



**Buffalo and Erie County Regional Development Corporation
Board of Directors Meeting
September 27, 2017
@ 9:00 a.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 August 23, 2017 Minutes of the Board of Directors Meeting (Pages 2-4)

3.0 Reports / Action Items / Information Items:

- 3.1 Financial Report (Pages 5-8)
- 3.2 Finance & Audit Committee Update (Page 9)
- 3.3 Proposed Budget Timetable (Page 10)
- 3.4 Review of 2018 Budget (Pages 11-14)
- 3.5 Auditing Services Procurement Memo (Pages 15-18)
- 3.6 Banking Resolution Approval (Pages 19-22)
- 3.7 2018 - RDC Board Meeting Schedule (Page 23)
- 3.8 RDC Loan Status Report/RDC Closing Schedule (Pages 24-25)

4.0 Approval of the Following Loan Case(s):

- 4.1 Buffalo Brewery Leasing, LLC/Thin Man Brewery of Buffalo, LLC (Pages 26-29)

5.0 Adjournment - Next Meeting October 25, 2017

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

- DATE AND PLACE:** August 23, 2017, at the Erie County Industrial Development Agency, 95 Perry Street, 5th Floor ESD Conference Room, Buffalo, New York 14203
- PRESENT:** Hon. Diane Benczkowski, Rev. Mark E. Blue, Hon. Byron W. Brown, James F. Doherty, Tyra Johnson, Richard Lipsitz, Jr., Hon. Joseph C. Lorigo, David L. Lowrey, John J. Mudie, Hon. Glenn R. Nellis, Louis Panzica, Hon. Mark C. Poloncarz, Hon. Darius G. Pridgen and Hon. Barry A. Weinstein
- EXCUSED:** Dottie Gallagher-Cohen, Hon. Joseph H. Emminger, Brenda W. McDuffie, Sister Denise Roche and Paul V. Vukelic
- OTHERS PRESENT:** Steve Weathers, Chief Executive Officer; John Cappellino, Executive Vice President; Mollie Profic, Treasurer; Gerald Manhard, Chief Lending Officer, and Robert G. Murray, Secretary
- GUESTS:** Maria Whyte, Deputy County Executive; Andrew Federick, Erie County Senior Economic Development Specialist

There being a quorum present at 9:45 a.m., Mr. Lipsitz, in the absence of the presence of the Chair, called the meeting to order.

MINUTES

The Minutes of the June 28, 2017, meeting of the Board of Directors of the RDC were presented. Mr. Poloncarz moved, and Mr. Pridgen seconded it, to approve of the minutes. Mr. Lipsitz called for the vote and the minutes were unanimously approved.

REPORTS/ACTION ITEMS/INFORMATION ITEMS:

Financial Report. Ms. Profic presented the July, 2017 Financial Reports, noting the balance sheet shows that the RDC finished July with total assets of \$18,500,000.00 and net assets of \$18,300,000.00. The monthly income statement reports net income of \$700 for July. Operating revenue was slightly below budget at \$36,500.00. The total expenses were over budget by \$1,900.00. The year-to-date income statement shows revenue of \$266,000.00, slightly ahead of budget for the year, along with expenses of about \$263,000.00, which are \$89,000.00

under budget. The result is a net income of \$2,900.00 through July. Mr. Lipsitz directed that the report be received and filed.

RDC Loan Status Report/Closing Report. Mr. Manhard presented this report. Mr. Poloncarz queried as to how much money the RDC has available in its Loan Fund. Mr. Manhard responded that approximately \$8,000,000.00 is available for lending and that the RDC needs to lend approximately \$4,500,000.00 to comply with the Federal EDA lending requirements for a loan portfolio of the RDC's size. Mr. Poloncarz then encouraged members to keep RDC lending opportunities in mind when speaking with members of the public. Mr. Lipsitz then directed that the report be received and filed.

Finance & Audit Committee Update. Ms. Profic updated members on the August 17, 2017 joint meeting of the ECIDA, RDC and ILDC Finance & Audit Committee wherein the Committee reviewed and discussed the process regarding the recent Banking Request For Proposals, noting that the Committee will be recommending that the board approve M&T Bank as the RDC's primary bank. Ms. Profic also commented that she reviewed the Bethlehem Steel site transaction, and the status of the Agency's financial report with respect to the annual budget for 2017. Mr. Lipsitz directed that the report be received and filed.

Banking Request for Proposal. Ms. Profic reviewed the Professional Services Request for Proposal process by which the Agency, the RDC and the ILDC have conducted a joint request for proposals for banking services. Ms. Profic noted that the 10 largest banks in Erie County, as ranked by Buffalo Business First were contacted to inquire whether they have a government banking area. RFPs were then sent to 8 banks in total, 7 from the top 10 largest banks and one bank was sent the RFP based on past verbal expression of interest. Ads were also placed in the Buffalo News and the Challenger Community News. Notice of the RFP was also placed on the ILDC's website. Five responses to the RFP were received from Community Bank, N.A., Citizens Bank, Evans Bank N.A., KeyBank N.A. and M&T Bank.

Ms. Profic then noted that an internal staff committee scored the proposals based on specific criteria as provided to board members. A short list of three banks was developed and the staff committee requested additional questions from those three short-listed banks. After receiving answers to those questions, the top 2 banks were then interviewed. As a result, the internal staff committee unanimously recommends M&T Bank due to the following: (1) M&T offered competitive interest rates and the highest earnings credit rate; (2) M&T has a dedicated government banking team headquartered in Buffalo; (3) the principal relationship manager for ECIDA has over 11 years of government banking experience; (4) clients include other IDAs, state agencies, counties, and public authorities; (5) M&T Bank offered a no service charge proposal if they were selected as the prime deposit bank; (6) M&T has received and "outstanding" CRA rating since 1989; and (7) M&T offers a dedicated project management team to assist us with our banking transition. The committee also felt M&T's web-based banking, transaction services, and positive pay features were superior.

