



**Buffalo and Erie County Regional Development Corporation  
Board of Directors Meeting  
July 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 April 27, 2016 Minutes of the 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 Assistant Treasurer Banking Resolution (Pages 8-10)
  - 3.3 Loan Status Report (Page 11)
  - 3.4 2016 Loan Closing Report (Page 12)
  - 3.5 Approval of the Following Loan Case(s):
    - a) S.J. McCullagh, Inc. (Pages 13-16)
- 4.0 Adjournment - Next Meeting August 24, 2016**

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

- DATE AND PLACE:** April 27, 2016, at the Erie County Industrial Development Agency, 95 Perry Street, 5<sup>th</sup> 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, Richard Lipsitz, Jr., Brenda W. McDuffie, John J. Mudie, Hon. Glenn R. Nellis, Dr. Carol Nowak, Hon. Mark C. Poloncarz, Hon. Darius G. Pridgen Hon. Edward A. Rath, III, David J. State and Hon. Barry A. Weinstein
- EXCUSED:** Dottie Gallagher-Cohen, Chris Johnston, Frank B. Mesiah, and Paul V. Vukelic
- OTHERS PRESENT:** Steve Weathers, Chief Executive Officer; John Cappellino, Executive Vice President; Karen M. Fiala, 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 11:35 a.m., the meeting of the Joint Annual Board of Directors and Membership meeting of the Buffalo and Erie County Regional Development Corporation was called to order by its Chair, Ms. McDuffie.

**MINUTES**

Upon motion made by Mr. Rath and seconded by Mr. Brown, the minutes of the March 30, 2016 Meeting of the Board of Directors of the RDC were unanimously approved.

**REPORTS/ACTION ITEMS/INFORMATION ITEMS:**

Financial Report. Mr. Weathers presented the March 2016 financial report noting that the RDC has net assets of approximately \$23,000,000. Mr. Weathers commented that the March income statement shows that the RDC had approximately \$42,000 in total revenues and approximately \$11,000 in total expenses producing net income for the month of March of approximately \$31,000, placing the RDC ahead of budget by approximately \$84,000. On a year-to-date basis, Mr. Weathers reported that both revenues and expenses are under budget, resulting in net income of approximately \$34,000. Ms. McDuffie directed that the report be received and filed.

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

Big Ditch Brewing Company, LLC, 55 East Huron Street, Buffalo, New York, \$500,000 10-Year Term Loan, Secured and Guaranteed.

Mr. Manhard reviewed the \$500,000 loan request that was unanimously approved by the RDC Loan Committee. Mr. Manhard commented that the loan will be amortized over 120-months and carries a 4% interest rate and that the loan funds will be used to increase production and establish a canning line to make the product more accessible by offering the beverage at grocery stores and beverage centers. Mr. Manhard provided a brief history of the company, the rising demand for its product and reviewed the equipment to be purchased with loan proceeds. General discussion ensued. Mr. Elsenbeck moved and Mr. Emminger seconded to approve of the loan. Ms. McDuffie called for the vote and the requested loan was thereafter unanimously approved.

General Welding and Fabricating, Inc., 991 Maple Road, Elma, New York, \$500,000 10-Year Term Loan, Secured and Guaranteed.

Mr. Manhard reviewed this \$500,000 loan request that was unanimously approved by the RDC Loan Committee. Mr. Manhard commented that the loan will be amortized over 120-months and carries a 4% interest rate and that the loan funds will be used to purchase new equipment and for working capital. General discussion ensued. Mr. Poloncarz moved and Mr. Rath seconded to approve of the loan. Ms. McDuffie called for the vote and the loan was thereafter unanimously approved.

Annual Report of Directors. As required under the New York State Not-For-Profit Corporation Law and as required under the RDC By-Laws, Mr. Weathers presented the annual report of the RDC.

There being no comments, Mr. Poloncarz moved and Mr. Mudie seconded, to approve of the Annual Report of Directors. Ms. McDuffie then called for the vote and the annual report was unanimously approved.

Nominating Committee Update. Mr. Weathers presented the 2016-17 ECIDA/RDC/ILDC proposed board committees and officer positions as recommended by the Nominating Committee. Mr. Weinstein moved and Mr. Lipsitz seconded to approve of the committee and officer appointments. Ms. McDuffie called for the vote and the 2016-17 ECIDA/RDC/ILDC board committees and officer positions were unanimously approved as contained within the slate of committees and officers attached hereto and made a part of these minutes.

