

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

DATE AND PLACE: September 25, 2019, at the Erie County Industrial Development Agency, 95 Perry Street, 5th Floor ESD Conference Room, Buffalo, New York 14203

PRESENT: Rev. Mark E. Blue, Hon. Joseph H. Emminger, Dottie Gallagher, Hon. Howard Johnson, Tyra Johnson, Brenda W. McDuffie, John J. Mudie, Hon. Glenn R. Nellis, Hon. Mark C. Poloncarz, Sister Denise Roche, Kenneth A. Schoetz and Art Wingerter

EXCUSED: Hon. Diane Benczkowski, Hon. Bryon W. Brown, James F. Doherty, Hon. Brian J. Kulpa, Richard Lipsitz, Jr., Hon. Darius G. Pridgen and Charles F. Specht

OTHERS PRESENT: Steve Weathers, Chief Executive Officer; John Cappellino, Executive Vice President; Mollie Profic, Chief Financial Officer; Dawn Boudreau, Compliance Officer; and Karen M. Fiala, Assistant Treasurer/Secretary

GUESTS: Robert G. Murray, Esq., General Counsel/Harris Beach PLLC; Michael Szukala, Chair of the Finance & Audit Committee

There being a quorum present at 1:00 p.m., the meeting of the RDC Board of Directors was called to order by its Chair, Ms. McDuffie.

MINUTES

The Minutes of the August 28, 2019, meeting of the Board of Directors of the RDC were presented. Mr. Poloncarz moved, and Ms. Gallagher seconded, to approve of the minutes. Ms. McDuffie called for the vote and the minutes were unanimously approved.

REPORTS/ACTION ITEMS/INFORMATION ITEMS

Financial Report. Ms. Profic provided a report on the August 2019 financial statements noting that the RDC finished the month of August with total assets of \$17.8 million and net assets of \$17.5 million. The monthly income statement shows net income of \$62,000 for August, with revenues on target with the monthly budget. Total expenses ended up as a negative figure due to an adjustment to the provision for loan losses resulting from collections on a loan that had been fully reserved. The year to date income statement reflects \$379,000 of revenue and

\$1.2 million of expenses, for a net loss of \$811,000 through August. Ms. Profic noted that the provision for loan losses consists primarily of three large loans, and staff is hopeful that attempts to work out the loans will be successful. Any necessary write-offs at year end will be reviewed by the Loan Write-Off Committee. Ms. McDuffie directed that the report be received and filed.

Finance and Audit Committee Update. Mr. Szukala, Chair of the Finance & Audit Committee provided an update on the Finance & Audit Committee meeting held on September 16, 2019. The Committee reviewed the 2020 budget process and reviewed the proposed budgets of the ECIDA, RDC and ILDC. The Committee voted to recommend the proposed 2020 budgets of all three entities, subject to changes of greater than \$100,000 on any one budget line or in total. If there are any additional adjustments to the budgets that need to be reviewed, the Committee will convene in October. Ultimately, the Board will be asked to take action on the budgets in October for submission to the ABO by the November 1st deadline. The Committee also approved the retention of Freed Maxick as independent auditors for the ECIDA, RDC and ILDC for the 2019 audit year. Ms. McDuffie directed that the report be received and filed.

RDC Loan Status Report/Closing Report. Mr. Manhard presented this report. Discussion ensued regarding four delinquent accounts, including whether the names of the delinquent borrowers should be publicly disclosed in consideration of whether such disclosure could further threaten repayment, and/or as to whether public disclosure should be made upon a delinquent and/or just a default determination. Ms. McDuffie further discussed the differences between delinquency and default and the role of public disclosure in consideration of a plan to cure a delinquency.

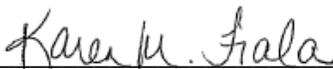
Mr. Weathers stated he will ask the RDC Loan Committee to consider this issue and report back to the RDC board members thereafter.

Ms. McDuffie directed that the report be received and filed.

Review of 2020 Proposed Budget. Ms. Profic reviewed the proposed 2020 budget report and gave a short explanation of changes to the budget for 2020. Budgeted revenues consist mainly of interest income from loans at \$470,000 based on an anticipated \$2.1 million of loans closed by the end of 2019. Budgeted expenses are made up mainly of an ECIDA Management Fee (salary and benefit costs of ECIDA staff based on time spent on RDC) and a Provision for Loan Losses, estimated at 1.4% of projected outstanding loans, established at \$200,000 to be conservative. The budgeted figures result in a budgeted net loss of \$88,000. Ms. McDuffie directed that the report be received and filed.

There being no further business to discuss, Ms. McDuffie then adjourned the meeting at 1:16 p.m.

Dated: September 25, 2019



Karen M. Fiala, Secretary