



**Buffalo and Erie County Regional Development Corporation
Board of Director Meeting
November 20, 2019
@ 12:00 p.m.
95 Perry Street
5th Floor - ESD Conference Room
Buffalo, New York 14203**

1.0 Call to Order

2.0 Approval of Minutes

2.1 Approval of the October 23, 2019 Minutes of the Board of Directors Meeting (Pages 2-3)

3.0 Reports / Action Items / Information Items:

3.1 Financial Report – (Informational) (Pages 4-7)

3.2 Update and Discussion for Reporting Loan Delinquencies (Informational)

3.3 RDC Loan Status Report (Informational) (Page 8)

3.4 Other Business

4.0 Adjournment - Next Meeting December 18, 2019 @ 12:00 p.m.

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

DATE AND PLACE: October 23, 2019, at the Erie County Industrial Development Agency, 95 Perry Street, 5th Floor ESD Conference Room, Buffalo, New York 14203

PRESENT: Denise Abbott, Hon. Diane Benczkowski, Rev. Mark E. Blue, Hon. Joseph H. Emminger, Tyra Johnson, Brenda W. McDuffie, Hon. Glenn R. Nellis, Hon. Mark C. Poloncarz, Sister Denise Roche, Charles F. Specht and Art Wingerter

EXCUSED: Hon. Bryon W. Brown, James F. Doherty, Dottie Gallagher, Hon. Howard Johnson, Hon. Brian J. Kulpa, Richard Lipsitz, Jr., Hon. Darius G. Pridgen and Kenneth A. Schoetz

OTHERS PRESENT: Steve Weathers, Chief Executive Officer; John Cappellino, Executive Vice President; Mollie Profic, Chief Financial Officer; Atiqa Abidi, Assistant Treasurer, Gerald Manhard, Chief Lending Officer, Daryl Spulecki, Credit Analyst, and Karen M. Fiala, Assistant Treasurer/Secretary

GUESTS: Maria Whyte, Deputy County Executive; Andrew Federick, Erie County Senior Economic Development Specialist; Christopher Pawenski, Coordinator, Industrial Assistance Program, of the Erie County Environment & Planning Department; and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC

There being a quorum present at 12:37 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 25, 2019, meeting of the Board of Directors of the RDC were presented. Sister Denise moved, and Mr. Nellis 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 September 2019 financial statements noting that the RDC finished the month of September with total assets of \$17.2 million and net assets of \$16.9 million. The monthly income statement shows a net loss of

\$590,000 for September. Overall revenues were slightly below the monthly budget. Total expenses were \$600,000 over budget for the month due to the quarterly review and adjustment of the loan loss reserve. The year to date income statement reflects \$424,000 of revenue and \$1.8 million of expenses, for a net loss of \$1.4 million through September. 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. Ms. Profic advised that at this meeting the Committee was joined by the Freed Maxick Director in charge of our year end audits, who gave a presentation of the audit plan for the upcoming year end. Ms. McDuffie directed that the report be received and filed.

Approval of 2020 Budget. Ms. Profic provided members with a status update of the 2019 budget process and noted that after the Board's review of the draft last month, there were no changes made requiring additional approval by the Finance & Audit Committee. The main source of revenue, interest income from loans, is budgeted at \$470,000 based on about \$2.0 million of loans closed by the end of 2019. Budgeted expenses are mainly ECIDA management fees (salary and benefits of ECIDA staff based on time spent on RDC activities) and a provision for loan losses, estimated at 1.4% of projected outstanding loans, or \$200,000 to be conservative. The budgeted figures result in a budgeted net loss of \$88,000.

General discussion ensued regarding 2019 projected loan loss expenses compared to budgeted 2020 loan loss expenses.

Mr. Poloncarz asked for a report on delinquent loans and loan status report. Mr. Weathers responded that four loans are in arrears and one loan is delinquent with its lead bank, but current with the RDC. Mr. Weathers continued on to state that the Loan Committee members, at their last meeting, began the process of establishing a policy to permit transparency with respect to delinquent loan disclosure.

Mr. Emminger moved and Sister Denise seconded to approve of the 2020 Budget. Ms. McDuffie then called for the vote and the motion was unanimously approved.

2020 Board Meeting Schedule. Mr. Weathers reviewed the 2020 Board meeting schedule.

There being no further business to discuss, Ms. McDuffie then adjourned the meeting at 12:46 p.m.

