

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

**DATE AND PLACE:** January 22, 2020, at the Erie County Industrial Development Agency, 95 Perry Street, 5<sup>th</sup> Floor ESD Conference Room, Buffalo, New York 14203

**PRESENT:** Denise Abbott, Hon. Diane Benczkowski, Hon. Joseph H. Emminger, Dottie Gallagher, Hon. Howard Johnson, Tyra Johnson, Richard Lipsitz, Jr., Brenda W. McDuffie, Hon. Mark C. Poloncarz, Sister Denise Roche, Kenneth A. Schoetz and Art Wingerter

**EXCUSED:** Rev. Mark E. Blue, Hon. Bryon W. Brown, James F. Doherty, Hon. Brian J. Kulpa, Hon. Glenn R. Nellis, 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; Atiqah Abidi, Assistant Treasurer; Gerald Manhard, Chief Lending Officer; Daryl Spulecki, Credit Analyst; Beth O'Keefe, Business Development Officer; Grant Lesswing, Business Development Officer; and Karen M. Fiala, Assistant Treasurer/Secretary

**GUESTS:** Pietra G. Zaffram, Esq., General Counsel/Harris Beach PLLC; Kevin Zanner, Hurwitz & Fine; Maria Whyte, Deputy County Executive; Andrew Federick, Erie County Senior Economic Development Specialist; Tom Collella, on behalf of Highway Rehab Corporation

At 12:14 pm, Ms. McDuffie called the meeting to order, noting that there was no quorum, and the members assembled would proceed with informational items on the agenda.

**REPORTS/ACTION ITEMS/INFORMATION ITEMS**

Financial Report. Ms. Profic noted there is no formal report this month as she is working on closing out 2019. Audit fieldwork will begin in February. At the February meeting, she will have January numbers and a preliminary 2019 financial report, with final reports in March. Ms. McDuffie directed that the summary be received and filed.

2019 Loan/Portfolio Status Report. Mr. Manhard reviewed this report and noted there are no loans approved. Mr. Manhard also advised that one of the loan recipients, WNY Medical Management, has closed.

Mr. Weathers advised that Loan A is 150+ days past due. There were two loans in which summary judgment motions were filed.

Mr. Poloncarz asked if the Agency has been in contact with the companies whose loans are in default. Mr. Weathers advised that for Buffalo Forklift, the only recourse was to pursue summary judgment as owner had personally filed bankruptcy. The Agency is taking all steps to recover funds.

Mr. Poloncarz noted the bankruptcy will result in a discharge of the debt against the personal guarantor. Mr. Zanner noted he has received a response from opposing counsel on the summary judgment motion, and there is a court appearance scheduled on 1/29/2020 before Judge Walker.

Mr. Manhard advised that company is trying to sell some equipment and may have some recovery within 30 days.

Mr. Poloncarz thanked staff and counsel and appreciated their efforts but he is not optimistic.

Mr. Wingerter stated that the total for the two loans in default should be \$1,750,000 not \$2,750,000 as stated on the report.

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

At this point in time, Sister Denise joined the meeting.

There being a quorum present at 12:22 p.m., the meeting of the RDC Board of Directors was called to order by its Chair, Ms. McDuffie.

## **MINUTES**

The Minutes of the November 20, 2019, meeting of the Board of Directors of the RDC were presented. Mr. Lipsitz moved, and Mr. Poloncarz seconded, to approve of the minutes. Ms. McDuffie called for the vote and the minutes were unanimously approved.

## **REPORTS/ACTION ITEMS/INFORMATION ITEMS**

Highway Rehab Corp., 100 Stradtman Street, Cheektowaga, New York, \$1,600,000.00, 10 year Term Loan, Secured and Guaranteed. Mr. Manhard reviewed this \$1,600,000 loan request, proceeds of which will assist in the purchase of the business by the VP of Operations and the President from the owner in order to keep the business in Western New York. The owner has received several offers from companies located throughout New England. The total cost of the stock purchase is \$9,000,000 and the RDC term loan will fill the financial gap as KeyBank will not lend the total amount needed because of its leverage and collateral coverage

ratio requirements. Mr. Manhard advised that the RDC Loan Committee approved the loan request at its most recent meeting.

Mr. Poloncarz requested clarification on the location of application, as the business is based in Cheektowaga with headquarters in Brewster. Mr. Manhard advised that the company is closing the Brewster office and moving the staff to the Cheektowaga facility. In response, Mr. Collella, on behalf of Highway Rehab Corporation, stated that the Brewster office has three employees and they will stay in Brewster.

Mr. Poloncarz inquired if there will be any jobs lost as a result of the restructuring and Mr. Collella replied there would not be any jobs lost.

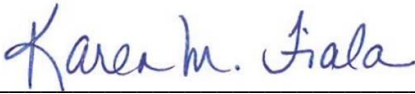
Mr. Poloncarz inquired as to where the company does business, and Mr. Collella replied 70% in New York and some in New England.

General discussion ensued.

Ms. Benczkowski moved and Ms. Gallagher 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 then adjourned the meeting at 12:33 p.m.

Dated: January 22, 2020

  
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Karen M. Fiala, Secretary