



**Buffalo and Erie County Regional Development Corporation**  
**Meeting of the Membership**  
**October 25, 2023**  
**At 12:00 p.m.**

**701 Ellicott Street, Center of Excellence in Bioinformatics and Life Sciences (CBLIS)**  
**The Event Space/Conference Room B2-205, located on the 2nd floor, Buffalo, New York 14203**

- 1.0 Call to Order**
- 2.0 Approval of Minutes**
  - 2.1 Approval of the September 27, 2023 Minutes of the Meeting 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
    - a) 2024 Budget Timetable (Informational) (Page 8)
    - b) Approval of 2024 Proposed Budget (Action Item) (Pages 9-13)
  - 3.3 Loan Status Report (Informational) (Page 14)
- 4.0 Management Team Reports:**
  - 4.1
- 5.0 Adjournment- Next Meeting November 29, 2023**

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

**DATE AND PLACE:** September 27, 2023, at the Center of Excellence in Bioinformatics and Life Sciences (CBLS), 701 Ellicott Street, The Event Space/Conference Room B2-205, located on the 2nd floor, Buffalo, New York 14203

**PRESENT:** Denise Abbott, Hon. Diane Benczkowski, Rev. Mark Blue, Hon. Joseph Emminger, Hon. Howard Johnson, Hon. Brian Kulpa, Richard Lipsitz, Jr., Brenda McDuffie, Denise McGowan, Hon. Glenn R. Nellis, Hon. Mark C. Poloncarz and Kenneth A. Schoetz

**EXCUSED:** Hon. Bryon W. Brown, James Doherty, Dottie Gallagher, Michael P. Hughes, Tyra Johnson, Darius G. Pridgen and Paul Vukelic

**OTHERS PRESENT:** John Cappellino, President & CEO; Beth O’Keefe, Vice President of Operations/Secretary; Atiqah Abidi, Assistant Treasurer; Gerald Manhard, Chief Lending Officer; Grant Lesswing, Director of Business Development; Andrew Federick, Business Development Officer; Soma Hawramee, Compliance Portfolio Manager; Brian Krygier, Director of Information Technology; Carrie Hocieniec, Operations Assistant/Assistant Secretary; Laurie Hendrix, Administrative Coordinator; and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC

**GUESTS:** Alex Carducci on behalf of the City of Buffalo; Zachary Evans on behalf of Erie County; Josh Veronica on behalf of Buffalo Niagara Partnership; Dale Shoemaker on behalf of Investigative Post; Jonathan Epstein on behalf of Buffalo News, Jacob Tierney on behalf of Business First, Quinn Bushen on behalf of Empire State Development; Marco Riccioni on behalf of IMA Life; Byron DeLuke on behalf of TM Montante and Mark Sadkowski on behalf of Life Technologies

There being a quorum present at 12:43 p.m., the meeting of the Buffalo and Erie County Regional Development Corporation (the “RDC”), was called to order by its Chair, Ms. McDuffie.

**MINUTES**

The minutes of the June 28, 2023, meeting of the members were presented. Ms. Abbott moved, and Mr. Blue 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 August financial reports. The balance sheet shows that the RDC finished the month with total assets of \$22.7M, consisting of cash and loans receivable. Liabilities reflect amounts due to ECIDA for 2023 costs and net assets are \$22.4M. The August income statement shows \$62,000 of revenue, mainly loan interest income, and \$26,000 of expenses, resulting in net income of \$36,000 for the month. The year-to-date income statement shows revenues of \$520,000 and \$246,000 of expenses, for net income of \$274,000 through August. Ms. McDuffie directed that the report be received and filed.

Finance and Audit Committee Update. Ms. Abidi reviewed the various processes of the RDC budget development and confirmed formal budget approval will be presented at the October Board meeting subject to changes of \$100,000 or more. Ms. McDuffie directed that the report be received and filed.

Review of 2024 Proposed Budget. Ms. Abidi reviewed the proposed/draft 2024 budget. Mr. Poloncarz queried as to the estimate loan losses. Ms. McDuffie directed that the report be received and filed.

Governance Committee Update. Ms. McDuffie confirmed the Governance Committee met earlier this month and approved the staff recommendation to authorize one-year extensions for all legal service providers, consistent with the RDC's professional services policy.

