



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

**September 25, 2024
At 12:00 p.m.**

**ECIDA Offices
95 Perry Street, 4th Floor Conference Room
Buffalo, New York 14203**

- 1.0 Call to Order**
- 2.0 Approval of Minutes**
 - 2.1 Approval of August 28, 2024 Minutes of the Board of Directors (Action Item) (Pages 2-3)
- 3.0 Reports / Action Items / Information Items:**
 - 3.1 Financial Report (Informational) (Pages 4-7)
 - 3.2 Finance & Audit Committee Update (Informational) (Page 8)
 - a) 2025 Budget Timetable (Informational) (Page 9)
 - b) Review of 2025 Proposed Budget (Informational) (Pages 10-14)
 - 3.3 Loan Status Report (Informational) (Page 15)
- 4.0 Management Team Reports:**
 - 4.1 2025 Board Meeting Schedule (Informational) (Page 16)
- 5.0 Adjournment- Next Meeting - Meeting October 23, 2024**

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

DATE AND PLACE: August 28, 2024, at the Erie County Industrial Development Agency, 95 Perry Street, 4th Floor Conference Room, Buffalo, New York 14203

PRESENT: Denise Abbott, Rev. Mark Blue, Thomas Emmerling, Tyra Johnson, Richard Lipsitz, Jr., Brenda McDuffie¹, Glenn R. Nellis, Hon. Brian Nowak, Hon. Mark C. Poloncarz, Hon. Christopher Scanlon and Kenneth A. Schoetz

EXCUSED: Patrick Boyle, Hon. Bryon W. Brown, James Doherty, Hon. Joseph Emminger, Dottie Gallagher, Michael P. Hughes and Hon. Brian Kulpa

OTHERS PRESENT: John Cappellino, President & CEO; Mollie Profic, Chief Financial Officer; Jerry Manhard, Chief Lending Officer; Atiqa Abidi, Accounting Manager; Grant Lesswing, Director of Business Development; Carrie Hocieniec, Operations Assistant/Assistant Secretary; Soma Hawramee, Compliance Portfolio Manager; Brian Krygier, Director of Information Technology; Michelle Moore, Compliance Associate; Lori Szewczyk, Director of Grants; Robbie Ann McPherson, Director of Marketing & Communications; and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC

GUESTS: Zachary Evans on behalf of Erie County; Jason Hurley on behalf of Erie County; Yessica Vasquez on behalf of City of Buffalo; Jonathan Epstein on behalf of the Buffalo News; Randy Huggins and Craig Caldwell² on behalf of Agile Cold Storage; and David Smith, Tom Smith and Christopher Sansone on behalf of Secondary Services

There being a quorum present at 12:46 p.m., the meeting of the Buffalo and Erie County Regional Development Corporation (the "RDC"), was called to order by its Vice Chair, Mr. Lipsitz.

¹ Ms. McDuffie participated via video conference pursuant to Section 103-A of the New York State Public Officer's Law and the Agency's Videoconferencing Participation Policy.

² Mr. Caldwell participated via video conference.

MINUTES

The minutes of the May 29, 2024, meeting of the members, were presented. Mr. Blue moved, and Mr. Poloncarz seconded, to approve of the minutes. Mr. Lipsitz called for the vote, and the minutes were then unanimously approved.

REPORTS/ACTION ITEMS/INFORMATION ITEMS

Financial Report. Ms. Profic presented the July financial reports. The balance sheet shows that the RDC finished the month with total assets of \$23.1M, consisting of cash and loans receivable. Liabilities reflect amounts due to ECIDA for estimated 2024 costs. Fund balance is \$22.9M. The July income statement reflects \$49,500 of loan interest income, and \$34,000 of expenses. After non-operating revenue of \$21,500, net income for July was \$36,750. The year-to-date income statement shows operating revenue of \$362,000, \$229,000 of operating expenses, and \$89,000 of non-operating revenue, combining for net income of \$222,523 so far in 2024. Loan interest income is about \$74,000 below budget, due mostly to loan payoffs received early in 2024 that were not budgeted for. Mr. Lipsitz directed that the report be received and filed.