Ms. Profic also noted that on August 17, 2017, the Joint Finance & Audit Committee reviewed the RFP results as described above and recommended that the Board approve the selection of M&T Bank as the prime bank.

Mr. Poloncarz moved and Mr. Mudie seconded to approve of M&T Bank. Mr. Lipsitz called for the vote and M&T Bank was selected as the RDC's prime bank to provide banking, cash management, and investment services to the RDC.

There being no further business to discuss, Mr. Lipsitz adjourned the meeting at 9:51 a.m.

Dated: August 23, 2017

Robert G. Murray, Secretary

Regional Development Corporation
Financial Statements
As of August 31, 2017

REGIONAL DEVELOPMENT CORPORATION ("RDC")

Balance Sheet

August 31, 2017

	August 2017	July 2017	December 2016
ASSETS:			
Restricted Cash**	\$ 8,640,892	\$ 8,454,436	\$ 2,414,368
Sequestered Cash**	-	-	6,482,286
Direct Loans *	9,941,840	10,081,790	9,757,152
50/50 Bank Participation Loans *	313,769	315,002	355,227
Reserve for Loan losses	(345,912)	(345,912)	(299,083)
Total Loan Assets, net	<u>9,909,697</u>	<u>10,050,880</u>	<u>9,813,296</u>
TOTAL ASSETS	<u>\$ 18,550,589</u>	<u>\$ 18,505,315</u>	<u>\$ 18,709,950</u>
 LIABILITIES & NET ASSETS			
Accounts Payable	\$ 3,755	\$ 3,000	\$ 16,757
Due to ECIDA	197,004	167,530	361,291
Total Liabilities	<u>200,759</u>	<u>170,530</u>	<u>378,048</u>
Restricted Fund Balance	<u>18,349,830</u>	<u>18,334,785</u>	<u>18,331,902</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 18,550,589</u>	<u>\$ 18,505,315</u>	<u>\$ 18,709,950</u>

* Loan Portfolio Summary:	August 2017	July 2017	December 2016
# of Direct Loans	47	47	48
# of 50/50 Bank Participation Loans	4	4	6
	<u>51</u>	<u>51</u>	<u>54</u>

** Cash is invested in interest bearing accounts at 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 August 2017

	Actual vs. Budget		
	Actual	Budget	Variance
REVENUES:			
Interest Income - Loans	\$ 35,266	\$ 35,000	\$ 266
Interest Income - Cash & Inv.	671	687	(16)
Administrative Fees	-	1,250	(1,250)
Other Income	10,175	625	9,550
Total Revenues	<u>46,112</u>	<u>37,562</u>	<u>8,550</u>
EXPENSES:			
Management Fee - ECIDA*	\$ 27,917	\$ 27,917	\$ 0
Rent & Facilities Expenses	1,500	1,500	0
Professional Services	857	4,167	(3,309)
General Office Expenses	4	-	4
Other Expenses	789	271	518
Total Expenses	<u>31,067</u>	<u>33,854</u>	<u>(2,787)</u>
NET INCOME/(LOSS):	<u>\$ 15,045</u>	<u>\$ 3,708</u>	<u>\$ 11,337</u>

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2017 budgeted figures.

REGIONAL DEVELOPMENT CORPORATION ("RDC")

Income Statement

Year to Date: August 31, 2017

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
REVENUES:						
Interest Income - Loans	\$ 281,988	\$ 280,000	\$ 1,988	\$ 281,988	\$ 270,672	\$ 11,316
Interest Income - Cash & Inv.	4,336	5,495	(1,159)	4,336	1,596	2,740
Administrative Fees	6,188	10,000	(3,813)	6,188	16,313	(10,126)
Other Income	19,316	5,000	14,316	19,316	9,969	9,347
Total Revenues	311,828	300,495	11,333	311,828	298,550	13,278
EXPENSES:						
Management Fee - ECIDA*	\$ 184,334	\$ 223,333	\$ (38,999)	\$ 184,334	\$ 189,667	\$ (5,333)
Provision for Loan Losses	52,299	100,000	(47,701)	52,299	(8,639)	60,938
Rent & Facilities Expenses	12,001	12,000	1	12,001	11,333	668
Professional Services	28,343	48,733	(20,390)	28,343	29,635	(1,292)
General Office Expenses	954	-	954	954	-	954
Other Expenses	15,969	2,167	13,802	15,969	1,301	14,668
Total Expenses	293,900	386,233	(92,333)	293,900	223,297	70,603
NET INCOME/(LOSS):	\$ 17,928	\$ (85,738)	\$ 103,666	\$ 17,928	\$ 75,253	\$ (57,325)

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2017 budgeted figures.



To: ECIDA, RDC & ILDC Board of Directors
From: Michael Szukala, Chair
Date: September 27, 2017
Re: Finance & Audit Committee Report

In accordance with its Committee Charter, the Finance & Audit Committee is required to “report its actions and recommendations to the Board at each regular meeting of the Board following a meeting of the Finance and Audit Committee and when otherwise requested by the Board”. This report is prepared to satisfy this requirement.

A joint meeting of the ECIDA, RDC & ILDC Finance & Audit Committee was held on September 12, 2017. The following items were reviewed:

1) Professional Auditing Services Request for Proposals

Mollie Profic, Controller, reported on the five proposals that were received in response to ECIDA & Related Entities’ Professional Auditing Services RFP. Following discussion, the Committee recommended that the Board approve the appointment of Freed Maxick CPAs to provide professional auditing services for ECIDA, RDC, and ILDC for the 2017 and 2018 year end audits, with an option of contracting with the firm for the 2019-2021 audits.