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

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

Dated: September 27, 2023

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Elizabeth A. O'Keefe, Secretary

**Regional Development Corporation**

**Financial Statements**

As of September 30, 2023

## REGIONAL DEVELOPMENT CORPORATION ("RDC")

### Balance Sheet September 30, 2023

	September 2023	August 2023	December 2022
<b>ASSETS:</b>			
Restricted Cash**	\$ 3,416,889	\$ 3,478,310	\$ 5,256,480
Accounts Receivable	263,900	259,414	204,250
Direct Loans *	19,638,274	19,496,287	17,567,963
50/50 Bank Participation Loans *	-	24,788	60,989
Reserve for Loan losses	(523,900)	(523,900)	(524,886)
Total Loan Assets, net	19,114,373	18,997,175	17,104,065
<b>TOTAL ASSETS</b>	<b>\$ 22,795,162</b>	<b>\$ 22,734,899</b>	<b>\$ 22,564,795</b>
 <b>LIABILITIES &amp; NET ASSETS</b>			
Accounts Payable	\$ -	\$ -	\$ 1,518
Deferred Revenue	72,492	72,492	97,105
Due to ECIDA	238,381	212,781	291,289
Total Liabilities	310,873	285,273	389,912
Restricted Fund Balance	22,484,289	22,449,626	22,174,884
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 22,795,162</b>	<b>\$ 22,734,899</b>	<b>\$ 22,564,795</b>

<b>* Loan Portfolio Summary:</b>	September 2023	August 2023	December 2022
# of Legacy RLF Loans	39	39	33
# of CARES Act RLF Loans	29	29	30
# of 50/50 Bank Participation Loans	0	1	1
	68	69	64

\*\* 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 September 2023

	Actual vs. Budget		
	Actual	Budget	Variance
<b>REVENUES:</b>			
Interest Income - Loans	\$ 56,086	\$ 52,500	\$ 3,586
Interest Income - Cash & Inv.	5,090	58	5,031
Administrative Fees	-	1,250	(1,250)
Other Income	-	417	(417)
Total Revenues	<u>61,176</u>	<u>54,225</u>	<u>6,951</u>
<b>EXPENSES:</b>			
Management Fee - ECIDA*	23,400	23,800	(400)
Rent & Facilities Expenses	2,200	1,125	1,075
Professional Services	88	3,333	(3,245)
General Office Expenses	-	167	(167)
Other Expenses	824	2,248	(1,424)
Total Expenses	<u>26,512</u>	<u>30,673</u>	<u>(4,160)</u>
<b>NET INCOME/(LOSS):</b>	<u>\$ 34,663</u>	<u>\$ 23,552</u>	<u>\$ 11,111</u>

\* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2023 budgeted figures.

**REGIONAL DEVELOPMENT CORPORATION ("RDC")**

**Income Statement**

Year to Date: September 30, 2023

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
<b>REVENUES:</b>						
Interest Income - Loans	\$ 479,807	\$ 472,500	\$ 7,307	\$ 479,807	\$ 392,038	\$ 87,769
Interest Income - Cash & Inv.	55,501	525	54,976	55,501	2,242	53,259
Administrative Fees	21,250	11,250	10,000	21,250	13,250	8,000
Grant Income - CARES Act RLF	24,613	-	24,613	24,613	193,650	(169,037)
Other Income	417	3,750	(3,333)	417	1,850	(1,433)
<b>Total Revenues</b>	<b>581,588</b>	<b>488,025</b>	<b>93,563</b>	<b>581,588</b>	<b>603,031</b>	<b>(21,442)</b>
<b>EXPENSES:</b>						
Management Fee - ECIDA*	210,600	214,500	(3,900)	210,600	214,200	(3,600)
Provision for Loan Losses	(986)	225,000	(225,986)	(986)	(16,098)	15,112
Rent & Facilities Expenses	19,800	10,125	9,675	19,800	18,900	900
Professional Services	27,287	37,020	(9,733)	27,287	20,086	7,201
General Office Expenses	362	1,500	(1,138)	362	2,071	(1,709)
Other Expenses	15,120	20,231	(5,112)	15,120	1,404	13,715
<b>Total Expenses</b>	<b>272,183</b>	<b>508,376</b>	<b>(236,194)</b>	<b>272,183</b>	<b>240,563</b>	<b>31,619</b>
<b>NET INCOME/(LOSS):</b>	<b>\$ 309,406</b>	<b>\$ (20,351)</b>	<b>\$ 329,757</b>	<b>\$ 309,406</b>	<b>\$ 362,467</b>	<b>\$ (53,062)</b>

\* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2023 budgeted figures.

