



**Buffalo and Erie County Regional Development Corporation
Joint Annual Board of Directors & Membership Meeting**

April 27, 2016

@ 11:00 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 March 30, 2016 Minutes of the Meeting of the Membership
- 3.0 Reports / Action Items / Information Items:**
 - 3.1 Financial Report
 - 3.2 Loan Status Report
 - 3.3 Approval of the Following Loan Cases
 - a) Big Ditch Brewing Company, LLC
 - b) General Welding & Fabricating
 - 3.4 Annual Report of Directors
 - 3.5 Nominating Committee Update
 - a) Election of Officers/Committee Appointments
- 4.0 Adjournment - Next Meeting May 25, 2016**

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

DATE AND PLACE: March 30, 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, Dennis Elsenbeck, Hon. Joseph H. Emminger, Dottie Gallagher-Cohen, Richard Lipsitz, Jr., Frank B. Mesiah, , Hon. Glenn R. Nellis, Dr. Carol Nowak, Hon. Edward A. Rath, III, David J. State and Paul V. Vukelic

EXCUSED: Brenda W. McDuffie, Chris Johnston, John J. Mudie, Hon. Mark C. Poloncarz, Hon. Darius G. Pridgen and Hon. Barry A. Weinstein

OTHERS PRESENT: Steve Weathers, Chief Executive Officer; John Cappellino, Executive Vice President; Andrew Schoepich, Treasurer; Karen M. Fiala, Assistant Treasurer; Mollie Profic, Assistant Treasurer; Dawn Boudreau, Compliance Officer; Gerald Manhard, Chief Lending Officer; and Robert G. Murray, Secretary

There being a quorum present at 12:03 p.m., the meeting of the Board of Directors of the Buffalo and Erie County Regional Development Corporation was called to order by Mr. Lipsitz who presided over the meeting in the absence of the Chair, Ms. McDuffie.

MINUTES

Upon motion made by Ms. Gallagher-Cohen and seconded by Mr. Nellis, the minutes of the February 24, 2016 Meeting of the Board of Directors and Membership of the RDC were unanimously approved.

REPORTS/ACTION ITEMS/INFORMATION ITEMS:

Legal RFP. Mr. Weathers introduced and reviewed the Legal Request for Proposals reminding members of the third party law firm opinion he had received as to whether a board member that receives a campaign contribution from one of the responding law firms has a conflict of interest prohibiting that member from voting. Mr. Weathers stated that he will not ask Mr. Murray to step out of the room because this is a public meeting and because Mr. Murray will only be taking minutes in his secretarial capacity and not otherwise participating in the meeting.

Mr. Weathers then informed members that the Agency did contact the New York State Joint Commission on Public Ethics, who stated it did not have jurisdiction over this issue, but who did confirm that the Agency could vote, one at a time, each attorney position individually, as opposed to approving the entire slate in a single vote, to minimize the effect of a conflict of interest that one member may have with respect to one law firm, but not another law firm.

Mr. Weathers then stated that, based on a request of some members, the various counsel positions engagement period will be changed from the initial, up to 7 year period, to a period of time of up to 2 years.

Mr. Weathers then asked for a motion authorizing the President, Executive Vice President, Treasurer and/or Assistant Treasurer to enter into a contract for legal services with each of the following law firms as recommended by the Governance Committee consistent with the ECIDA's professional services RFP policy:

1. Retention of Harris Beach as general counsel and tax-exempt bond counsel. Mr. Rath moved, and Mr. Nellis seconded to authorize the retention of Harris Beach as general counsel and tax-exempt bond counsel. Mr. Emminger stated he would abstain from the vote. Mr. Weathers called for the vote and the motion was approved by a vote of 12 in favor, and with no vote against and with Mr. Emminger abstaining.
2. Loan Counsel, Barclay Damon, and tax-exempt bond counsel-conflict counsel, Barclay Damon. Mr. Nellis moved and Mr. Rath seconded to retain Barclay Damon as loan counsel and tax-exempt bond counsel-conflict counsel. The motion was then passed by a vote of 13 in favor, with no abstentions and no vote against.
3. General counsel-conflict counsel, Hodgson Russ. Mr. Rath moved and Mr. Emminger seconded to retain Hodgson Russ as general counsel-conflict counsel. Ms. Gallagher-Cohen stated she would abstain from the vote. Mr. Weathers then called for the vote and the motion was approved by a vote of 12 in favor, no vote against, and with one abstention.
4. Loan counsel-conflict counsel, Harter Secrest & Emery. Ms. Gallagher-Cohen moved and Mr. Emminger seconded to retain Harter Secrest & Emery as loan counsel-conflict counsel. The motion was approved by a vote of 13 in favor, with no abstentions.