2) Draft 2018 Budgets + 3 Year Forecasts for ECIDA, RDC and ILDC

Mollie Profic, Controller, reviewed the 2018 draft budgets and 3 year forecasts for ECIDA, RDC and ILDC, as well as the capital budget for ECIDA. Following discussion on each, the Committee voted to recommend approval of the budgets to the respective Boards, subject to adjustments of greater than \$100,000. If there are any changes to any of the budgets in excess of \$100,000, the Committee will meet again to review the updated budget(s).





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

2018 Budget Review

Date	Description	
July-August	Review of proposed 2018 budgets by ECIDA management. (a) Prioritize any proposed budget requests for initiatives. (b) Formal budget requests compiled.	✓
September 12 th	Finance & Audit Committee review/approval of proposed budgets.	✓
September 27 th	Formal review of 2018 draft budgets at Board meetings.	
October 5 th (12:00 pm)	Board Q&A budget session #1 (voluntary).	
October 12 th (10:00 am)	Board Q&A budget session #2 (voluntary).	
October 17 th	Adjustments to budget based on Board feedback and Finance & Audit Committee approval of final budgets <i>(if necessary)</i> .	
October 25 th	Board meeting – action to approve final 2018 budgets.	
November 1 st	Deadline for final approved budget to be submitted to the ABO.	

Regional Development Corporation
2018 Budget

Regional Development Corporation (RDC)

Proposed 2018 Budget + 3 Year Forecast

The Buffalo and Erie County Regional Development Corporation (“RDC”) presently has one activity – the operation of a federally restricted revolving loan fund that provides loans to eligible businesses that would not otherwise be able to obtain such financing from normal commercial sources.

A. Key Budget Assumptions:

In 2018, the RDC is expected to fund new loans of approximately \$2 million. This will be offset by approximately \$2.6 million in loan repayments into the revolving loan fund. Interest income on loans is expected to be approximately \$530,000 for 2018, which represents a 26% increase from the \$420,000 budget for 2017.

B. Overview of Changes in 2018 Budget:

The following summarizes the key changes between the 2018 budget and the projected 2017 results:

- The ECIDA Management Fee represents a fee charged by the ECIDA for services that its employees provide to the revolving loan fund, since RDC has no employees of its own. The fee is expected to increase by approximately \$9,000 or 2.5% in 2018 due to yearly increases for salaries and benefits.
- The budgeted amount for the provision for loan losses is \$175,000 for 2018. The provision represents approximately 1.3% 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 \$175,000 provision for loan losses is net of any anticipated collateral sales and SBA and other guarantees (if applicable). Currently, the charge-off rate for loans issued over the past 10 years is approximately 3.5% versus a historical portfolio charge-off rate of approximately 19%.

C. Summary of Risk Factors Impacting the 2018 Budget:

The following significant risk factor may influence the 2018 budget:

1. Due to the numerous uncertainties, including the recent recession, value of collateral, guarantees, etc., RDC’s actual loan losses may vary significantly from the loan loss amount budgeted.

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Proposed 3 Year Forecast 2019-2021

	Proposed Budget 2018	Forecast 2019	Forecast 2020	Forecast 2021
REVENUES:				
Interest Income - Loans	\$ 530,000	\$ 535,000	\$ 540,000	\$ 545,000
Interest Income - Cash & Inv.	4,000	5,000	5,000	5,000
Administrative Fees	10,000	15,000	15,000	15,000
Other Income	17,000	10,000	10,000	10,000
Total Revenues	561,000	565,000	570,000	575,000
EXPENSES:				
ECIDA Management Fee*	\$ 357,000	\$ 360,000	\$ 360,000	\$ 360,000
Provision for Loan Losses	175,000	125,000	100,000	100,000
Rent & Facilities Expenses	18,000	18,000	19,000	19,000
Professional Services	51,000	60,000	60,000	60,000
General Office Expenses	1,000	900	900	900
Marketing & Other Expenses	12,900	5,000	5,000	5,000
Total Expenses	617,400	568,900	544,900	544,900
NET INCOME/(LOSS):	\$ (56,400)	\$ (3,900)	\$ 25,100	\$ 30,100

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



Item 3.5

MEMORANDUM

TO: ECIDA, RDC and ILDC Boards of Directors
FROM: Mollie Profic, Controller & Treasurer
SUBJECT: Audit RFP Recommendation
DATE: September 27, 2017

The ECIDA's Professional Services Request for Proposals (RFP) Process requires proposals for Professional Auditing Services to be solicited at least every 5 years. Proposals were last solicited in 2012, therefore the Agency is required to do an RFP in 2017. On July 18 2017, the Agency issued an RFP for Professional Auditing Services requesting one CPA firm to jointly audit the Agency and its affiliates, Buffalo Urban Development Corporation ("BUDC") and its affiliates and Western Region Corporation ("WRC"). The joint audit is to reduce total audit costs and improve overall audit efficiencies as the ECIDA's Finance Department is responsible for the financial reporting of all of the entities. The RFP requested services for two (2) years from January 1, 2017 to December 31, 2018, with an option of contracting for an additional three (3) years (2019-2021). The length of the potential contract also coincides with the Public Authorities Law which requires rotation of the audit partner every five (5) years.

A hard copy of the RFP was mailed to the top twenty (20) accounting firms per the 2017 Business First Book of Lists. Ads were also placed in the Buffalo News and Challenger Community News stating the Agency issued an RFP for these services. In addition, the RFP was posted on ECIDA's website. The RFP responses were due on Friday, August 25. Five (5) proposals were received from local firms.

Proposals were evaluated by Mollie Profic, Controller, Bradley Bach, Senior Accountant, and Peter Cammarata, BUDC President, and points were assigned based on the following criteria as stated in the RFP:

- 1) Qualifications and experience of the audit firm. (30%)
- 2) Qualifications and experience of the partners and staff proposed for the engagement. (30%)
- 3) All-inclusive cost for the potential five-year engagement. (40%)
- 4) Compliance with local, State or Federal statutes and regulations.