Dated: October 23, 2019

Karen M. Fiala, Secretary

Regional Development Corporation

Financial Statements

As of October 31, 2019

REGIONAL DEVELOPMENT CORPORATION ("RDC")

Balance Sheet

October 31, 2019

	October 2019	September 2019	December 2018
ASSETS:			
Restricted Cash**	\$ 6,956,340	\$ 6,821,398	\$ 5,963,260
Direct Loans *	12,048,125	12,140,314	12,927,117
50/50 Bank Participation Loans *	192,443	196,289	235,971
Reserve for Loan losses	(1,949,367)	(1,956,213)	(449,810)
Total Loan Assets, net	<u>10,291,201</u>	<u>10,380,391</u>	<u>12,713,278</u>
TOTAL ASSETS	<u>\$ 17,247,541</u>	<u>\$ 17,201,789</u>	<u>\$ 18,676,538</u>
LIABILITIES & NET ASSETS			
Accounts Payable	\$ 5,000	\$ -	\$ 315
Due to ECIDA	311,749	280,649	352,232
Total Liabilities	<u>316,749</u>	<u>280,649</u>	<u>352,547</u>
Restricted Fund Balance	<u>16,930,792</u>	<u>16,921,140</u>	<u>18,323,991</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 17,247,541</u>	<u>\$ 17,201,789</u>	<u>\$ 18,676,538</u>

* Loan Portfolio Summary:	October 2019	September 2019	December 2018
# of Direct Loans	39	38	44
# of 50/50 Bank Participation Loans	1	1	3
	<u>40</u>	<u>39</u>	<u>47</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 2019

	Actual vs. Budget		
	Actual	Budget	Variance
REVENUES:			
Interest Income - Loans	\$ 35,447	\$ 43,333	\$ (7,886)
Interest Income - Cash & Inv.	2,389	833	1,556
Administrative Fees	-	833	(833)
Other Income	2,637	1,667	970
Total Revenues	<u>40,473</u>	<u>46,667</u>	<u>(6,194)</u>
EXPENSES:			
Management Fee - ECIDA*	29,200	29,167	33
Provision for Loan Losses	(6,846)	-	(6,846)
Rent & Facilities Expenses	1,900	1,917	(17)
Professional Services	6,372	2,250	4,122
General Office Expenses	96	283	(188)
Other Expenses	99	1,340	(1,241)
Total Expenses	<u>30,821</u>	<u>34,956</u>	<u>(4,135)</u>
NET INCOME/(LOSS):	<u>\$ 9,652</u>	<u>\$ 11,710</u>	<u>\$ (2,059)</u>

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2019 budgeted figures.

REGIONAL DEVELOPMENT CORPORATION ("RDC")

Income Statement

Year to Date: October 31, 2019

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
REVENUES:						
Interest Income - Loans	\$ 425,111	\$ 433,333	\$ (8,222)	\$ 425,111	\$ 365,160	\$ 59,951
Interest Income - Cash & Inv.	32,426	8,333	24,093	32,426	21,069	11,357
Administrative Fees	1,825	8,333	(6,508)	1,825	24,768	(22,943)
Other Income	4,724	16,667	(11,942)	4,724	3,282	1,443
Total Revenues	464,086	466,667	(2,581)	464,086	414,278	49,808
EXPENSES:						
Management Fee - ECIDA*	292,000	291,667	333	292,000	267,500	24,500
Provision for Loan Losses	1,499,557	145,833	1,353,724	1,499,557	115,060	1,384,497
Rent & Facilities Expenses	19,000	19,167	(167)	19,000	15,000	4,000
Professional Services	42,126	37,500	4,626	42,126	23,494	18,631
General Office Expenses	1,208	2,833	(1,625)	1,208	907	301
Other Expenses	2,099	13,396	(11,297)	2,099	6,105	(4,007)
Total Expenses	1,855,990	510,396	1,345,594	1,855,990	428,067	1,427,923
NET INCOME/(LOSS):	\$ (1,391,904)	\$ (43,729)	\$ (1,348,174)	\$ (1,391,904)	\$ (13,789)	\$ (1,378,115)

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2019 budgeted figures.



Loan Status Report October 23, 2019 – November 20, 2019

<u>RDC Loans Approved Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
None		
<u>RDC Loans Closed Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
Alan Butzer d/b/a Creekside Market (Agriculture - ILDC)	Collins	\$ 35,000
Buffalo Material Handling (Distributor/Repair)	Depew	\$225,000
<u>Loans in Closing Process</u>	<u>Municipality</u>	<u>Amount</u>
WNY Medical Management, LLC (Healthcare)	Amherst/Buffalo	\$1,400,000
<u>Loans in the Pipeline</u>	<u>Municipality</u>	<u>Amount</u>
Buffalo's Legit Fitness, LLC (fitness/training)	Cheektowaga	\$48,000

<u>2019 - Loans Closed</u>	<u>YTD Loan Total</u>	<u>Jobs to be Created</u>	<u>Retained Jobs</u>	<u>Dollars Leveraged</u>
4	\$448,000	21.5	0	\$1,807,911

Loan Portfolio Performance

Past Due Loans: (90+ days past due):

<u>Loan</u>	<u>Outstanding Balance</u>	<u>Amount Past Due</u>	<u>Days Past Due</u>
A	\$43,067	\$4,082	90+
B	\$250,000	\$55,250	360+
Totals	\$293,067	\$88,288	

Loans in Default (Legal Action):

<u>Borrower Name</u>	<u>Amt Approved</u>	<u>Outstanding Loan Balance</u>	<u>Days Past Due</u>	<u>Amt Past Due</u>
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Portfolio Delinquency Rate: *(Past Due Outstanding Loan Balance and Defaulted Loans) divided by (Portfolio Balance):*

$$\$293,067 / \$12,231,612 = 2.4\%$$