception of the company in and the business has been profitable every year.
- The projections appear to be reasonable and attainable and generate more than sufficient cash flow to cover the proposed debt service.
- Strong experienced management team that is well known throughout the community.
- Most of the company's employees are refugees and City of Buffalo residents who reside in distressed census tracts. The new location will provide easier access to work.
- A majority of the company's employees reside in distressed census tracts.
- The creation of a minimum of 7.5 full-time equivalent positions in addition to helping retain 29 jobs
- Good personal credit and net worth of the guarantors.
- 43 North \$1 million award winner
- The product is unique and serves a niche market.

**Weaknesses:**

- Company is relatively new and faces competition from more established health snack companies and lower cost products.
- Current economic conditions and the extent of the impact on the company's operational and financial performance will depend on further developments and its impact on clients, employees, and other related businesses, all of which cannot be predicted.
- RDC is in a subordinate collateral position.

**VI. Recommendation:**

Based on the above analysis it is recommended the \$750,000 RDC Term Loan be approved based on the following terms:

**Loan Amount:** \$750,000  
**Interest Rate:** 4%  
**Loan Amortization:** 84 months  
**Loan Term:** 90 months (first six months will require interest only payments).  
**Monthly P&I payment:** \$10,251.60  
**Commitment Fee:** \$3,750.00

**Security/Collateral:**

- 2nd lien on all business assets behind M&T Bank
- Keyman life insurance of \$750,000 Rebecca Brady
- The unlimited personal guaranty of Rebecca and William Brady

**Loan Conditions:**

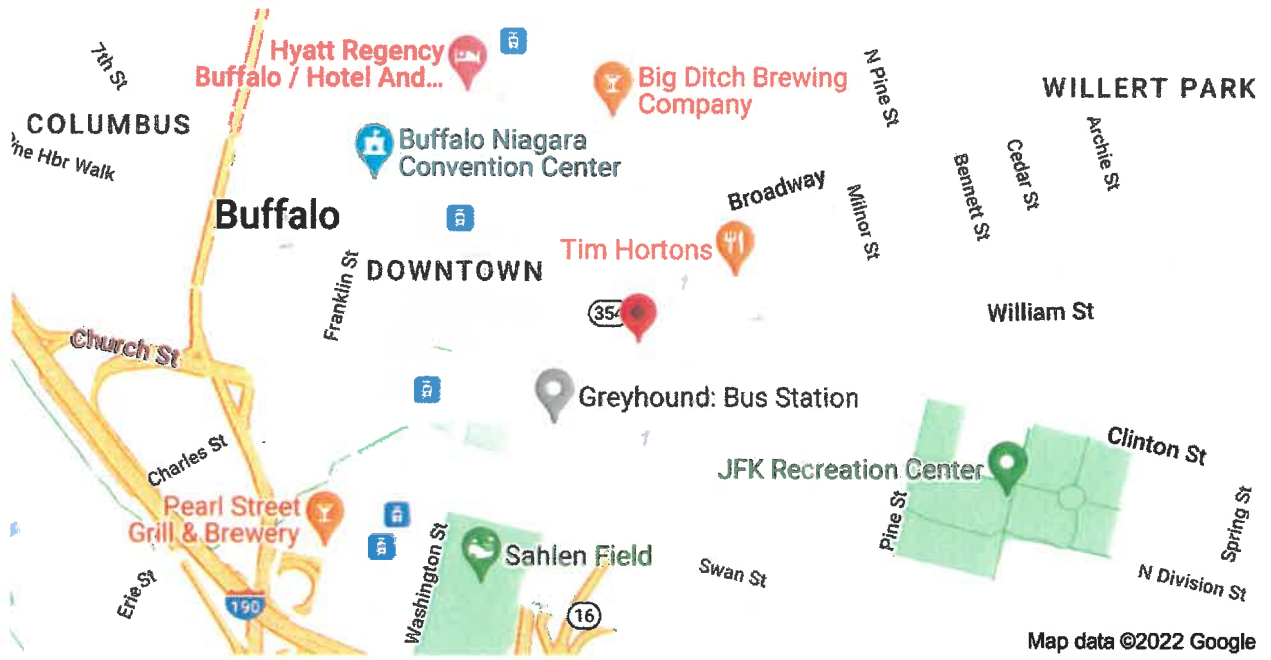
- Annually, receipt of financial statements and/or Federal Tax Returns containing all schedules within 120 days of Year End.
- Annually, receipt of personal Federal Tax Returns with all schedules for each guarantor(s) within 120 days of Year End.
- Receipt of annual Personal Financial Statements for all guarantor(s).
- Annual receipt of employment survey.
- Annual site visit by RDC staff.
- Closing costs to be paid by the borrower.







247 Cayuga Rd. Cheektowaga



101 Oak St. Buffalo