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

Financial Report. Ms. Profic presented the February 2016 financial reports noting that the RDC has net assets of \$20.8 million. Ms. Profic commented that the February income statement shows that at \$32,000, total revenues were under budget by \$6,500. Total expenses were also under budget by \$4,000 at \$35,000 combining for a net loss of \$3,000 in February. On

a year-to-date basis, Ms. Profic reported that both revenues and expenses are under budget, resulting in net income of \$2,700. Mr. Lipsitz directed that the report be received and filed.

Finance and Audit Committee Update. Ms. Profic summarized the results of the Finance and Audit Committee meeting that took place on March 17, 2016, noting that the results were the same as presented during the just completed ECIDA meeting. Ms. Profic noted that Lumsden & McCormick presented the draft 2015 Audited Financial Statements wherein the auditors expressed an unmodified opinion on the financial statements and Ms. Profic also noted that there were no proposed audit adjustments, and no management letter recommendations. Ms. Profic concluded by stating the Committee reviewed and approved the 2015 Public Authorities Report, the 2015 Investment Report, the Finance and Audit Committee Charter, and the Corporate Credit Card Policy.

2015 Audited Financial Statements. Ms. Profic reviewed the draft RDC 2015 Audited Financial Statements and highlighted that on the income statement, the RDC had net income of \$439,000 for the year mainly due to unexpected revenue of \$387,000 from the sale of certain stock warrants. Ms. Profic noted that the year-end statements did not require any adjustments other than normal financial statement reclassifications. Ms. Profic concluded by stating Lumsden & McCormick concluded that no audit findings or management letter comments were required. In addition, the RDC's internal controls were reviewed and no recommendations for improvements were made. In sum, Ms. Profic noted that an unmodified opinion was issued on the financial statements.

Upon motion made by Mr. Nellis and seconded by Mr. Rath, the 2015 Audited Financial Statements of the RDC were unanimously approved.

Governance Committee Update. Mr. Lipsitz noted that the same Governance Committee update was presented to members at the preceding ECIDA meeting. Mr. Lipsitz directed that the report be received and filed.

REVIEW AND ADOPTION OF POLICIES, REPORTS AND COMMITTEE CHARTERS

Mr. Lipsitz commented that all of the items 1-19 contained in the RDC Board of Directors meeting package were reviewed at the prior ECIDA meeting and as such, Mr. Lipsitz moved and Ms. Gallagher-Cohen seconded, to approve of the 2015 Mission Statement, Performance Measures and Results. The 2015 Mission Statement, Performance Measures and Results were then unanimously approved.

Ms. Gallagher-Cohen moved and Mr. Vukelic seconded, to approve of the 2016 Mission Statement and Performance Measures. The 2016 Mission Statement and Performance Measurers as proposed were then unanimously approved.

Mr. Nellis moved and Ms. Gallagher-Cohen seconded, to approve of the 2015 Public Authorities Report. The 2015 Public Authorities Report was then unanimously approved.

Mr. Nellis moved and Ms. Gallagher-Cohen seconded to approve of the 2015 Investment Report. The 2015 Investment Report as proposed was then unanimously approved.

Mr. Murray confirmed that the proposed changes to the Code of Ethics are identical to those changes as discussed by Mr. Murray at the immediately preceding ECIDA meeting. Mr. Vukelic moved and Mr. Mesiah seconded, to approve of the Code of Ethics. The Code of Ethics as proposed was then unanimously approved.

