



**Buffalo and Erie County Regional Development Corporation
Board of Directors Meeting
October 26, 2016**

**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 September 28, 2016 Meeting of the Board of Directors
(Pages 2-3)
- 3.0 Reports / Action Items / Information Items:
 - 3.1 Financial Report **(Pages 4-7)**
 - 3.2 2016 Loan Status Report/Closing Schedule **(Pages 8-9)**
 - 3.3 EDA Amendment for RDC Loan Funds **(Pages 10-11)**
- 4.0 Adjournment - Next Meeting November 30, 2016

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

- DATE AND PLACE:** September 28, 2016, at the Erie County Industrial Development Agency, 95 Perry Street, 5th Floor ESD Conference Room, Buffalo, New York 14203
- PRESENT:** Hon. Diane Benczkowski, Hon. Byron W. Brown, James F. Doherty, Hon. Joseph H. Emminger, Richard Lipsitz, Jr., David L. Lowrey, Brenda W. McDuffie, John J. Mudie, Hon. Glenn R. Nellis, Louis Panzica, Hon. Mark C. Poloncarz, Hon. Edward A. Rath, III, Sister Denise Roche, Paul V. Vukelic and Hon. Barry A. Weinstein
- EXCUSED:** Dottie Gallagher-Cohen, Frank B. Messiah, and Hon. Darius G. Pridgen
- OTHERS PRESENT:** Steve Weathers, Chief Executive Officer; Karen M. Fiala, Assistant Treasurer; Bradley Bach, Assistant Treasurer; Gerald Manhard, Chief Lending Officer; and Robert G. Murray, Secretary
- GUESTS:** Andrew Federick, Erie County Senior Economic Development Specialist

There being a quorum present at 12:00 p.m., the meeting of the Buffalo and Erie County Regional Development Corporation Board of Directors was called to order by its Chair, Ms. McDuffie.

MINUTES

Upon motion made by Mr. Poloncarz and seconded by Mr. Brown, the minutes of the August 24, 2016 Meeting of the Board of Directors of the RDC were unanimously approved.

REPORTS/ACTION ITEMS/INFORMATION ITEMS:

Financial Report. Mr. Bach presented the August 2016 financial report noting that the RDC has net assets of approximately \$23,000,000. Mr. Bach stated that the income statement ending as of August 31, 2016 shows net income of approximately \$4,800 and on a year-to-date basis, the RDC shows net income of approximately \$75,000. Ms. McDuffie directed that the report be received and filed.

Approval of 2017 Operating Budget. Mr. Bach reviewed the RDC proposed budget for 2017 and noted that revenues are projected at approximately \$450,000, total expenses are projected at \$626,000, and a net loss of approximately \$175,000 is projected.

Mr. Poloncarz moved and Mr. Emminger seconded to approve of the RDC 2017 Operating Budget. Ms. McDuffie called for the vote and the motion was then unanimously approved.

Loan Status Report. Mr. Manhard reviewed the 2016 Closing Schedule. Ms. McDuffie directed that the report be received and filed.

There being no further business to discuss, Ms. McDuffie adjourned the meeting at 12:07 p.m.

Dated: September 28, 2016

Robert G. Murray, Secretary

Regional Development Corporation
Financial Statements
As of September 30, 2016

REGIONAL DEVELOPMENT CORPORATION ("RDC")

Balance Sheet
September 30, 2016

	September 2016	August 2016	December 2015
ASSETS:			
Restricted Cash**	\$ 6,155,883	\$ 6,511,892	\$ 6,734,596
Sequestered Cash**	6,506,686	6,506,151	6,504,876
Direct Loans *	10,077,912	9,698,203	9,212,171
50/50 Bank Participation Loans *	403,909	407,071	424,801
Loan Interest Receivable	1,000	1,000	-
Reserve for Loan losses	(292,932)	(169,608)	(178,247)
Total Loan Assets, net	<u>10,189,890</u>	<u>9,936,667</u>	<u>9,458,725</u>
TOTAL ASSETS	<u><u>\$ 22,852,459</u></u>	<u><u>\$ 22,954,710</u></u>	<u><u>\$ 22,698,197</u></u>
LIABILITIES & NET ASSETS			
Accounts Payable	\$ 3,000	\$ 3,000	\$ 2,338
Due to ECIDA	504,550	490,216	313,327
Other Liabilities	1,550,590	1,550,133	1,546,422
Total Liabilities	<u>2,058,139</u>	<u>2,043,349</u>	<u>1,862,087</u>
Restricted Fund Balance	<u>20,794,320</u>	<u>20,911,361</u>	<u>20,836,110</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 22,852,459</u></u>	<u><u>\$ 22,954,710</u></u>	<u><u>\$ 22,698,197</u></u>

<i>* Loan Portfolio Summary:</i>	September 2016	August 2016	December 2015
# of Direct Loans	49	48	54
# of 50/50 Bank Participation Loans	7	7	7
	<u>56</u>	<u>55</u>	<u>61</u>