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

**2024 Budget Review Process**

<b>Date</b>	<b>Description</b>	
July-August	Review of draft 2024 budgets by ECIDA management. (a) Prioritize any proposed budget requests for initiatives. (b) Formal budget requests compiled.	✓
August 17	Finance & Audit Committee meeting – initial review and discussion of proposed budgets.	✓
September 21	Finance & Audit Committee meeting to discuss any updates/recommend proposed budgets to Boards.	✓
September 27	Review of 2024 proposed budgets at Board meetings.	✓
October 4 10:00 am	Board Q&A budget session #1 <u>in person</u> (voluntary).	✓
October 10 9:00 am	Board Q&A budget session #2 <u>via Zoom</u> (voluntary).	✓
October 25	Board meetings – action to approve final 2024 budgets.	
November 1	Deadline for final approved budgets to be submitted to the ABO.	



**Buffalo & Erie County  
Regional Development Corporation  
Proposed 2024 Budget**

# ***Regional Development Corporation (RDC)***

## **2024 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 2024, the RDC expects to fund new loans of around \$1.8 million. This is expected to be offset by approximately \$1.1 million in loan repayments to the RLFs. Interest income on loans is expected to be around \$720,000 for 2024, which represents a 17% increase from the \$616,000 projected for 2023. The main reason for the increase is an increase in the overall loans outstanding, particularly in the RDC’s legacy RLF. Remaining CARES Act grant income is forecasted to be used in 2023 for administrative costs related to that portfolio.

### **B. Overview of Changes in 2024 Budget:**

Key changes between the 2024 budget and the projected 2023 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 2.5% in 2024 due to anticipated increases in ECIDA staff salaries and benefits.
- The budgeted amount for the provision for loan losses is \$550,000 for 2024. The provision represents approximately 2.7% 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 5.2%, versus a historical portfolio charge-off rate of approximately 6%.

### **C. Summary of Risk Factors Impacting the 2024 Budget:**

The following significant risk factors may influence the 2024 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 2024**

	<b>Proposed Budget 2024</b>	<b>Approved Budget 2023</b>	<b>Projected 2023</b>	<b>Actual 2022</b>
<b>REVENUES:</b>				
Interest Income - Loans	\$ 720,000	\$ 630,000	\$ 615,582	\$ 536,412
Interest Income - Cash & Investments	20,300	700	75,617	12,973
Administrative Fees	13,750	15,000	21,250	18,625
Grant Income	-	-	97,105	96,545
Other Income	2,500	5,000	625	2,478
<b>Total Revenues</b>	<b>756,550</b>	<b>\$ 650,700</b>	<b>810,180</b>	<b>667,033</b>
<b>EXPENSES:</b>				
ECIDA Management Fee*	\$ 288,000	\$ 286,000	\$ 281,000	\$ 261,664
Provision for Loan Losses	550,000	450,000	100,000	(86,017)
Rent & Facilities Expenses	27,200	25,000	27,200	26,804
Professional Services	51,900	56,000	32,798	31,819
General Office Expenses	3,500	3,500	577	2,729
Other Expenses	18,275	27,475	22,140	8,364
<b>Total Expenses</b>	<b>938,875</b>	<b>847,975</b>	<b>463,715</b>	<b>245,364</b>
<b>NET INCOME/(LOSS):</b>	<b>\$ (182,325)</b>	<b>\$ (197,275)</b>	<b>\$ 346,465</b>	<b>\$ 421,670</b>

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

	<u>2024 Budget</u>	<u>2023 Budget</u>
Provision for Loan Losses		
Estimated Loan Balance	\$ 20,078,000	\$ 18,650,000
Provision for Loan Losses	\$ 550,000	\$ 450,000
Percentage of Loans	2.7%	2.4%

**BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION ("RDC")**  
**Proposed Budget for 2024**  
**Presented by Fund**