Mr. Lipsitz then requested a motion to approve of the following policies and charters, and noted that the Professional Services Procurement Policy will be reviewed separate from, and at the upcoming, RDC Board of Directors meeting:

1. Investment & Deposit Policy
2. Finance & Audit Committee Charter
3. Governance Committee Charter
4. Whistleblower Policy
5. Procurement Policy
6. Property Disposition Guidelines
7. Property Acquisition Policy
8. Defense & Indemnification Policy
9. Board Member Compensation, Reimbursement & Attendance Policy
10. Employee Compensation Program
11. Travel, Conferences, Meals & Entertainment Policy
12. Statement of Duties & Responsibilities of the Board of Directors
13. Statement of the Competencies & Personal Attributes Required of Board Members
14. Corporate Credit Card Policy

Mr. Vukelic moved and Mr. Nellis seconded to readopt all of the aforementioned policies, charters, and guidelines. Mr. Lipsitz called for the vote and items 1-14, as stated above, were unanimously approved.

There being no further business to discuss, upon motion made by Mr. Rath and seconded by Ms. Gallagher-Cohen, Mr. Lipsitz then adjourned the meeting at 12:12 p.m.

Dated: March 30, 2016

Robert G. Murray, Secretary

Regional Development Corporation
Financial Statements
As of March 31, 2016

REGIONAL DEVELOPMENT CORPORATION ("RDC")

Balance Sheet

March 31, 2016

	March 2016	February 2016	December 2015
ASSETS:			
Restricted Cash**	\$ 7,212,414	\$ 7,063,027	\$ 6,734,596
Sequestered Cash**	6,505,466	6,504,914	6,504,876
Direct Loans *	8,809,727	8,924,584	9,212,171
50/50 Bank Participation Loans *	417,810	420,092	424,801
Loan Interest Receivable	1,000	1,000	-
Reserve for Loan losses	(177,465)	(178,247)	(178,247)
Total Loan Assets, net	<u>9,051,073</u>	<u>9,167,429</u>	<u>9,458,725</u>
TOTAL ASSETS	<u>\$ 22,768,952</u>	<u>\$ 22,735,370</u>	<u>\$ 22,698,197</u>
LIABILITIES & NET ASSETS			
Accounts Payable	\$ 3,000	\$ 3,000	\$ 2,338
Due to ECIDA	347,716	346,216	313,327
Other Liabilities	1,547,806	1,547,335	1,546,422
Total Liabilities	<u>1,898,522</u>	<u>1,896,550</u>	<u>1,862,087</u>
Restricted Fund Balance	<u>20,870,431</u>	<u>20,838,819</u>	<u>20,836,110</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 22,768,952</u>	<u>\$ 22,735,370</u>	<u>\$ 22,698,197</u>

*** Loan Portfolio Summary:**

	March 2016	February 2016	December 2015
# of Direct Loans	53	54	54
# of 50/50 Bank Participation Loans	7	7	7
	<u>60</u>	<u>61</u>	<u>61</u>

** Cash is invested in interest bearing accounts at First Niagara 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 March 31, 2016

	Actual vs. Budget		
	Actual	Budget	Variance
REVENUES:			
Interest Income - Loans	\$ 31,730	\$ 36,000	\$ (4,270)
Interest Income - Cash & Inv.	683	572	110
Administrative Fees	9,688	1,250	8,438
Other Income	735	625	110
Total Revenues	<u>42,835</u>	<u>38,447</u>	<u>4,388</u>
EXPENSES:			
Management Fee - ECIDA*	\$ 83	\$ 27,083	\$ (27,000)
Provision for Loan Losses	(782)	50,000	(50,782)
Rent & Facilities Expenses	1,417	1,417	0
Professional Services	10,431	12,167	(1,736)
General Office Expenses	-	-	-
Other Expenses	75	271	(196)
Total Expenses	<u>11,224</u>	<u>90,938</u>	<u>(79,714)</u>
NET INCOME/(LOSS):	<u>\$ 31,611</u>	<u>\$ (52,490)</u>	<u>\$ 84,102</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: March 31, 2016

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
REVENUES:						
Interest Income - Loans	\$ 99,403	\$ 108,000	\$ (8,597)	\$ 99,403	\$ 77,734	\$ 21,669
Interest Income - Cash & Inv.	586	1,717	(1,130)	586	2,297	(1,711)
Administrative Fees	9,688	3,750	5,938	9,688	15,175	(5,488)
Other Income	2,343	1,875	468	2,343	4,636	(2,293)
Total Revenues	112,020	115,342	(3,322)	112,020	99,842	12,178
EXPENSES:						
Management Fee - ECIDA*	\$ 54,250	\$ 81,250	\$ (27,000)	\$ 54,250	\$ 46,750	\$ 7,500
Provision for Loan Losses	(782)	50,000	(50,782)	(782)	(10,900)	10,118
Rent & Facilities Expenses	4,250	4,250	0	4,250	3,500	750
Professional Services	19,831	26,900	(7,069)	19,831	8,782	11,049
General Office Expenses	-	-	-	-	-	-
Other Expenses	150	813	(662)	150	170	(20)
Total Expenses	77,699	163,213	(85,514)	77,699	48,302	29,397
NET INCOME/(LOSS):	\$ 34,321	\$ (47,871)	\$ 82,192	\$ 34,321	\$ 51,540	\$ (17,219)