- 5) Anticipated potential audit problems (if any).
- 6) Submission of proposal by due date.

Results:

- 1) Freed Maxick – Ranked 1st due to their experience auditing similar IDAs (Genesee County, Wyoming County) and the related revolving loan funds, and a government services practice area of over 20 employees. They laid out a detailed audit approach and addressed the need for a smooth transition. The proposed audit team has significant government and not-for-profit audit experience. The firm is located in Buffalo and is an independent member of the RSM US Alliance, which provides access to resources of the nation's fifth largest CPA firm. Their average audit fee over 5 years for all entities is **\$59,420**.
- 2) Lumsden McCormick – Ranked 2nd due to their extensive governmental experience, as well as experience with the entities as our auditors from 2012-2016. They serve clients such as the Niagara County IDA and NFTA. The Principal on the engagement team has audited the entities for over ten years and possesses significant knowledge of the organizations. The firm is located in Buffalo and is an independent member of the BDO Seidman Alliance. Their average audit fee over 5 years for all entities is **\$65,680**.
- 3) Drescher & Malecki – Ranked 3rd. The firm has extensive governmental experience and focuses solely on government and not-for-profit clients. They currently serve the Clarence and Lancaster IDAs and are located in Cheektowaga. Their average audit fee over 5 years for all entities is **\$57,093**.
- 4) Bonadio & Co. – Ranked 4th. They provide auditing services to many governmental entities including the Amherst IDA and County of Monroe IDA. The firm has a government services staff of 28 and is located in Amherst. Their average audit fee over 5 years for all entities is **\$60,890**.
- 5) EFPR Group – Ranked 5th. The firm has a governmental services practice area of 50 employees and serves several IDAs across the state. They are headquartered in Rochester with an office in Williamsville. Their average audit fee over 5 years for all entities is **\$59,600**.

On September 12, 2017 the Joint Finance & Audit Committee of ECIDA, RDC, and ILDC reviewed the above and recommended that their respective Boards approve the selection of Freed Maxick.

Recommendation:

We request that each of the Boards of the ECIDA, RDC, and ILDC approve the selection of Freed Maxick to provide professional auditing services for the 2017 & 2018 audits with an option of contracting with the firm for the 2019, 2020 & 2021 audits.

**RESOLUTION OF THE
BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION**
(Professional Auditing Services)

WHEREAS, the Buffalo and Erie County Regional Development Corporation (the "RDC") desires to adopt a resolution which will provide the necessary authority for the RDC to enter into an engagement with a professional auditing services firm; and

WHEREAS, the RDC, in unison and tandem with its affiliates the Erie County Industrial Development Agency (the "Agency") and the Buffalo and Erie County Industrial Land Development Corporation, utilized the Agency's Professional Services Requests for Proposals Process (the "RFP Process") adopted on September 8, 2008, which requires proposals for Professional Auditing Services to be solicited at least every five years; and

WHEREAS, the RDC, on July 18, 2017, issued a Request for Proposals for Professional Auditing Services (the "Auditing Services RFP"); and

WHEREAS, the Auditing Services RFP was mailed to the top twenty accounting firms per the 2017 Buffalo Business First Book of Lists, ads were placed in the Buffalo News and Challenger Community News stating that the RDC issued the Auditing Services RFP, and the Auditing Services RFP was posted on RDC's website; and

WHEREAS, five (5) proposals were timely received from local firms; and

WHEREAS, an internal RDC staff committee reviewed and scored the Auditing Services RFP responses in accordance with certain scoring criteria evaluating: (i) the qualifications and experience of the respondents, (ii) the qualifications and experience of the respondent's partners and staff, (iii) the all-inclusive cost figure for the potential five-year engagement, (iv) compliance with local, State or Federal statutes and regulations, and (v) anticipated potential audit problems; and

WHEREAS, the internal RDC staff committee has unanimously recommended that Freed Maxick be selected to provide professional auditing services; and

WHEREAS, on September 12, 2017, the RDC's Finance & Audit Committee reviewed the Auditing Services RFP process and the RDC's staff memorandum regarding the recommendation of Freed Maxick, and unanimously resolved to recommend to the RDC that Freed Maxick be chosen to provide auditing services to the RDC for the 2018 and 2019 fiscal years of the RDC, with the option for Freed Maxick to be engaged for the 2020, 2021, and 2022 fiscal years of the RDC, consistent with the term of such an engagement as described in the RFP Process, upon satisfactory review of Freed Maxick's performance and fees for the 2018 and 2019 fiscal years, said review to be undertaken by the Finance and Audit Committee.

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

Section 1: The RDC hereby confirms that it is authorized to select a professional auditing services firm to provide auditing services to the RDC consistent with the RFP Process.

Section 2: Effective with the adoption of this resolution, the RDC hereby finds, in comparison to the other Auditing Services RFP respondents, that Freed Maxick has significant auditing experience auditing similarly situated entities including experience with revolving loan funds, has a large government services practice group consisting of over 20 employees, has significant government and not-for-profit audit experience, and has access via a partnership with RSM US Alliance, which is the nation's fifth largest CPA Firm, thus providing additional access to resources and knowledge and, while the Freed Maxick fee proposal was the second lowest of all respondents, its strengths and assets as described herein outweigh the cost differential.

Section 3. The RDC hereby selects Freed Maxick to provide professional auditing services for the 2018 and 2019 fiscal years, and hereby directs the RDC's Finance and Audit Committee to review Freed Maxick's 2018 and 2019 performance and fees and further, resolves and confirms that, the based upon the RDC's Finance and Audit Committee's satisfactory review of same, and upon the approval of the RDC's Finance and Audit Committee, that Freed Maxick continue to be retained to provide auditing services for the 2020, 2021, and 2022 fiscal years.

Section 4. 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 such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution.