** Cash is invested in interest bearing accounts at First Niagara Bank (soon to become KeyBank). 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 30, 2016

	Actual vs. Budget		
	Actual	Budget	Variance
REVENUES:			
Interest Income - Loans	\$ 33,599	\$ 36,000	\$ (2,401)
Interest Income - Cash & Inv.	606	572	33
Administrative Fees	-	1,250	(1,250)
Other Income	1,781	625	1,156
Total Revenues	<u>35,986</u>	<u>38,447</u>	<u>(2,461)</u>
EXPENSES:			
Management Fee - ECIDA*	\$ 27,083	\$ 27,083	\$ (0)
Provision for Loan Losses	123,324	50,000	73,324
Rent & Facilities Expenses	1,417	1,417	0
Professional Services	1,103	4,167	(3,064)
Other Expenses	100	271	(171)
Total Expenses	<u>153,027</u>	<u>82,938</u>	<u>70,090</u>
NET INCOME/(LOSS):	<u>\$ (117,042)</u>	<u>\$ (44,490)</u>	<u>\$ (72,551)</u>

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2016 budgeted figures.

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Income Statement
Year to Date: September 30, 2016

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
REVENUES:						
Interest Income - Loans	\$ 304,271	\$ 324,000	\$ (19,729)	\$ 304,271	\$ 286,108	\$ 18,163
Interest Income - Cash & Inv.	2,201	5,150	(2,949)	2,201	3,991	(1,790)
Administrative Fees	16,313	11,250	5,063	16,313	16,531	(219)
Other Income	11,750	5,625	6,125	11,750	436,695	(424,945)
Total Revenues	334,534	346,025	(11,491)	334,534	743,325	(408,791)
EXPENSES:						
Management Fee - ECIDA*	\$ 216,750	\$ 243,750	\$ (27,000)	\$ 216,750	\$ 221,250	\$ (4,500)
Provision for Loan Losses	114,685	150,000	(35,315)	114,685	18,434	96,251
Rent & Facilities Expenses	12,750	12,750	0	12,750	10,500	2,250
Professional Services	30,738	54,250	(23,512)	30,738	25,944	4,794
General Office Expenses	-	-	-	-	-	-
Other Expenses	1,401	2,438	(1,036)	1,401	1,322	79
Total Expenses	376,324	463,188	(86,863)	376,324	277,450	98,874
NET INCOME/(LOSS):	\$ (41,790)	\$ (117,163)	\$ 75,373	\$ (41,790)	\$ 465,875	\$ (507,665)

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2016 budgeted figures.



Loan Status Report September 28, 2016 - October 26, 2016

<u>RDC Loans Approved Since Last Meeting</u> (None)	<u>Municipality</u>	<u>Amount</u>
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<u>RDC Loans Closed Since Last Meeting</u> S.J. McCullagh Coffee, Inc.	<u>Municipality</u> Buffalo	<u>Amount</u> \$ 500,000
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<u>Loans in Closing Process</u> Cedar's Bakery	<u>Municipality</u> Buffalo	<u>Amount</u> \$ 35,000
Mr. Albert Dawson d/b/a Daw, Inc. (Aamco of West Seneca)	Grand Island	\$ 50,000
		<u>\$ 85,000</u>

<u>Loans in the Pipeline</u> Interactive X	<u>Municipality</u> Amherst	<u>Amount</u> \$ 200,000
Port O'Cell Brewing	Buffalo	\$ 215,000
SLR Contracting	Buffalo	\$ 50,000
WTF Chef	Cheektowaga	\$ 50,000
		<u>\$ 515,000</u>

<u>Delinquency</u> 2 Accounts	<u>Loan Balance Outstanding</u> \$187,324 \$12,475,434 (Total Portfolio)	<u>Delinquency Rate</u> <u>1.81%</u> <u>1.5%</u>
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<u>Loans Closed YTD</u> 11	<u>Loan Total YTD</u> \$3,462,000	<u>Total New Jobs Projected</u> 64	<u>Retained Jobs</u> 360
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RDC Loan Closings 2016

Project Name	Loan Amount	Jobs at App	Projected Year 3 Jobs	Project City	Closing Date	Project Product
Robinson Home Products	\$ 1,600,000	110	113	Williamsville	4/1/2016	RDC Loan
Big Ditch Brrewing Co.	\$ 500,000	65	75	Buffalo	7/1/2016	RDC Loan
S.J. McCullagh	\$ 500,000	38	38	Buffalo	9/30/2016	RDC Loan
Genreal Welding and Fabricating	\$ 500,000	68	78	Elma	6/23/2016	RDC Loan
492 Elmwood/The Thin Man Brewery	\$ 337,500	0	10	Buffalo	4/15/2016	RDC Loan
Disc Lock, LLC	\$ 325,000	45	52	Tonawanda	5/12/2016	RDC Loan
51 Chippewa Street	\$ 50,000	0	20	Buffalo	3/25/2016	Micro Loan
Elite Dance Studio	\$ 50,000	2	3	Bowmansville	4/14/2016	Micro Loan
Azariah's Innocence, LLC	\$ 40,000	3	4	Buffalo	9/1/2016	Micro Loan
The GreenerWe	\$ 35,000	1	2	Grand Island	8/5/2016	Micro Loan
Alpine Made, LLC./Beiter and Sons Farm, LLC	\$ 24,500	2	3	South Whales	8/5/2016	Micro Loan