	<b>Proposed Budget 2024</b>	<b>Legacy Fund</b>	<b>CARES Act RLF</b>
<b>REVENUES:</b>			
Interest Income - Loans	\$ 720,000	\$ 675,000	\$ 45,000
Interest Income - Cash & Inv.	20,300	13,400	6,900
Administrative Fees	13,750	13,750	-
Other Income	2,500	2,500	-
<b>Total Revenues</b>	<b>756,550</b>	<b>704,650</b>	<b>51,900</b>
<b>EXPENSES:</b>			
ECIDA Management Fee*	\$ 288,000	\$ 234,000	\$ 54,000
Provision for Loan Losses	550,000	350,000	200,000
Rent & Facilities Expenses	27,200	14,700	12,500
Professional Services	51,900	27,838	24,063
General Office Expenses	3,500	2,600	900
Marketing & Other Expenses	18,275	14,775	3,500
<b>Total Expenses</b>	<b>938,875</b>	<b>643,913</b>	<b>294,963</b>
<b>NET INCOME/(LOSS):</b>	<b>\$ (182,325)</b>	<b>\$ 60,738</b>	<b>\$ (243,063)</b>

\* 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 and Three Year Forecast 2025-2027**

	<b>Budget 2024</b>	<b>Forecast 2025</b>	<b>Forecast 2026</b>	<b>Forecast 2027</b>
<b>REVENUES:</b>				
Interest Income - Loans	\$ 720,000	\$ 725,000	\$ 730,000	\$ 735,000
Interest Income - Cash & Investments	20,300	1,000	1,000	1,000
Administrative Fees	13,750	15,000	15,000	15,000
Other Income	2,500	5,000	5,000	5,000
<b>Total Revenues</b>	<b>756,550</b>	<b>746,000</b>	<b>751,000</b>	<b>756,000</b>
<b>EXPENSES:</b>				
ECIDA Management Fee*	\$ 288,000	\$ 294,000	\$ 300,000	\$ 306,000
Provision for Loan Losses	550,000	400,000	400,000	400,000
Rent & Facilities Expenses	27,200	28,000	28,000	28,000
Professional Services	51,900	55,000	55,000	55,000
General Office Expenses	3,500	3,500	3,500	3,500
Marketing & Other Expenses	18,275	10,000	10,000	10,000
<b>Total Expenses</b>	<b>938,875</b>	<b>790,500</b>	<b>796,500</b>	<b>802,500</b>
<b>NET INCOME/(LOSS):</b>	<b>\$ (182,325)</b>	<b>\$ (44,500)</b>	<b>\$ (45,500)</b>	<b>\$ (46,500)</b>

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



**Loan Status Report  
October 2023**

<b><u>RDC Loans Approved Since Last Meeting</u></b>	<b><u>Municipality</u></b>	<b><u>Amount</u></b>
Great British Pantry, LLC	Cheektowaga	\$300,000

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

**Total: 0**

<b><u>Loans in Closing Process</u></b>	<b><u>Municipality</u></b>	<b><u>Amount</u></b>
Buffalo Alchemy, LLC	Hamburg	\$100,000

**Total: 1 loan**

<b><u>Loans in the Pipeline</u></b>	<b><u>Municipality</u></b>	<b><u>Amount</u></b>
None		

<b><u>2023 - Loans Closed</u></b>	<b><u>YTD Loan Total</u></b>	<b><u>Jobs to be Created</u></b>	<b><u>Retained Jobs</u></b>	<b><u>Dollars Leveraged</u></b>
6	\$4,450,000	49.5	538	\$22,300,000
MWBE Loans – 4				

**Loan Portfolio Performance**

**Past Due Loans:**

<b><u>Name</u></b>	<b><u>Loan Balance</u></b>	<b><u>Principal/Interest Amount Past Due</u></b>	<b><u>Days Past Due</u></b>	<b><u>Comments</u></b>
Affordable Technology Solutions	\$28,456	\$2,064.70	150+	Loan forwarded to attorney for collection.
Azariah's Innocence, LLC	\$4,900	\$3,448.68	120+	Loan forwarded to attorney for collection

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

\$33,356/\$19,640,152 = 0.17% Delinquency Rate (70 total loans in portfolio)

**RDC Funds Available to Lend:** \$3,186,657