Section 5. This Resolution shall take effect immediately.

ADOPTED: September 27, 2017



Item 3.6

MEMORANDUM

TO: RDC Board of Directors
FROM: Mollie Profic, Treasurer & Controller
SUBJECT: M&T Bank Resolution
DATE: September 27, 2017

On August 23, 2017 the Board of Directors approved the designation of M&T bank as RDC's official depository of funds and to provide cash management and investment services to the Corporation as described in the Joint Request for Proposals for Public-Sector Cash Management & Investment Services that was conducted.

M&T Bank has a standard Public Funds Certified Resolution, the content of which differs slightly from the resolution adopted on August 23, 2017. This resolution is required for each account opened by the Corporation. As all the resolutions will be identical other than the account name, one is included for the Board's review.

Action:

The RDC Board is requested to approve the attached resolution and authorize the execution of the remaining Public Funds resolutions related to the Corporation's accounts.





PUBLIC FUNDS CERTIFIED RESOLUTION

ACCOUNT NUMBER _____ SAFE DEPOSIT BOX _____ SAFE DEPOSIT BOX
BRANCH LOCATION (CC#) _____ NUMBER _____

DEPOSITOR Buffalo & Erie County Regional Development Corporation

EDA Checking

NAME Steven Weathers

ROLE / TITLE President/CEO

ADDRESS 95 Perry Street, Suite 403 Buffalo, NY 14203

TELEPHONE _____

EMAIL ADDRESS (if available) _____

U.S. SSN _____

COUNTRY(IES) OF CITIZENSHIP USA

COUNTRY OF RESIDENCE USA

DATE OF BIRTH _____

SIGNATURE _____

NAME John Cappellino

ROLE / TITLE Executive Vice President

ADDRESS 95 Perry Street, Suite 403 Buffalo, NY 14203

TELEPHONE _____

EMAIL ADDRESS (if available) _____

U.S. SSN _____

COUNTRY(IES) OF CITIZENSHIP US

COUNTRY OF RESIDENCE US

DATE OF BIRTH _____

SIGNATURE _____

NAME Mollie Profic

ROLE / TITLE Treasurer

ADDRESS 95 Perry Street, Suite 403 Buffalo, NY 14203

TELEPHONE _____

EMAIL ADDRESS (if available) _____

U.S. SSN _____

COUNTRY(IES) OF CITIZENSHIP _____

COUNTRY OF RESIDENCE _____

DATE OF BIRTH _____

SIGNATURE _____

NAME Bradley Bach

ROLE / TITLE Assistant Treasurer

ADDRESS 95 Perry Street, Suite 403 Buffalo, NY 14203

TELEPHONE _____

EMAIL ADDRESS (if available) _____

U.S. SSN _____

COUNTRY(IES) OF CITIZENSHIP _____

COUNTRY OF RESIDENCE _____

DATE OF BIRTH _____

SIGNATURE _____



PUBLIC FUNDS CERTIFIED RESOLUTION

ACCOUNT NUMBER _____ SAFE DEPOSIT BOX _____ SAFE DEPOSIT BOX
BRANCH LOCATION (CC#) _____ NUMBER _____

DEPOSITOR Buffalo & Erie County Regional Development Corporation

EDA Checking

NAME Karen Fiala

ROLE / TITLE Assistant Treasurer

ADDRESS 95 Perry Street, Suite 403 Buffalo, NY 14203

TELEPHONE _____

EMAIL ADDRESS (if available) _____

U.S. SSN _____

COUNTRY(IES) OF CITIZENSHIP USA

COUNTRY OF RESIDENCE USA

DATE OF BIRTH _____

SIGNATURE _____

NAME _____

ROLE / TITLE _____

ADDRESS _____

TELEPHONE _____

EMAIL ADDRESS (if available) _____

U.S. SSN _____

COUNTRY(IES) OF CITIZENSHIP _____

COUNTRY OF RESIDENCE _____

DATE OF BIRTH _____

SIGNATURE _____

NAME _____

ROLE / TITLE _____

ADDRESS _____

TELEPHONE _____

EMAIL ADDRESS (if available) _____

U.S. SSN _____

COUNTRY(IES) OF CITIZENSHIP _____

COUNTRY OF RESIDENCE _____

DATE OF BIRTH _____

SIGNATURE _____

NAME _____

ROLE / TITLE _____

ADDRESS _____

TELEPHONE _____

EMAIL ADDRESS (if available) _____

U.S. SSN _____

COUNTRY(IES) OF CITIZENSHIP _____

COUNTRY OF RESIDENCE _____

DATE OF BIRTH _____

SIGNATURE _____

I certify that Depositor named above has duly authorized the opening of a deposit account pursuant to the agreement on M&T Bank's Commercial Deposit Account Opening Request, and that I am duly authorized to act on behalf of Depositor; that Depositor is:

- an agency or department of the United States,
- an agency, division or department of the State of New York,
- a State of _____ local government entity (county, town, village),
- a school district,
- a fire district, or
- other _____

duly organized and validly existing under the laws of the State of _____; and, if applicable, that the resolutions set forth below or provided separately to M&T Bank have been duly adopted by the Board of of Depositor, at a meeting duly called and held on _____, that each of such resolutions is in full force and effect and none has been rescinded, revoked, or modified; and that none of such resolutions nor any action pursuant thereto will violate any law, rule, regulation, charter, by-law or agreement by which Depositor is governed, constituted or bound. RESOLVED, that:

1. Manufacturers and Traders Trust Company ("M&T Bank"), a New York banking corporation, is hereby designated a depository for this entity (the "Depositor") and the officers or employees named herein or on a Rider hereto are hereby authorized to open one or more deposit accounts from time to time (each an "Account") on behalf of Depositor.
2. M&T Bank may purchase, give credit for, cash, accept, certify and pay from funds on deposit in the Account, without inquiry, all items signed, drawn, accepted or endorsed on behalf of Depositor, whether under a title, the words "Authorized Signature" or otherwise, with the actual or purported facsimile signature of any one of the officials whose names, capacities and specimen signatures appear above or on a Rider hereto, or his or her successor in office (each an "Authorized Signer"), regardless of the circumstances under which the signature shall have become affixed so long as the signature is the actual signature of an Authorized Signer or resembles the facsimile signature of an Authorized Signer previously certified to M&T Bank. Depositor shall indemnify M&T Bank against all claims, damages, liabilities, costs and expenses (including, but not limited to, attorneys' fees and disbursements) incurred by M&T Bank in connection with honoring any signature of any Authorized Signer (including any facsimile signature that resembles the facsimile signature of an Authorized Signer previously certified to M&T Bank) or any refusal to honor the signature of any person who is not an Authorized Signer. Depositor acknowledges and agrees that any requirement of Depositor that any item or other instrument for the payment of money signed, drawn, accepted or endorsed on behalf of Depositor bear the signature of more than one Authorized Signer is solely an internal requirement of Depositor and imposes no duty of enforcement on M&T Bank.
3. Any Authorized Signer may, on behalf of Depositor, transact with and through M&T Bank all such business as he or she deems advisable upon such terms as he or she deems proper, including, but not limited to, obtaining an undertaking and pledge of collateral for uninsured balances in the Account, entering into custodial agreements concerning such collateral, obtaining such loans and other extensions of credit as may be consistent with applicable law, discounting, selling, assigning, delivering and negotiating items, guaranteeing the obligations of others pursuant to applicable law, applying for letters of credit, electronic funds transfers, capital markets products, automated clearing house ("ACH") payments, cash management, trust and investment products and any other services or transactions, and, in compliance with all applicable law and procedures, pledging, hypothecating, assigning, mortgaging, encumbering, granting security interests in and otherwise creating liens upon Depositor's property, whether real or personal, tangible or intangible ("Property"), as security for loans and other extensions of credit, and in connection with any such transaction of business do all acts or other things as he or she shall deem proper including, but not limited to, signing, drawing, accepting, executing and delivering items, guarantees, assignments, pledges, hypothecations, receipts, waivers, releases and other instruments, agreements and documents, making and receiving delivery of Property, accepting, receiving, withdrawing and waiving demands and notices and incurring and paying liabilities, costs and expenses.
4. In the event an Authorized Signer acting on behalf of Depositor shall apply to or contract with M&T Bank for any electronic funds transfer service that M&T Bank may make available to Depositor, including, but not limited to, any service that contemplates M&T Bank's execution of payment orders initiated by Depositor for the wire or ACH transfer of funds to or from an Account of Depositor, such Authorized Signer shall be empowered on behalf of Depositor to designate one or more persons (who may, but need not be, Authorized Signers), each of whom, acting alone, shall be authorized on behalf of Depositor to transmit payment orders to M&T Bank for the transfer of funds to or from Depositor's Account.
5. Each person identified as an Authorized Signer, and each person or persons designated by an Authorized Signer to act on behalf of Depositor (who may, but need not be, Authorized Signers), shall have the power and authority to transact business and bind Depositor through electronic medium (e.g., the Internet) and M&T Bank may rely on any of the following to the same extent as the actual signature and proof of identity of each such person to bind Depositor: any electronic signature or digital signature, under applicable law, of such person; any identifier issued by M&T Bank, its affiliates or any other party (e.g., Personal Identification Number associated with ATM or other card or any access device) to such person; or any other criteria that M&T Bank may reasonably rely on which may serve as an indicator of authentication for such person.

I further certify that each person whose name appears above or on a Rider hereto opposite an office has been duly elected or appointed to and now holds such office of Depositor; that each other person whose name thus appears is acting for Depositor in the capacity opposite such other person's name; and that each signature on this certification or a Rider hereto is a true specimen of the signature of the person whose signature it purports to be.

X

	X	
Date	Authorized Signature	Title



ECIDA & RDC Board of Directors Meetings - 2018
Meetings start at 9:00 a.m.

95 Perry Street
5th Floor ESD Conference Room
Buffalo, New York 14203

Wednesday, January 24

Wednesday, February 21

Wednesday, March 21

Wednesday, April 25 (Annual Meeting)

Wednesday, May 23

Wednesday, June 27

Wednesday, July 25

Wednesday, August 22

Wednesday, September 26

Wednesday, October 24

Wednesday, November 28

Wednesday, December 19



Loan Status Report August 24, 2017 – September 26, 2017

RDC Loans Approved Since Last Meeting

Thin Man

Municipality

Buffalo

Amount

\$1,700,000

RDC Loans Closed Since Last Meeting

Dobutsu, LLC

65 Vandalia, LLC

Municipality

Buffalo

Buffalo

Amount

\$ 285,000

\$ 215,000

\$ 500,000

Loans in Closing Process

(None)

Municipality

Amount

Loans in the Pipeline

467 Richmond Avenue, LLC (REVPAC)

Buff Forklift

Renew Bath & Body

Rus Pierogi

Municipality

Buffalo

Buffalo

Buffalo

Buffalo

Amount

\$1,000,000

\$1,500,000

\$ 50,000

\$ 400,000

\$2,950,000

2017

Delinquency

0 Accounts

Loan Balance

Outstanding

\$0

Delinquency

Rate

0

Loans Closed YTD

6

Loan Total YTD

\$1,767,500

Total New Jobs Projected

37

Retained Jobs

501

Private Investment

\$8,318,000

RDC Loan Closings 2017

Project Name	Loan Amount	Jobs at App	Projected Year 3 Jobs	Project City	Closing Date	Project Product
HLM Contracting	\$ 30,000	1	1	Buffalo	1/19/2017	Micro Loan
Sherex Fastening	\$ 750,000	43	50	Tonawanda	3/24/2017	RDC Loan
Clearview Social	\$ 300,000	7	10	Buffalo	3/31/2017	RDC Loan
Radio One Buffalo, LLC	\$ 187,500	0	4	Cheektowaga	3/24/2017	RDC Loan
Dobutsu, LLC	\$ 285,000	0	19	Buffalo	9/18/2017	RDC Loan
65 Vandalia, LLC	\$ 215,000	0	4	Buffalo	9/18/2017	RDC Loan