Finance and Audit Committee Update. Ms. Profic advised members that the Committee reviewed the first drafts of the budgets for ECIDA/RDC/ILDC. The Committee will meet again in September and make recommendations to the Boards.

Loan Status Report. Mr. Manhard provided this report to Board members. Mr. Lipsitz directed that the report be received and filed.

APPROVAL OF THE FOLLOWING LOAN CASE

THSPCD, LLC d/b/a Secondary Services Inc., 757 East Ferry Street, Buffalo, New York 14211, \$2,000,000 84-month term loan, secured and guaranteed. Mr. Manhard provided a summary of this loan request. General discussion ensued. Ms. Abbott moved, and Mr. Nellis seconded to approve the loan. Mr. Lipsitz called for a vote and the motion was approved 10-1 with one abstention by Mr. Emmerling.

There being no further business to discuss, Mr. Lipsitz adjourned the meeting at 1:00 p.m.

Dated: August 28, 2024

Elizabeth A. O'Keefe, Secretary

Regional Development Corporation

Financial Statements

As of August 31, 2024

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Balance Sheet
August 31, 2024

	August 2024	July 2024	December 2023
ASSETS:			
Restricted Cash and Equivalents**	\$ 7,288,469	\$ 7,009,596	\$ 4,004,723
Accounts Receivable	290,140	281,061	282,734
Direct Loans *	15,980,945	16,204,837	19,102,476
Reserve for Loan losses	(394,000)	(394,000)	(394,000)
Total Loan Assets, net	<u>15,586,945</u>	<u>15,810,837</u>	<u>18,708,476</u>
TOTAL ASSETS	<u>\$ 23,165,554</u>	<u>\$ 23,101,494</u>	<u>\$ 22,995,933</u>
LIABILITIES & NET ASSETS			
Accounts Payable	\$ -	\$ -	\$ 2,043
Deferred Revenue	-	-	12,509
Due to ECIDA	224,793	197,918	300,327
Total Liabilities	<u>224,793</u>	<u>197,918</u>	<u>314,880</u>
Restricted Fund Balance	<u>22,940,761</u>	<u>22,903,576</u>	<u>22,681,053</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 23,165,554</u>	<u>\$ 23,101,494</u>	<u>\$ 22,995,933</u>

* Loan Portfolio Summary:	August 2024	July 2024	December 2023
# of Legacy RLF Loans	34	34	38
# of CARES Act RLF Loans	27	27	28
	<u>61</u>	<u>61</u>	<u>66</u>

** Cash and restricted cash is invested in interest bearing accounts at M&T Bank and obligations of the United States of America at Wilmington Trust. The maximum FDIC insured amount = \$250,000 with the remainder of the cash balance collateralized with government obligations by the financial institution. Collateral is not required for U.S. government obligations.

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Income Statement
Month of August 2024

	Actual vs. Budget		
	Actual	Budget	Variance
REVENUES:			
Interest Income - Loans	\$ 47,685	\$ 60,000	\$ (12,316)
Administrative Fees	-	1,146	(1,146)
Other Income	-	208	(208)
Total Revenues	47,685	61,354	(13,670)
EXPENSES:			
Management Fee - ECIDA*	24,000	24,000	-
Rent & Facilities Expenses	2,200	2,267	(67)
Professional Services	176	12,917	(12,740)
General Office Expenses	-	333	(333)
Other Expenses	825	1,481	(657)
Total Expenses	27,201	40,998	(13,797)
OPERATING INCOME(LOSS):	20,484	20,356	127
NONOPERATING REVENUE:			
Interest Income	16,595	1,692	14,903
Total Nonoperating Revenue	16,595	1,692	14,903
NET INCOME/(LOSS):	\$ 37,078	\$ 22,048	\$ 15,030

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2024 budgeted figures.