11 Projects Closed
64 Jobs Projected

Total: **\$ 3,962,000** **334** **398**

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

RESOLUTION

The meeting of the Buffalo and Erie County Regional Development Corporation was convened on October 26, 2016, at 11:00 a.m.

The following resolution was duly offered and seconded, to wit:

RESOLUTION OF THE BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION (THE "RDC") TO UTILIZE FUNDS PROVIDED FROM THE BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION (THE "ILDC") AS LOCAL SHARE FOR THE RDC REVOLVING LOAN FUND (THE "RLF") AND TO TAKE OTHER ACTIONS RELATED THERETO

WHEREAS, the RDC was incorporated as an affiliate of the Erie County Industrial Development Agency (the "Agency") for the purpose of making direct loans to existing and new companies utilizing the resources from various Revolving Loan Funds (the "RLF"); and

WHEREAS, the RDC was originally established with grants from the Economic Development Administration (the "EDA") of \$7,000,000, the County of Erie Community Development Block Grant funds of \$2,316,000 and the City of Buffalo Community Development Block Grant funds of \$1,800,000; and

WHEREAS, the County of Erie Community Development Block Grant funds were used by the RDC as the required local match for purposes of securing, receiving and utilizing the EDA grant described above; and

WHEREAS, the RDC desires to apply certain RLF loan proceeds that have grown since RLF inception as a result of program income earnings and accrued passive interest earnings towards the required local match that will replace the County of Erie Community Development Block Grant funds original pledged amount of \$2,316,000; and

WHEREAS, the RDC will return to the County of Erie Community Development Block Grant funds in the original amount of \$2,316,000 plus an additional amount of \$351,590 resulting from program income in the County sub-fund attributable to the Community Development Block Grant, for a total of \$2,667,590; and

WHEREAS, the RDC will, in addition, return to the County of Erie passive bank interest earned on the County sub-fund earned since inception totaling \$1,546,422, which funds will then be forwarded on by the County of Erie to the United States Department of the Treasury thus reducing the capital base of the RDC loan fund to \$16,622,098 from its current capital base figure of \$20,836,110, against which the capital utilization rate will be calculated going forward; and

WHEREAS, in order to maintain the required RDC 25% local match, which must consist of non-federal funds (75% from EDA to fund the RLF), there is a shortfall of \$287,431.50 yet needed by the RDC; and

WHEREAS, the Buffalo and Erie County Industrial Land Development Corporation (the "ILDC"), also an affiliate of the Agency, desires to engage the services of the RDC, and the RDC desires to provide services to the ILDC, said services being in furtherance of the purposes of the RDC, to construct, acquire, rehabilitate and improve for use by others industrial or manufacturing plants in the County of Erie and to assist financially in such construction, acquisition, rehabilitation and improvement of such industrial and manufacturing facilities in the County of Erie, and

WHEREAS, the RDC and ILDC have agreed that the ILDC shall pay the RDC the amount of \$287,431.50 in exchange for RDC providing such services as stated above; and

WHEREAS, the RDC intends to utilize the payment received from the ILDC as described above to enable the RDC to meet the 25% local, non-federal RLF match requirement.

NOW, THEREFORE, BE IT RESOLVED BY THE REGIONAL DEVELOPMENT CORPORATION AS FOLLOWS:

1. The RDC is hereby authorized to enter into an appropriate services agreement with the ILDC in an amount not to exceed \$287,431.50 to enable the RDC to construct, acquire, rehabilitate and improve for use by others industrial or manufacturing plants in the County of Erie and to assist financially in such construction, acquisition, rehabilitation and improvement of such industrial and manufacturing facilities in the County of Erie.
2. The RDC is hereby authorized to utilize the funds so received from the ILDC to enable the RDC to meet the 25% local, non-federal RLF match requirement.
3. The RDC is hereby authorized to return to the County of Erie the original County of Erie Community Development Block Grant funds in the original amount of \$2,316,000 plus an additional amount of \$351,590 resulting from program income in the County sub-fund attributable to the Community Development Block Grant, for a total of \$2,667,590.
4. The RDC is hereby authorized to return to the County of Erie passive bank interest earned on the County sub-fund in the amount of \$1,546,422, said funds to then be transferred by the County to the United States Department of Treasury.
5. This Resolution shall take effect immediately.

Dated: October 26, 2016