6 Projects Closed
37 Jobs Projected

\$ 1,767,500 51 88

Total:

**Buffalo and Erie County Regional Development
RDC Loan Analysis**

Co-Borrowers:	Buffalo Brewery Leasing LLC. / Thin Man Brewery of Buffalo LLC. /492 Elmwood Ave. LLC	Established:	2015	Type:	Limited Liability Corporation
Project Address:	166 Chandler St.				
City:	Buffalo	State:	New York	Zip:	14207
Phone:	716.861.5385	Fax:	n/a	e-mail:	RTermini@WNYlofts.com
Type of Business:	Brewery	NAICS:	532490, 312120, 722511		

LOAN INFORMATION

RDC Loan Amount:	\$1,700,000.00	Purpose:	Equipment Purchase	Maturity:	Term: 90 months Amortization: 84 months
Rate:	4.0%	Initial Date of Contact:	6/2017	Date of Site Visit:	7/2017
Jobs Existing:	2FT; 1PT	Jobs Created:	7FT; 2PT	Jobs Retained:	n/a

The Sources and uses of funds is as follows:

Source of Funds:		
Five Star Bank	\$2,584,000.00	
RDC Term Loan	\$1,600,000.00	
Equity	\$1,146,000.00	
Total Funding	\$5,430,000.00	
Use of Funds:		
Five Star Bank	\$2,584,000.00	Real Estate Purchase, Build Out/Renovations
RDC Term Loan	\$1,600,000.00	Equipment Purchase
Equity	\$1,146,000.00	Renovations/Working Capital Expenses
Total Funding	\$5,430,000.00	

COLLATERAL

Business Asset:	First priority lien on purchase money assets; First Priority Lien on all assets of Buffalo Brewery Leasing LLC. and Thin Man Brewery of Buffalo LLC. Second priority lien on all business assets of 492 Elmwood Ave. LLC.
Real Estate	Second priority lien on commercial property located at 166 Chandler St. Buffalo, NY (subordinate to Five Star)
Corporate Guarantors:	N/A
Personal Guarantors:	Unlimited personal guarantee of Rocco Termini, Brigette Termini, Suzanne Shatzel and Michael Shatzel
Life Insurance:	N/A
Recommended By:	Gerald Manhard and Michael Alexander

Concurrence:

Loan Committee: Unanimously Approved request

Approved Yes No
Date: 9/13/17

Board of Directors Yes No
Date:

I: Background

In January of 2016, Rocco Termini formed 486 Elmwood Buffalo LLC. to for the sole purpose of acquiring the property located at 486 and 492 Elmwood Ave. and opening a brewery/restaurant.

Shortly thereafter, a partnership was formed between Rocco Termini and Michael Shatzel to operate the restaurant (492 Elmwood Avenue LLC, d/b/a Thin Man Restaurant). Although it was originally intended that Termini and Shatzel would also run the Brewery (Thin Man Brewery of Buffalo, LLC), New York State Liquor Authority regulations prohibit individuals from owning both a wholesale and retail liquor operation.

In an effort to move the project forward and remain in compliance with the SLA, the brewery was separated from the restaurant and the name was changed to Thin Man Brewery of Buffalo LLC. with ownership in the names of their wives, Bridget Termini and Suzanne Shatzel. Upon working with the SLA, it was decided that the landlord would produce a turnkey real estate venture and the tenant would pay all the improvements in the real estate lease.

With financing from both The RDC and Evans Bank, the brewery equipment was purchased by a newly formed leasing company (Buffalo Brewery Leasing, LLC) set up by Rocco Termini and Michael Shatzel and in turn leased to Thin Man Brewery, LLC.

Upon completion of the buildout for the original project, Thin Man Brewery hired Rudy Watkins, the former head brewer at Community Beer Works as their head brewer. Mr. Watkins has a reputation throughout the country as one of the finest craft brewers. Thin Man Brewery received their licenses in July 2016 and began production in September 2016.

Since September 2016 Thin Man Brewery has developed over 20 varieties of signature craft beers. At present, the brewery is capable of producing 1500 barrels of beer per year (maximum production capacity was achieved within 10 months). The brewery presently self-distributes to 40 establishments in Erie and Niagara counties as well as 20 in Rochester. Thin Man has also established a relationship with Key 6 Distributors to supply Toronto. To date the Canadian distributor has taken 80, 15-liter kegs.

Ownership Summary

Entity	Owners (Share)	Description
Thin Man Brewery of Buffalo, LLC.	Bridget Termini (50%) Suzanne Shatzel (50%)	Beer production and sales operation.
Buffalo Brewery Leasing Company, LLC.	Rocco Termini (50%) Michael Shatzel (50%)	Owns brewery equipment which is leased to Thin Man
492 Elmwood Ave. LLC.	Rocco Termini (50%) Michael Shatzel (50%)	Owns/Operates Restaurant
486 Elmwood Ave. LLC.	Rocco Termini (50%) Owns real estate located at 486/492 Elmwood Ave.	Owns real estate located at 486/492 Elmwood Ave. Receives rent from Thin Man Brewery of Buffalo and 492 Elmwood Ave. LLC.