* 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 January 1, 2016 – April 26, 2016

<u>RDC Loans Approved Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
Big Ditch Brewing Company	Buffalo	\$ 500,000
Disc Lock, LLC	Tonawanda	\$ 325,000
General Welding	Elma	<u>\$ 500,000</u>
		<u>\$1,325,000</u>

<u>RDC Loans Closed Year To Date</u>	<u>Municipality</u>	<u>Amount</u>
51 Chippewa	Buffalo	\$ 50,000
Elite Dance Studio	Lancaster	\$ 50,000
Robinson Home Products	Buffalo	\$1,600,000
The Thin Man Brewery/492 Elmwood Ave, LLC	Buffalo	<u>\$ 337,500</u>
		<u>\$2,037,500</u>

<u>Loans in Closing Process</u>	<u>Municipality</u>	<u>Amount</u>
None		

<u>Loans in the Pipeline</u>	<u>Municipality</u>	<u>Amount</u>
Alpine Made, LLC	Wales	\$ 4,500
Azariah's Brewing Company	Buffalo	\$ 50,000
Everyday Select, LLC	Cheektowaga	<u>\$ 5,000</u>
The Greener We	Grand Island	<u>\$ 50,000</u>
		<u>\$109,500</u>

<u>Loans Closed YTD</u>	<u>Loan Total YTD</u>	<u>Total New Jobs Projected</u>	<u>Retained Jobs</u>
4	\$2,037,500	36	110

Credit Request

Date: 4/27/2016
To: RDC Board of Directors
From: Jerry Manhard, Chief Lending Officer
Re: Loan Summary – Big Ditch Brewing Company, LLC

Borrower: Big Ditch Brewing Company, LLC
55 East Huron Street
Buffalo, NY 14203

Date Established: 2013
Business Description: Craft Brewery and Tap Room

Loan Structure:

Loan Amount: \$500,000
Loan Purpose: Proceeds will be used for brewing equipment purchases
Interest Rate: Fixed at 4%
Loan Term/Amort: 10 years / 10 years
Collateral: 2nd lien on the purchase money assets of Big Ditch Brewing Company, LLC
Personal Guarantees: Unlimited personal guarantee Paul B. Iskalo

Sources and Uses of Funds:

Project Cost: \$1,115,000

Sources of Funds:

Lake Shore Savings Bank:	\$ 500,000
RDC:	\$ 500,000
<u>Equity</u>	<u>\$ 115,000</u>
Total	\$1,115,000

Job Creation:

Created: 7 – Full Time Jobs (4 full time; 6 – part time)
Existing: 65 Jobs (11 – Full time Jobs; 54 - Part Time);

The company will create seven (7) full time equivalent positions which will is less than the RDC's job requirement of one job per \$50,000 lent ($\$500,000 \div \$50,000/\text{job} = 10$ jobs). Note, On January 1, 2015, the company had 3 employees. However, the aggregate RDC loan portfolio exceeds this matrix.

Sub Fund Information:

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"/>

Big Ditch Brewing Company, LLC

Company Background:

Established in 2013 with the first full year of operation in 2015, Big Ditch Brewing Company, LLC. (“BDBC”) is a microbrewery located on Huron Street in downtown Buffalo, NY. By definition, microbreweries are able to produce 60,000 barrels of product per year and are not able to serve direct to the public unless they have a retail brewer’s permit. Due to a rapid increase in demand for their products at various distributors throughout the region, BDBC acquired its retail brewer’s permit in 2015 and established a tasting room/restaurant area on premises with a variety of brews on tap and growlers to go. With the addition of the tasting room. BDBC has far exceeded its employment projections with a current staff of 65 (11 FT; 54 PT). Throughout 2015, the brewery grew significantly in popularity and has struggled to keep up with demand as it is now featured at over 300 area bars/restaurants. The 20 barrel brew house has reached its maximum production capacity of 15,000 barrels and is in need of an expansion

Project Description:

In an effort to meet the rising demand for product, BDBC plans to implement an aggressive expansion in its current space to increase production and introduce a canning line to make the product more accessible. The canning line will allow the brewer to increase his retail footprint by offering the beverage at grocery stores and beverage centers. There has already been interest in carrying the canned product by leading regional grocer, Wegmans. Per management, this untapped market is expected to significantly increase sales and overall net profits.