REGIONAL DEVELOPMENT CORPORATION ("RDC")

Income Statement

Year to Date: August 31, 2024

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
REVENUES:						
Interest Income - Loans	\$ 393,840	\$ 480,000	\$ (86,160)	\$ 393,840	\$ 423,722	\$ (29,881)
Administrative Fees	3,650	9,167	(5,517)	3,650	21,250	(17,600)
Grant Income - CARES Act RLF	12,509	-	12,509	12,509	24,613	(12,103)
Other Income	16	1,667	(1,651)	16	417	(401)
Total Revenues	410,016	490,833	(80,818)	410,016	470,001	(59,985)
EXPENSES:						
Management Fee - ECIDA*	192,000	192,000	-	192,000	187,200	4,800
Provision for Loan Losses	-	87,500	(87,500)	-	(986)	986
Rent & Facilities Expenses	17,600	18,133	(533)	17,600	17,600	-
Professional Services	25,204	34,600	(9,396)	25,204	27,199	(1,995)
General Office Expenses	1,075	2,667	(1,592)	1,075	362	713
Other Expenses	20,107	11,850	8,257	20,107	14,295	5,812
Total Expenses	255,986	346,750	(90,764)	255,986	245,670	10,315
OPERATING INCOME(LOSS):	154,030	144,083	9,947	154,030	224,331	(70,301)
NONOPERATING REVENUE:						
Interest Income	105,678	13,533	92,144	105,678	50,412	55,266
Total Nonoperating Revenue	105,678	13,533	92,144	105,678	50,412	55,266
NET INCOME/(LOSS):	\$ 259,708	\$ 157,617	\$ 102,091	\$ 259,708	\$ 274,742	\$ (15,035)

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2024 budgeted figures.



To: ECIDA, RDC & ILDC Boards of Directors
From: Michael Szukala, Chair
Date: September 25, 2024
Re: Finance & Audit Committee Report

In accordance with its Committee Charter, the Finance & Audit Committee is required to “report its actions and recommendations to the Board at each regular meeting of the Board following a meeting of the Finance and Audit Committee and when otherwise requested by the Board”. This report is prepared to satisfy this requirement.

A joint meeting of the ECIDA, RDC & ILDC Finance & Audit Committee was held on September 17, 2024. Committee members present were: Michael Szukala, Chair, Patrick Boyle, Allison DeHoney, Thomas Emmerling, Glenn Nellis, and Brian Nowak. The following items were reviewed:

- 1) Draft 2025 ECIDA Operating & Capital Budget + 3 Year Forecast
The Committee reviewed this item and recommended it for approval by the ECIDA Board of Directors.
- 2) Draft 2025 RDC Operating Budget + 3 Year Forecast
The Committee reviewed this item and recommended it for approval by the RDC Board of Directors.
- 3) Draft 2025 ILDC Operating Budget + 3 Year Forecast
The Committee reviewed this item and recommended it for approval by the ILDC Board of Directors.
- 4) The Committee discussed the overall budget process and economic factors that impact each entity’s budget. They also reviewed the 2025 budget timeline.

**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (ECIDA)
 BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORP (RDC)
 BUFFALO & ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORP (ILDC)**

2025 Budget Process

<u>Date</u>	<u>Description</u>	
July-August	Review of draft 2025 budgets by ECIDA management. (a) Prioritize any proposed budget requests for initiatives. (b) Formal budget requests compiled.	✓
August 20	Finance & Audit Committee meeting – initial review and discussion of proposed budgets.	✓
September 17	Finance & Audit Committee meeting to discuss any updates/recommend proposed budgets to Boards.	✓
September 25	Review of 2025 proposed budgets at Board meetings.	
October 3 10:30 a.m.	Board Q&A budget session #1 <u>in person</u> (voluntary).	
October 8 10:00 a.m.	Board Q&A budget session #2 <u>via zoom</u> (voluntary).	
October	Adjustments to budget based on Board feedback and Finance & Audit Committee recommendation of final budgets (<i>if necessary</i>).	
October 23	Board meetings – action to approve final 2025 budgets.	
November 1	Deadline for final approved budgets to be submitted to the ABO.	

