



**Buffalo and Erie County Regional Development Corporation
Board of Directors Meeting
August 26, 2020**

**@ 12:00 p.m.
Via Conference Call**

1.0 Call to Order

2.0 Approval of Minutes

2.1 Approval of the April 22, 2020 Minutes of the Joint Meeting of the Membership & Annual Board of Directors Meeting (Action Item (Pages 2-4))

3.0 Reports / Action Items / Information Items:

- 3.1 Financial Report (Informational) (Pages 5-8)
- 3.2 Finance & Audit Committee Update (Informational)
 - a) 2021 Budget Timetable (Page 9)
- 3.3 Approval of Resolution to Appoint Vice President (Action Item) (Page 10)
- 3.4 Approval of Resolution Re: CARES Act Supplemental U.S. Department of Commerce Economic Development Administration (EDA) Award for Revolving Loan Fund Grant Sub -Recipient (Action Item) (Pages 11-14)

4.0 RDC Lending Department Update:

- a) RDC Loan Status Report (Informational Item) (Page 15)
- b) Update on Current Loan Customers (Informational)
- c) Status of COVID-19 Emergency Relief Business Loan Program (Informational)

5.0 Adjournment - Next Meeting - September 23, 2020

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

DATE AND PLACE: April 22, 2020, at 12:33 p.m., held via telephone conference. Governor Cuomo's Executive Order 202.1, 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: Hon. Diane Benczkowski, Rev. Mark E. Blue, Hon. Bryon W. Brown, Hon. Howard Johnson, Tyra Johnson, Hon. Brian J. Kulpa, Richard Lipsitz, Jr., Brenda W. McDuffie, Hon. Glenn R. Nellis, Hon. Mark C. Poloncarz, Sister Denise Roche, Kenneth A. Schoetz, Charles F. Specht and Art Wingerter

EXCUSED: Denise Abbott, James Doherty, Hon. Joseph Emminger, Dottie Gallagher and Hon. Darius G. Pridgen

OTHERS PRESENT: John Cappellino, Executive Vice President; Atiqah Abidi, Assistant Treasurer; Karen M. Fiala, Assistant Treasurer/Secretary; Gerald Manhard, Chief Lending Officer; Dawn Boudreau, Assistant Treasurer; and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC

There being a quorum present at 12:33 p.m., the meeting of the RDC Board of Directors was called to order by its Chair, Ms. McDuffie.

MINUTES

The minutes of the March 25, 2020 meeting of the members were presented. Sister Roche moved and Mr. Nellis 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. Abidi presented the March 2020 financial report, noting that the balance sheet shows that the RDC finished the month with total assets of \$17.4 million and net assets of \$17.0 million. The monthly income statement reflects a net loss of \$26,000. Total revenues were below budget by \$14,000. Loan interest income was under budget by \$14,000. Total expenses were \$52,000, below the monthly budget by \$33,000. It was determined by the Chief Lending Officer and staff to delay the normal quarterly assessment of the portfolio for potential loan losses. Once the pandemic settles and we can gain a better picture of the portfolio status, we'll continue to review the portfolio for potential losses quarterly. The year-to-date income statement reflects \$104,000 of revenue and \$117,000 of expenses, for net loss of \$13,000 through March. Ms. McDuffie directed that the report be received and filed.

Banking Resolution Approval-Adding Signer. Ms. Abidi reviewed a memorandum regarding the addition of Atiqa Abidi, Assistant Treasurer, to maintain four active check signers for the RDC after the recent departure of Mr. Weathers. All checks issued by the RDC require two signers. M&T Bank requires a standard resolution for each account. The staff is requesting that Ms. Abidi be added as a check signer for all of the RDC's bank accounts. Mr. Wingerter moved, and Sister Denise seconded, to approve of adding Ms. Abidi as a check signer for all of the RDC's bank accounts. Ms. McDuffie called for the vote, and the aforementioned motion was unanimously approved.

Annual Report of the Directors. As required under Section 519 of the New York State Not-For-Profit Corporation Law, Ms. Abidi presented the annual report of the Directors. Mr. Lipsitz moved, and Mr. Specht seconded, to approve of the Annual Report. Ms. McDuffie called for the vote, and the aforementioned motion was unanimously approved.