BDBC has applied with Lakeshore Savings Bank for a \$1,000,000.00 loan but was declined for the full amount due to the business being classified as a startup due to length of time it has been fully operational and their credit policy prohibits financing brewery equipment at more than a 50% LTV. As a result the decline, BDBC has applied with the RDC for the remaining \$500,000.00. Loan proceeds from both entities will be dedicated to the purchase and installation of additional brewing equipment needed for the proposed expansion. Specifically:

<u>Equipment Item</u>	<u>Dollar Amount</u>
Fermenter Tanks (6 x 60 Barrel Tanks)	\$132,600
Brite Tanks (2 x 60 Barrel Tanks)	\$36,800
Brite Tank (1 x 40 Barrel Tank)	\$15,450
Yeast Brink	\$12,000
Workbench and Tools	\$12,000
Lenticular Filter	\$12,000
Chiller, commissioning, water testing, glycol, fill, and chilling	\$43,000
Silo with auger to mill	\$65,000
Process piping, catwalk, transfer panels and controls	\$122,950
Kitchen Equipment	\$210,000
Automated can filler and depalletizer with accessories	\$147,850
DO Meter	\$25,000
Beer Hall and Merchandise Area Millwork	\$35,000
Miscellaneous Brewery Equipment / Items	\$30,000
Kegs	\$215,350
Total Estimated Costs	\$1,115,000

Strengths

- Management has extensive industry experience
- Acceptable credit history of principal guarantor
- Positive net worth of business and significant worth of guarantor
- Acceptable cash flow to support historical and proposed debts
- Business located in a targeted area for development
- Acceptable collateral coverage in consideration of eligible assets.

Weaknesses

- Typical risk associate with a start-up company (less than 2 years in business)
- Increased competition both nationally and locally as a result of the booming craft beer industry

Loan Conditions:

- Approved funding of Lake Shore Savings Bank term loan.
- Receipt of annual financial statements and/or Federal Tax Returns with all schedules within 120 days of Year End
- Annually, receipt of personal Federal Tax Returns with all schedules for each guarantor(s)
- Receipt of annual Personal Financial Statements for all guarantor(s)

Recommendation:

Based on the unanimous approval of the loan committee and the creation of 10 jobs over the next three years, the RDC Lending Department is **recommending the \$500,000.00 loan be approved.**

Credit Request

Date: 4/27/2016
To: RDC Board of Directors
From: Jerry Manhard, Chief Lending Officer
Re: Loan Summary – General Welding and Fabricating, Inc.

Borrower: General Welding and Fabricating, Inc.
991 Maple Road
Elma, NY 14059
Date Established: 1989
Business Description: Fabrication and Manufacturing Shop

Loan Structure:

Loan Amount: \$500,000
Loan Purpose: Proceeds will be used for Working Capital and equipment purchases
Interest Rate: Fixed at 4%
Loan Term/Amort: 10 years / 10 years
Collateral: 2nd lien on all business assets of General Welding and Fabricating, Inc.
Personal Guarantees: Unlimited personal guarantee Mark Andol

Sources and Uses of Funds:

Project Cost: \$1,896,000

Sources of Funds:

Lake Shore Savings Bank:	\$1,196,000
RDC:	\$ 500,000
<u>Equity</u>	<u>\$ 200,000</u>
Total	\$1,896,000

Job Creation:

Created: 10 – Full Time Jobs
Existing: 68 Jobs (42 – Full time Jobs; 26 - Part Time)

The company will create ten (10) full time positions which will meet the RDC's job requirement of one job per \$50,000 lent ($\$500,000 \div \$50,000/\text{job} = 10$ jobs).

Sub Fund Information:

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"/>

General Welding and Fabricating, Inc.