**Buffalo & Erie County
Regional Development Corporation**

Proposed 2025 Budget

Regional Development Corporation (RDC)

2025 Budget + 3 Year Forecast

The Buffalo and Erie County Regional Development Corporation (“RDC”) operates two revolving loan funds (“RLF”) that provide loans to eligible businesses under each RLF’s lending parameters. One, the Coronavirus Aid, Release, and Economic Security (CARES) Act RLF, has federal restrictions.

A. Key Budget Assumptions:

In 2025, the RDC expects to fund new loans of around \$1.8 million. This is expected to be offset by approximately \$1.3 million in loan repayments to the RLFs. Interest income on loans is expected to be around \$600,000 for 2025, which represents a modest 1.6% increase from the \$591,000 projected for 2024.

B. Overview of Changes in 2025 Budget:

Key changes between the 2025 budget and the projected 2024 results are:

- The ECIDA Management Fee represents a fee charged by the ECIDA for services that its employees provide to the revolving loan funds, since RDC has no employees of its own. The fee is expected to increase by \$7,000 or 2.6% in 2025 due to anticipated increases in ECIDA staff salaries and benefits.
- The budgeted amount for the provision for loan losses is \$300,000 for 2025. The provision represents approximately 2.4% of the estimated active loan portfolio balance. The mission of the RDC is to deal primarily with businesses unable to adequately finance operations through normal commercial banking channels. Historically, the loan fund has been a working capital lender, rather than a fixed asset lender, taking junior collateral positions. The CARES Act RLF operates with a higher risk tolerance than our legacy RLF, which will likely result in higher loan losses. The charge-off rate for loans issued over the past 10 years is about 4.5%, versus a historical portfolio charge-off rate of approximately 5%.

C. Summary of Risk Factors Impacting the 2025 Budget:

The following significant risk factors may influence the 2025 budget:

1. Due to the numerous uncertainties, value of collateral, guarantees, etc., RDC’s actual loan losses may vary significantly from the loan loss amount budgeted.
2. Interest income may vary from the budgeted amount as the budget is based on an estimate of active loans. Due to economic factors and the overall business climate, loans closed could vary significantly from estimates.

**BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION ("RDC")
Proposed Budget for 2025**

	Proposed Budget 2025	Approved Budget 2024	Projected 2024	Actual 2023
REVENUES:				
Interest Income - Loans	\$ 600,000	\$ 720,000	\$ 590,761	\$ 652,208
Administrative Fees	17,500	13,750	3,650	21,250
Grant Income	-	-	12,509	84,596
Other Income	2,500	2,500	24	1,211
Interest Income - Cash & Investments	77,700	20,300	123,771	72,599
Total Revenues	697,700	\$ 756,550	\$ 730,714	\$ 831,864
EXPENSES:				
ECIDA Management Fee*	278,000	288,000	271,000	263,022
Provision for Loan Losses	300,000	350,000	-	(25,986)
Rent & Facilities Expenses	29,000	27,200	24,000	23,778
Professional Services	37,800	51,900	29,356	38,358
General Office Expenses	9,275	3,500	1,775	1,323
Marketing Expense	18,000	18,275	28,273	25,200
Total Expenses	672,075	738,875	354,404	325,694
NET INCOME/(LOSS):	\$ 25,625	\$ 17,675	\$ 376,311	\$ 506,170

* Represents an allocation of salary and benefit costs from the ECIDA based on staff time charged to the RDC.