RDC LENDING DEPARTMENT UPDATE

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

Update on Current Loan Customers. Mr. Manhard informed members that all RDC lending customers have been contacted and certain relief has been provided to some customers to help during COVID-19 challenge.

Status of COVID-19 Emergency Relief Business Loan Program. Mr. Manhard gave a status update to members. Ms. McDuffie directed that the report be received and filed.

NOMINATING COMMITTEE

Election of Officers/Committee Appointments. Ms. McDuffie advised per the recommendation of the Executive Committee, that the entire nominating slate should be approved with the addition of nominating John Cappellino to the President/CEO position, and removing Mr. Cappellino from the Executive Vice President position, subject to the Chair negotiating and executing an Employment Agreement with Mr. Cappellino. Mr. Blue moved, and Mr. Wingerter seconded, to approve of the nominating slate as amended to include the nomination and appointment of Mr. Cappellino as President/CEO. Ms. McDuffie called for the vote and the aforementioned motion was unanimously approved.

There being no further business to discuss, Ms. McDuffie adjourned the meeting of the Agency at 12:51 p.m.

Dated: April 22, 2020

Karen M. Fiala, Secretary

Regional Development Corporation

Financial Statements

As of July 31, 2020

REGIONAL DEVELOPMENT CORPORATION ("RDC")

Balance Sheet

July 31, 2020

	July 2020	June 2020	December 2019
ASSETS:			
Restricted Cash**	\$ 7,492,442	\$ 7,494,840	\$ 7,650,215
Direct Loans *	11,393,363	11,367,841	11,430,831
50/50 Bank Participation Loans *	157,511	161,420	184,723
Reserve for Loan losses	<u>(1,882,360)</u>	<u>(1,882,360)</u>	<u>(1,895,963)</u>
Total Loan Assets, net	<u>9,668,515</u>	<u>9,646,901</u>	<u>9,719,590</u>
TOTAL ASSETS	<u>\$ 17,160,957</u>	<u>\$ 17,141,741</u>	<u>\$ 17,369,805</u>
LIABILITIES & NET ASSETS			
Accounts Payable	\$ -	\$ -	\$ 23,723
Due to ECIDA	<u>201,162</u>	<u>83,701</u>	<u>303,021</u>
Total Liabilities	<u>201,162</u>	<u>83,701</u>	<u>326,743</u>
Restricted Fund Balance	<u>16,959,795</u>	<u>17,058,040</u>	<u>17,043,062</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 17,160,957</u>	<u>\$ 17,141,741</u>	<u>\$ 17,369,805</u>

* Loan Portfolio Summary:	July 2020	June 2020	December 2019
# of Direct Loans	35	36	39
# of 50/50 Bank Participation Loans	1	1	1
	<u>36</u>	<u>37</u>	<u>40</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 July 2020

	Actual vs. Budget		
	Actual	Budget	Variance
REVENUES:			
Interest Income - Loans	\$ 34,037	\$ 39,167	\$ (5,130)
Interest Income - Cash & Inv.	611	1,417	(806)
Administrative Fees	-	833	(833)
Other Income	194	1,250	(1,056)
Total Revenues	<u>34,841</u>	<u>42,667</u>	<u>(7,825)</u>
EXPENSES:			
Management Fee - ECIDA*	115,378	26,667	88,711
Provision for Loan Losses	-	-	-
Rent & Facilities Expenses	2,083	2,083	(0)
Professional Services	14,775	3,700	11,075
General Office Expenses	-	200	(200)
Other Expenses	850	606	244
Total Expenses	<u>133,086</u>	<u>33,256</u>	<u>99,830</u>
NET INCOME/(LOSS):	<u>\$ (98,245)</u>	<u>\$ 9,410</u>	<u>\$ (107,655)</u>