Background:

General Welding and Fabricating Inc. (“GWF”) was born in Mr. Mark Andol’s family garage and officially incorporated in 1989. The business has been operational for over 26 years and now occupies a 48,000 square foot manufacturing facility in Elma, NY operating 24 hours a day, 6 days a week. GWF provides AWS certified welding, fabricating and finishing on all types of metal materials. Capabilities include fabrication of mild steel, cast iron, aluminum and stainless steel. GWF also completes machining, bending, drilling, punching, plasma cutting and in house CAD Design.

At present, GWF Employs approximately 68 workers in positions including manufacturing, engineering, welding, fabricating, repair and retail sales. In an effort to grow and maintain their workforce, Mr. Andol has partnered with Alfred State College to support its Arc Welding program.

With the motto of “You dream it, We’ll build it”, GWF envisions itself as the antidote to the epidemic of outsourcing. Notable projects include the “Ice Bikes” seen locally at Canal Side, 14,000 lb. ship anchor at Buffalo Naval Park, and components for the US Navy (joint threat emitter). Sculptures including the New Era Cap at Ralph Wilson Stadium and the 3D animal renderings located at the front gate of the St. Louis Zoo (one of the largest steel sculptures in the United States which used over 380,000 tons of Corten Steel). See below photo.



Made in America Store, a division of GWF has been operational for 5 years and now has 8 retail locations within Western New York. Both entities support one another and have contributed to the increased number of jobs and overall tourism within the area (collectively hosted over 500 tour bus groups, of which over 80% were from out of state). The store boasts an assortment of over 7,000 products supporting over 500 American Manufacturers and artisans. Has been featured on ABC World News, Wall Street Journal and USA Today. Extending his brand recognition even further, Mr. Andol has gained notoriety from overseas as the business has been featured by media outlets in Great Britain, Japan, Germany and Russia.

Project Description:

Over the past 2 years, the Made in America division has experienced a significant increase in demand stemming from tour groups, aggressive marketing campaigns and online sales (from both its website and Amazon.com). As a result of the increased demand for his products, Mr. Andol plans on expanding his current production facility, purchasing new equipment and hiring additional staff to support the continued growth of the company. The expansion and new equipment will not only allow GWF to expand on current offerings but also bring back previously outsourced aspects of production which will reduce their expenses and create additional quality jobs.

Strengths

- Acceptable credit history of principal guarantor
- Substantial net worth of principal guarantor
- Existing company with significant successful industry experience
- Positive sales trend of most recent fiscal years that is expected to continue with the recent addition of two new sales contracts (QVC/Kinney Drug Stores)
- Acceptable collateral coverage to secure proposed debts.
- Acceptable cash flow to service existing and proposed debts

Weaknesses

- Sales/Market demand appears to be closely related to both economic conditions and weather patterns, both of which are unpredictable.
- Retail line of business is highly competitive with margins lower than that of the manufacturing/fabricating business.

Loan Conditions:

- Approved funding of Lake Shore Savings Bank term loan.
- Proof of \$200,000.00 equity contribution to project.
- Receipt of annual financial statements and/or Federal Tax Returns with all schedules within 120 days of Year End
- Annually, receipt of personal Federal Tax Returns with all schedules for each guarantor(s)
- Receipt of annual Personal Financial Statements for all guarantor(s)

Recommendation:

Based on the unanimous approval of the loan committee and the creation of 10 full-time jobs over the next three years, the RDC Lending Department is recommending the \$500,000.00 loan be approved.



MEMORANDUM

TO: Buffalo & Erie County Regional Development Corporation Members
FROM: Mollie Profic, Controller
SUBJECT: Annual Report of Directors
DATE: April 27, 2016

Under Section 519 of the New York State Not-for-profit Corporation Law, RDC is required to present an annual report at its annual member meeting. The annual report is to include 1) information on the assets and liabilities of RDC as of the end of the prior fiscal year, 2) the principal changes in assets and liabilities during the prior fiscal year, 3) the revenue or receipts of RDC during the prior fiscal year, 4) the expenses or disbursements of RDC during the prior fiscal year and 5) The number of members of RDC as of the date of the report, together with a statement of increase or decrease in the number of members during the prior fiscal year and a statement of the place where the names and places of residence of the current members may be found.