	<u>2025 Budget</u>	<u>2024 Budget</u>
Provision for Loan Losses		
Estimated Loan Balance	\$ 16,380,000	\$ 20,078,000
Provision for Loan Losses	\$ 300,000	\$ 350,000
Percentage of Loans	1.8%	1.7%
	<u>Legacy Fund</u>	<u>CARES Act RLF</u>
Capital Base	\$ 18,544,268	\$ 5,013,251
Loans outstanding at 8/31/24	12,609,542	3,371,282
Balance remaining	\$ 5,934,726	\$ 1,641,969

BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION ("RDC")
Proposed Budget and Three Year Forecast 2026-2028

	Proposed Budget 2025	Forecast 2026	Forecast 2027	Forecast 2028
REVENUES:				
Interest Income - Loans	\$ 600,000	\$ 605,000	\$ 610,000	\$ 615,000
Administrative Fees	17,500	15,000	15,000	15,000
Other Income	2,500	5,000	5,000	5,000
Interest Income - Cash & Investments	77,700	50,000	50,000	50,000
Total Revenues	697,700	675,000	680,000	685,000
EXPENSES:				
ECIDA Management Fee*	278,000	284,000	290,000	296,000
Provision for Loan Losses	300,000	300,000	300,000	300,000
Rent & Facilities Expenses	29,000	28,000	28,000	28,000
Professional Services	37,800	40,000	40,000	40,000
General Office Expenses	9,275	3,500	3,500	3,500
Marketing Expense	18,000	10,000	10,000	10,000
Total Expenses	672,075	665,500	671,500	677,500
NET INCOME/(LOSS):	\$ 25,625	\$ 9,500	\$ 8,500	\$ 7,500

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to the RDC.

BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION ("RDC")
Proposed Budget for 2025
Presented by Fund

	Proposed Budget 2025	Legacy Fund	CARES Act RLF
REVENUES:			
Interest Income - Loans	\$ 600,000	\$ 560,000	\$ 40,000
Administrative Fees	17,500	12,500	5,000
Other Income	2,500	2,500	-
Interest Income - Cash & Inv.	77,700	71,500	6,200
Total Revenues	697,700	646,500	51,200
EXPENSES:			
ECIDA Management Fee*	278,000	238,000	40,000
Provision for Loan Losses	300,000	200,000	100,000
Rent & Facilities Expenses	29,000	16,820	12,180
Professional Services	37,800	18,410	19,390
General Office Expenses	9,275	3,100	6,175
Marketing & Other Expenses	18,000	16,775	1,225
Total Expenses	672,075	493,105	178,970
NET INCOME/(LOSS):	\$ 25,625	\$ 153,395	\$ (127,770)

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to the RDC.



**Loan Status Report
September 2024**

<u>RDC Loans Approved Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
THSPCD, LLC dba Secondary Source	Buffalo	\$2,000,000

<u>RDC Loans Closed Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
None		

<u>Loans in Closing Process</u>	<u>Municipality</u>	<u>Amount</u>
THSPCD, LLC dba Secondary Source	Buffalo	\$2,000,000

<u>Loans in the Pipeline</u>	<u>Municipality</u>	<u>Amount</u>
2	Various	\$2,150,000

<u>2024 - Loans Closed</u>	<u>YTD Loan Total</u>	<u>Jobs to be Created</u>	<u>Retained Jobs</u>	<u>Dollars Leveraged</u>
4	\$780,000	21	47	\$4,260,000
MBE/WBE Loans: 3				
1-MBE; 2-WBE				

Loan Portfolio Performance

Past Due Loans:

<u>Name</u>	<u>Loan Balance</u>	<u>Principal/Interest Amount Past Due</u>	<u>Days Past Due</u>	<u>Comments</u>
Affordable Technology Solutions	\$28,456	\$28,456	360+	Borrower filed Chapter 13 Bankruptcy. Proof of Claim filed. Attorneys monitoring case.

Portfolio Delinquency Rate (90+ day Past Due Outstanding Loan Balance *divided by* Portfolio Balance):

\$28,456 / \$16,022,233 = **0.18% Delinquency Rate** (62 total loans in portfolio)

RDC Funds Available to Lend: \$5,530,331



**ECIDA & RDC Board of Directors
Monthly Meeting Schedule - 2025
4th Wednesday of the Month except for November & December**

**ECIDA Offices – 95 Perry Street, 4th Floor Conference Room, Buffalo, NY 14203
at 12:00 p.m.**

January 22

February 26

March 26

April 23 (Annual Meeting)

May 28

June 25

July 23

August 27

September 24

October 22

November 19

December 17