II: Project Description

As a result of reaching production capacity and increased demand for product, Mr. Termini and Mr. Shatzel have plans on expanding the production facility to increase output as well as introduce an in-house canning line. The production expansion is expected to take place at a recently acquired property located on Chandler St. in Buffalo. The new facility will include construction of a 10,000-sq. ft., steel building with 30' ceiling height which will be attached to the existing 40,000 sq. ft. brick and concrete structure. The new steel building will contain the brewery equipment as the 30' height will allow for a more efficient production. The existing brick building will be used for the canning line, storage, and cooling. Owners have met with architects to ensure the layout of the facility is as efficient as possible in an effort to keep overhead costs down. Introduction of the canning line will increase their ability to market to retail locations. It should be noted that to date, Thin Man has only been able to market/sell beer in kegs and growlers. As of June 2017, Thin Man has been negotiating distribution agreements with T. J. Sheehan and Remarkable Liquids (T. J. Sheehan distributes west of Syracuse and Remarkable Liquids east of Syracuse). The new distribution partners will be able to market/distribute products directly to Wegmans, Tops, Consumers and other retail stores across the state. As T. J. Sheehan distributes all over the continental U. S., Thin Man plans on exploring options of expanding their footprint to include Pennsylvania/Ohio and possibly beyond pending product demand. Projected sales are based on estimates from new distributors, of which, T.J. Sheehan

estimates selling one case of product per week at all New York State Wegman's stores and other comparable regional retailers, resulting in Thin Man Brewery obtaining projected sales levels (40% of production capacity of new line).

In addition to the partnerships with the above-mentioned distributors, the brewery is also collaborating with Widawa Brewery of Poland. Widawa head brewer, Wojtek Fraczyk was in Buffalo recently to begin the collaboration process with their first specialty beer being produced as a Dingus Beer.

Upon completion of the new production facility, the brewery anticipates increasing distribution to approximately 4,000 barrels of canned beer and 2,000 barrels of kegs (6,000 barrels total).

Note, in recent years, The New York State Department of Economic Development has put a greater emphasis on promoting and fostering the growing brewery industry not only as a manufacturing industry but also as part of New York's tourist industry. Thin Man plans on capitalizing on the thousands of tourists that come from all over the northeast and southern Ontario. Brewery tours are becoming a large part of the tourist industry not only in Buffalo but in New York State as a whole.

The ownership group has approached Five Star Bank for financing capital needed to complete the expansion project. Although interested, Five Star is unable to fund the entire \$5.4MM project, leaving a gap of approximately \$1.7MM. As a result of the shortfall, Five Star Bank has approached The RDC for assistance in filling the financing gap. Five Star Bank will finance the commercial properties/buildout and the RDC funds would be dedicated the purchase of brewing equipment needed to outfit the new facility. Unanimously

III. Company Management

Rocco Termini (Ownership: 50%)

Owner/Operator of Signature Development

Education:

Canisius College

1968-1972

In addition to the many real estate development projects competed by Mr. Termini, the applicant has successfully started and operated several long-standing area restaurants including Sea Bar, Tappo, Bourbon and Butter and Cantina Loco.

Michael Shatzel (Ownership: 50%)

Owner/Operator

Mr. Shatzel has successfully started and operated several long-standing area restaurants/bars including The Blue Monk, Cole's, Brennan's, Liberty Hound, Allen Burger Venture and Moor Pat.

Rudy Watkins (Ownership: 0%)

Head Brewer

Duties include oversight of brewery design/construction and product development. Mr. Watkins has over 15 years' experience as a Master Brewer and has developed some of the most popular regional craft beers in the northeast as well as some of the most highly rated IPA's in the country.

IV. Job Creation

The company will create seven (7) full time positions upon completion of the project. While the project will not meet RDC’s goal of 1 full time position for every \$50k lent, it will benefit the local area by rehabilitating and restoring production to an abandoned property located in a distressed census tract.

V. Reasons / Recommendations for Loan Approval:

- Strong personal cash flow of guarantors
- Acceptable debt service coverage
- Significant net worth of principal guarantors
- Acceptable credit history of guarantors
- Educated management team and personnel with significant successful industry experience.
- National stats anticipate a continued positive trend for industry and target demographics.
- Borrower has signed distribution agreements with large, reputable NYS and national beer distributors
- Projections appear to be conservative and attainable.
- Proposed project will renovate and remediate an abandoned building with environmental concerns that is located in a economically depressed neighborhood of Buffalo.
- 7-full time jobs and 2-part times jobs will initially be created.

VI:

Sub Fund Criteria

- | | |
|-----------------|--|
| Woman Owned | <input type="checkbox"/> Yes or No <input checked="" type="checkbox"/> |
| Minority | <input type="checkbox"/> Yes or No <input checked="" type="checkbox"/> |
| Target Industry | <input checked="" type="checkbox"/> Yes or No <input type="checkbox"/> |
| Target Area | <input checked="" type="checkbox"/> Yes or No <input type="checkbox"/> |
| Job Retention | <input type="checkbox"/> Yes or No <input checked="" type="checkbox"/> |

VII. Terms of Loan:

A summary of the recommended loan terms follows:

- | | |
|-------------------------------------|--|
| Loan Amount: | \$1,700,000.00 |
| Interest Rate: | 4% |
| Loan Amortization: | 84 months |
| Loan Term: | 90 months (6 month draw period - interest only) |
| Security/Collateral: | -1 st priority lien on all purchase money business assets of Buffalo Brewery Leasing LLC.
-1 st priority lien on assets of Thin Man Brewery of Buffalo, LLC
-1 st priority lien on assets of Buffalo Brewery Leasing, LLC
-2 nd priority lien on assets of 492 Elmwood Avenue LLC.
-2 nd lien on R/E located at 166 Chandler Street, Buffalo, NY (Five Star Bank- 1 st lien)
-Unlimited personal guaranty of Rocco and Bridgette Termini; Michael and Suzanne Shatzel |
| Loan Disbursement Procedure: | 6-month interest only draw period that will begin to amortize in month 7 with principal and interest payments based on a 7-year amortization schedule |