The audited financial statements were previously approved by RDC's Board of Directors at their March 30, 2016 meeting and were presented to the RDC members in order to satisfy the first four requirements noted above. A copy of the audited financial statements can be found at <http://www.ecidany.com/about-us-corporate-reports>.

In satisfaction of the final requirement of the NYS Not-for-profit Corporation Law, RDC has 23 membership positions at April 14, 2016 which is the same as reported at the prior year's annual meeting. The names of the members of RDC may be found at: <http://www.ecidany.com/about-us-board-of-directors> while the places of residence of current board members may be found at the RDC offices at 95 Perry Street, Suite 403, Buffalo, New York 14203.

Under the RDC bylaws, the RDC is also required to present an Annual Policy Statement setting forth general objectives and guidelines for the Corporation. The RDC's website provides information regarding the various guidelines for RDC's loan programs at <http://www.ecidany.com/loans>. In addition, the RDC is required to complete a Loan Administration Plan (LAP) for the Federal Economic Development Administration which outlines detailed objectives and guidelines for the revolving loan fund. Copies of the LAP are available upon request.

2016 -2017 ECIDA/RDC/ILDC Board Committees & Officers

Executive Committee ECIDA/RDC	<u>Current Committee Members</u>	<u>Proposed Committee Members</u>
7 Board members, President & CEO, as specified in By-Laws	Chair *	Chair * - McDuffie (Chair)
	Vice Chair *	Vice Chair * - Lipsitz
	County Executive *	County Executive * - Poloncarz
	Mayor Buffalo *	Mayor Buffalo * - Brown
	Emminger*	Emminger*
	Johnston*	Johnston
	Pridgen*	Pridgen*
	CEO - Steve Weathers [non-voting]	President & CEO - Steve Weathers [non-voting]

Policy Committee ECIDA/RDC	<u>Current Committee Members</u>	<u>Proposed Committee Members</u>
At least 3 Board members specified in By-Laws 12- Meetings a year	Lipsitz (Chair)	Lipsitz* (Chair)
	Brown	Brown
	Johnston*	(Vacant)
	McDuffie	McDuffie
	Mesiah	Mesiah
	Mudie	Mudie
	Nellis	Nellis
	Rath	Rath
	State	State
	Vukelic	Vukelic
	Whyte	Whyte
	IDA Leadership Council Chair (Allen – Amherst IDA) (ex officio)	(Vacant)
	Laura Smith (BNP)	Laura Smith (BNP)
	Geoff Szymanski (Association of Town Governments)	Geoff Szymanski (Association of Town Governments)

Governance Committee ECIDA/RDC/ILDC	<u>Current Committee Members</u>	<u>Proposed Committee Members</u>
At least 3 Board members specified in By-Laws. Not less than 3 independent members per PAL. 1-2 Meetings a Year	McDuffie* (Chair)	McDuffie*(Chair)
	Benczkowski*	Benczkowski*
	Mesiah*	Mesiah*
	Nowak	Nowak
	Rath	Rath
	State	State
	Whyte	Whyte

*=Board members who fill seats required by By-laws
 Nominating Committee Approved Date- 2/27/2016
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2016 -2017 ECIDA/RDC/ILDC Board Committees & Officers

Finance & Audit Committee ECIDA/RDC/ILDC	<u>Current Committee Members</u>	<u>Proposed Committee Members</u>
At least 3 Board members specified in By-Laws. Not less than 3 independent members per PAL. 2-3 Meeting a Year	Johnston* (Chair)	Johnston* (Chair)
	Beckwith, Penny	Beckwith, Penny
	Doherty*	Doherty*
	(Open Position)	Emminger
	Nellis*	Nellis*
	Szukala, Michael	Szukala, Michael
	Witzleben, William (M&T)	Witzleben, William (M&T)

Loan Committee ECIDA/RDC	<u>Committee Members</u>	<u>Proposed Committee Members</u>
By-Laws specify no more than 5 members of the Policy Committee plus 2 City members and 1 County member 3-12 Meetings a Year	[Other] Emminger (Chair)	[Other] Emminger (Chair)
	[Policy] Mudie	[Policy] Mudie
	[City 1] Tom Grys (Wells Fargo Bank)	[City 1] Tom Grys (Wells Fargo Bank)
	[City 2] Rebecca Gandour	[City 2] Rebecca Gandour
	{County 1} David McKinley (Community Bank N.A.)	{County 1} David McKinley (Community Bank N.A.)
	[Other] Nancy LaTulip (Lakeshore Savings Bank)	[Other] Nancy LaTulip (Lakeshore Savings Bank)
	[Other] Michael Taylor (NYBDC)	[Other] Michael Taylor (NYBDC)