* 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: July 31, 2020

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
REVENUES:						
Interest Income - Loans	\$ 199,583	\$ 274,167	\$ (74,584)	\$ 199,583	\$ 305,281	\$ (105,697)
Interest Income - Cash & Inv.	12,257	9,917	2,341	12,257	24,199	(11,941)
Administrative Fees	8,000	5,833	2,167	8,000	1,825	6,175
Other Income	1,568	8,750	(7,182)	1,568	1,550	18
Total Revenues	221,409	298,667	(77,258)	221,409	332,854	(111,446)
EXPENSES:						
Management Fee - ECIDA*	186,667	186,667	0	186,667	204,400	(17,733)
Provision for Loan Losses	(13,603)	116,667	(130,270)	(13,603)	960,539	(974,142)
Rent & Facilities Expenses	14,583	14,583	(0)	14,583	13,300	1,283
Professional Services	110,449	32,800	77,649	110,449	24,949	85,501
General Office Expenses	111	1,400	(1,289)	111	1,113	(1,001)
Other Expenses	6,469	4,244	2,225	6,469	1,711	4,758
Total Expenses	304,676	356,360	(51,684)	304,676	1,206,011	(901,335)
NET INCOME/(LOSS):	\$ (83,267)	\$ (57,694)	\$ (25,574)	\$ (83,267)	\$ (873,156)	\$ 789,889

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

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

2021 Budget Review Process

<u>Date</u>	<u>Description</u>	
July-August	Review of draft 2021 budgets by ECIDA management. (a) Prioritize any proposed budget requests for initiatives. (b) Formal budget requests compiled.	✓
August 18 th	Finance & Audit Committee meeting – initial review of proposed budgets.	✓
September	Finance & Audit Committee meeting to discuss any updates/recommend proposed budgets to Boards.	
September 23 rd	Review of 2021 draft budgets at Board meetings.	
October Date/time TBD	Board Q&A budget session #1 (voluntary).	
October Date/time TBD	Board Q&A budget session #2 (voluntary).	
October	Adjustments to budget based on Board feedback and Finance & Audit Committee approval of final budgets (<i>if necessary</i>).	
October 28 th	Board meeting – action to approve final 2021 budgets.	
November 1 st	Deadline for final approved budget to be submitted to the ABO.	

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

**RESOLUTION REGARDING
THE APPOINTMENT OF OFFICERS**

A regular meeting of the Buffalo and Erie County Regional Development Corporation was convened on Wednesday, August 26, 2020 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 (THE "RDC")
APPOINTING KAREN M. FIALA AND MOLLIE PROFIC EACH
AS VICE PRESIDENT OF THE RDC.**

WHEREAS, the RDC was incorporated as an affiliate of the Erie County Industrial Development Agency (the "Agency") 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 using the resources from various Revolving Loan Funds (the "RLF") to make direct loans to individual companies; and

WHEREAS, Section 1 of Article VII of the By-Laws of the RDC provides that officers of the Agency shall hold the same positions with the RDC, which officer positions include, though are not limited to, one or more Vice Presidents to be appointed by the RDC for a term of office concurrent with that position held with the Agency; and

WHEREAS, the RDC desires to appoint two (2) Vice Presidents to fill the vacancy of said office; and

WHEREAS, in accordance with the foregoing, the RDC has determined to appoint the persons hereinafter set forth each as Vice President of the RDC.

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

Section 1. Pursuant to Section 1 of Article VII of the By-Laws of the RDC, the RDC hereby appoints KAREN M. FIALA, as Vice President of the RDC, whose responsibilities shall be as set forth in Section 5 of Article VII of the By-Laws.

Section 2. Pursuant to Section 1 of Article VII of the By-Laws of the RDC, the RDC hereby appoints MOLLIE PROFIC, as Vice President of the RDC, whose responsibilities shall be as set forth in Section 5 of Article VII of the By-Laws.

Section 3. The RDC is hereby authorized to do all things necessary or appropriate for the accomplishment of the purposes of this resolution, and all acts heretofore taken by the RDC with respect to such activities are hereby approved, ratified and confirmed.

Section 4. This resolution shall take effect immediately.

Dated: August 26, 2020



August 26, 2020

MEMO:

To: RDC Board of Directors

RE: CARES Act Supplemental U.S. Department of Commerce Economic Development Administration (EDA) Awards for Revolving Loan Fund Grant Recipient

On June 5, 2020, the ECIDA submitted a grant application to the U.S. Department of Commerce Economic Development Administration (EDA) to apply for a non-competitive award as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The ECIDA, as a current Revolving Loan Fund (RLF) recipient with an above-average EDA risk rating, was eligible to apply for a supplemental RLF award to help respond to the unusual and compelling urgency of the coronavirus pandemic.