Staff Loan Committee RDC	<u>Committee Members</u>	<u>Proposed Committee Members</u>
No by-law requirement 12-15 Meetings a Year Per the Loan Administration Plan (LAP), the Board may also establish or appoint other Loan Committee members to approve strategic loans and other designated loan programs	President & CEO - Steve Weathers	President & CEO - Steve Weathers (Chair)
	Exec. V.P. -John Cappellino	Exec. V.P. -John Cappellino
	CFO – Vacant	Assistant Treasurer – Karen Fiala
	Controller – Mollie Profic	Treasurer – Mollie Profic
	David Stebbins - BUDC	David Stebbins - BUDC

Loan Write-off Committee ECIDA/RDC/ILDC	<u>Committee Members</u>	<u>Proposed Committee Members</u>
At least 3 Board members specified In By-Laws 1 Meeting a Year	Pridgen* (Chair)	Pridgen* (Chair)
	Beckwith, Penny	Beckwith, Penny
	Doherty	Doherty*
	(Vacant)	(Vacant)*
	Witzleben, William (M&T)	Witzleben, William (M&T)

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2016 -2017 ECIDA/RDC/ILDC Board Committees & Officers

Investment Review Committee ECIDA/RDC	<u>Committee Members</u>	<u>Proposed Committee Members</u>
No by-law requirement 4-6- Meetings a Year	Poloncarz, Mark	Poloncarz, Mark (Chair)
	Alpert, Alan	Alpert, Alan
	Bell, Clifford	Bell, Clifford
	Gallagher-Cohen, Dottie	Gallagher-Cohen, Dottie
	McMahon, Diane	McMahon, Diane

Nominating Committee ECIDA/RDC/ILDC	<u>Current Committee Members</u>	<u>Proposed Committee Members</u>
Number of members not specified in By-Laws 1 Meeting a Year	Poloncarz (Chair)	Poloncarz (Chair)
	Brown	(Vacant)
	Gallagher	Gallagher-Cohen
	Lipsitz	Lipsitz
	(Vacant)	(Vacant)

Compensation Committee ECIDA	<u>Current Committee Members</u>	<u>Proposed Committee Members</u>
No by-law requirement 1-2 Meetings a Year	Poloncarz (Chair)	Poloncarz (Chair)
	Doherty	Doherty
	Johnston	(Vacant)
		Gallagher-Cohen
		Weinstein

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2016 -2017 ECIDA/RDC/ILDC Board Committees & Officers

OFFICERS	Current Officers			Proposed Officers		
	ECIDA	RDC	ILDC	ECIDA	RDC	ILDC
Chair	Brenda McDuffie		Hon. Mark Poloncarz	Brenda McDuffie		Hon. Mark Poloncarz
Vice Chair	Richard Lipsitz			Richard Lipsitz		
President & CEO	Steve Weathers			Steve Weathers		
Executive Vice President	John Cappellino			John Cappellino		
Treasurer	(Vacant)			Mollie Profic		
Assistant Treasurers	Michael Alexander, Karen Fiala, Jerry Manhard			Michael Alexander, Karen Fiala, Jerry Manhard		
Secretary	Robert Murray			Robert Murray		
Assistant Secretary	Pietra Lettieri			Pietra Lettieri		

OTHER DESIGNATED POSITIONS	CURRENT DESIGNATED POSITIONS	PROPOSED DESIGNATED POSITIONS
Controller	Mollie Profic	Mollie Profic
Chief Lending Officer	Jerry Manhard	Jerry Manhard
Contracting Officer (required in Property Disposition Policy)	(Vacant)	Mollie Profic
Electronic Records Retention Officer	Brian Krygier	Brian Krygier
Ethics Officer (required in Conflict of Interest Policy)	John Cappellino	John Cappellino
FOIL Officer	Karen Fiala	Karen Fiala
Human Resources Officers	(Vacant) Pat Smith	Mollie Profic Pat Smith
Non-electronic Records Retention Officer	Dawn Boudreau	Dawn Boudreau

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