On July 29, 2020. The ECIDA received a Financial Assistance Award from the EDA in the amount of \$5,415,694 to capitalize a new RLF to “alleviate sudden and severe economic dislocation caused by the coronavirus (COVID-19) pandemic, to provide permanent resources to support economic resiliency, and further the long-term economic adjustment objectives of the region.” The financial award has two (2) components:

1. \$5,000,000 to create a new RLF specific to achieve the scope referenced above
2. \$415,694 to support necessary administrative costs (loan administration, professional services, audit costs, technical assistance, and capacity support)

Terms and conditions of the award include:

- Establish new RLF to respond to the pressing public need with compelling urgency.
- Award funds must be disbursed, lent, or used for administrative costs during the **24-month** performance period (July 1, 2020 to June 30,2022).
- ECIDA/RDC is required to make loans that are **reasonably expected to be repaid** in full.

EDA Award Compliance Timeline is as follows:

REQUIRED ACTION by EDA	DEADLINE
Return the signed Financial Assistance Award and Fraud Awareness Training compliance	August 27, 2020
Submit RLF Supplemental Loan Administration Plan	September 27, 2020
Submit Grant Administration Plan	September 27, 2020

Requested Actions:

1. Seeking approval to enter into contract with U.S. Department of Commerce/CARES Act Revolving Loan Fund program grant award and approval to take all actions reasonably necessary to complete the project including executing contracts with EDA and contracting with consultants for professional services and technical assistance to support loan administration.
2. Designate the Buffalo and Erie County Regional Development Corporation as the sub-recipient to administer the CARES Act Loan Fund.

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

RESOLUTION

A regular meeting of the Buffalo and Erie County Regional Development Corporation was convened on August 26, 2020 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 (THE "RDC") (i) AUTHORIZING ITS DESIGNATION AS THE SUB-RECIPIENT OF THE EDA GRANT (AS DEFINED BELOW) APPLIED FOR AND ACCEPTED BY THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (THE "AGENCY") UNDER THAT CERTAIN FINANCIAL ASSISTANCE AWARD AGREEMENT WITH THE U.S. DEPARTMENT OF COMMERCE ECONOMIC DEVELOPMENT ADMINISTRATION (THE "EDA") TO FUND A NEW REVOLVING LOAN FUND TO HELP THE REGION SERVED BY THE AGENCY AND THE RDC TO RESPOND TO THE COVID-19 PANDEMIC AND (ii) ACCEPTING ALL REQUIRED AND NECESSARY OBLIGATIONS OF THE EDA GRANT IN THE RDC'S CAPACITY AS SUB-RECIPIENT.

WHEREAS, the BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION (the "RDC") was incorporated as an affiliate of the Erie County Industrial Development Agency (the "Agency") 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, New York (the "County") using the resources from various Revolving Loan Funds (the "RLF") to make direct loans to individual companies; and

WHEREAS, the novel coronavirus, COVID-19, is a pandemic disease characterized as a severe acute respiratory syndrome (the "COVID-19 Pandemic"); and

WHEREAS, the COVID-19 Pandemic and directives issued by the State of New York (the "State") to reduce transmission have negatively impacted the State's economy and caused financial hardship to businesses, including those businesses in the County; and

WHEREAS, on June 5, 2020, the Agency submitted a grant application (the "Application") to the U.S. Department of Commerce Economic Development Administration (the "EDA") for a non-competitive award as part of the Coronavirus Aid,

Relief, and Economic Security (CARES) Act to help respond to the COVID-19 Pandemic; and

WHEREAS, on July 29, 2020, the Agency received an EDA Financial Assistance Award (the “EDA Grant”) in the amount of \$5,415,694 to fund a new RLF to alleviate sudden and severe economic dislocation caused by the COVID-19 Pandemic, to provide permanent resources to support economic resiliency, and further the long-term economic adjustment objectives of the County (collectively, the “Project”); and

WHEREAS, the EDA Grant is comprised of two components: (a) \$5,000,000 to create a new RLF specific to complete the Project and (b) \$415,694 to support necessary administrative costs (e.g., loan administration, personal services, audit costs, technical assistance, and capacity support) of the Project; and

WHEREAS, pursuant to the terms and conditions of the EDA Grant, the recipient must (1) establish a new RLF to respond to the pressing public need with compelling urgency regarding the COVID-19 Pandemic, (2) disburse, lend or use the award funds for administrative costs within the twenty-four- (24-) month performance period (i.e., July 1, 2020 to June 30, 2020) and (3) make loans that are reasonably expected to be repaid in full (collectively, (1) through (3), the “Terms and Conditions”); and

WHEREAS, based on discussions with the EDA, and in recognition of the already existing lending capabilities of the RDC, being an affiliate of the Agency, the Agency desires to designate the RDC as the sub-recipient of the EDA Grant, by which the RDC will undertake all obligations of the EDA Grant, including, but not limited to, the Terms and Conditions; and

WHEREAS, in accordance with the foregoing, the RDC has determined to (i) accept the Agency’s designation as sub-recipient of the EDA Grant and (ii) undertake all obligations of the EDA Grant, including, but not limited to, the Terms and Conditions.

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

Section 1. The RDC hereby ratifies and confirms in their entirety all actions taken by the Agency on behalf of the RDC regarding the EDA Grant, including submission of the Application and related documents necessary and incidental thereto.

Section 2. The RDC hereby approves and accepts the Terms and Conditions of the EDA Grant and authorizes the Agency to designate the RDC as sub-recipient of the EDA Grant.

Section 3. The RDC is hereby authorized to do all things necessary or appropriate for the accomplishment of the purposes of this resolution, and all acts heretofore taken by the RDC with respect to such activities are hereby approved, ratified and confirmed.

Section 4. The Chair, the Vice Chair, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer/Treasurer and/or the Assistant Treasurer of the RDC are hereby authorized, on behalf of the RDC, to execute and deliver the Financial Assistance Award Agreement, along with any other related agreements and documents (collectively, the “Documents”) as so required by the EDA Grant and/or the Agency, in such form as approved by counsel to the Agency and as approved by the Chair, the Vice Chair, the Chief Executive Officer, the Chief Operating Officer, the Executive Vice President, the Chief Financial Officer/Treasurer and/or the Assistant Treasurer of the RDC.

Section 5. 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 required and to execute and deliver all such checks, certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further 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 the foregoing resolutions and to cause compliance by the RDC with all of the terms, covenants and provisions of the Documents executed for and on behalf of the RDC.

Section 6. These Resolutions shall take effect immediately.

Dated: August 26, 2020



Loan Status Report April 23, 2020 – August 26, 2020

<u>RDC Loans Approved Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
Upscale Imaging D/B/A Everything Elmwood	Buffalo	\$ 50,000

<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>
Upscale Imaging D/B/A Everything Elmwood	Buffalo	\$ 50,000

<u>Loans in the Pipeline</u>	<u>Municipality</u>	<u>Amount</u>
A. Pratt Holdings, LLC	Tonawanda	\$1,000,000
Flex-E-Brick Products, Inc.	Lackawanna	\$ 50,000

<u>2020 - Loans Closed</u>	<u>YTD Loan Total</u>	<u>Jobs to be Created</u>	<u>Retained Jobs</u>	<u>Dollars Leveraged</u>
1	\$1,600,000	0	55	\$7,400,000

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				

Loans in Default (Legal Action):

<u>Borrower Name</u>	<u>Amt Approved</u>	<u>Outstanding Loan Balance</u>	<u>Comments</u>
Buffalo Forklift	\$1,500,000	\$1,427,975	Legal Discovery Process
Adiabatic Solutions	\$ 250,000	\$ 250,000	Legal Summary Judgment Filed
HarkerBio, LLC	\$ 500,000	\$ 105,286	Demand Letter to Guarantor
Great Lakes Concrete	\$ 500,000	\$ 43,067	<u>Negotiating Payoff Arrangements</u>
Totals	\$2,750,000	\$1,826,328	

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

$$\$1,826,328 / \$11,685,944 = 15.6\%$$