There being no further business to discuss, Ms. McDuffie adjourned the meeting at 11:50 a.m.

Dated: April 27, 2016

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Robert G. Murray, Secretary

**Regional Development Corporation**  
**Financial Statements**  
As of June 30, 2016

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

**Balance Sheet**

June 30, 2016

	June 2016	May 2016	December 2015
<b>ASSETS:</b>			
Restricted Cash**	\$ 6,660,390	\$ 6,963,126	\$ 6,734,596
Sequestered Cash**	6,506,067	6,505,532	6,504,876
Direct Loans *	9,478,843	9,140,524	9,212,171
50/50 Bank Participation Loans *	410,885	413,183	424,801
Loan Interest Receivable	1,000	1,000	-
Reserve for Loan losses	(169,608)	(177,465)	(178,247)
Total Loan Assets, net	<u>9,721,120</u>	<u>9,377,243</u>	<u>9,458,725</u>
<b>TOTAL ASSETS</b>	<u>\$ 22,887,577</u>	<u>\$ 22,845,901</u>	<u>\$ 22,698,197</u>
<b>LIABILITIES &amp; NET ASSETS</b>			
Accounts Payable	\$ 3,000	\$ 3,000	\$ 2,338
Due to ECIDA	433,216	404,716	313,327
Other Liabilities	1,549,190	1,548,734	1,546,422
Total Liabilities	<u>1,985,406</u>	<u>1,956,450</u>	<u>1,862,087</u>
Restricted Fund Balance	20,902,171	20,889,452	20,836,110
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>\$ 22,887,577</u>	<u>\$ 22,845,901</u>	<u>\$ 22,698,197</u>

<b>* Loan Portfolio Summary:</b>	June 2016	May 2016	December 2015
# of Direct Loans	49	50	54
# of 50/50 Bank Participation Loans	7	7	7
	<u>56</u>	<u>57</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 June 30, 2016

	<b>Actual vs. Budget</b>		
	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
<b>REVENUES:</b>			
Interest Income - Loans	\$ 32,564	\$ 36,000	\$ (3,436)
Interest Income - Cash & Inv.	645	572	73
Administrative Fees	2,500	1,250	1,250
Other Income	1,750	625	1,125
Total Revenues	<u>37,459</u>	<u>38,447</u>	<u>(988)</u>
<b>EXPENSES:</b>			
Management Fee - ECIDA*	\$ 27,083	\$ 27,083	\$ (0)
Provision for Loan Losses	(7,857)	16,667	(24,523)
Rent & Facilities Expenses	1,417	1,417	0
Professional Services	3,271	4,167	(895)
General Office Expenses	-	-	-
Other Expenses	825	271	554
Total Expenses	<u>24,740</u>	<u>49,604</u>	<u>(24,864)</u>
<b>NET INCOME/(LOSS):</b>	<u>\$ 12,719</u>	<u>\$ (11,157)</u>	<u>\$ 23,876</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: June 30, 2016

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
<b>REVENUES:</b>						
Interest Income - Loans	\$ 204,139	\$ 216,000	\$ (11,861)	\$ 204,139	\$ 179,309	\$ 24,830
Interest Income - Cash & Inv.	1,341	3,433	(2,093)	1,341	3,362	(2,021)
Administrative Fees	16,313	7,500	8,813	16,313	16,531	(219)
Other Income	7,011	3,750	3,261	7,011	31,221	(24,210)
<b>Total Revenues</b>	<b>228,803</b>	<b>230,683</b>	<b>(1,880)</b>	<b>228,803</b>	<b>230,423</b>	<b>(1,620)</b>
<b>EXPENSES:</b>						
Management Fee - ECIDA*	\$ 135,500	\$ 162,500	\$ (27,000)	\$ 135,500	\$ 120,500	\$ 15,000
Provision for Loan Losses	(8,639)	100,000	(108,639)	(8,639)	21,549	(30,188)
Rent & Facilities Expenses	8,500	8,500	0	8,500	7,000	1,500
Professional Services	26,230	41,750	(15,520)	26,230	17,058	9,172
General Office Expenses	-	-	-	-	-	-
Other Expenses	1,151	1,625	(474)	1,151	1,123	28
<b>Total Expenses</b>	<b>162,742</b>	<b>314,375</b>	<b>(151,633)</b>	<b>162,742</b>	<b>167,230</b>	<b>(4,488)</b>
<b>NET INCOME/(LOSS):</b>	<b>\$ 66,061</b>	<b>\$ (83,692)</b>	<b>\$ 149,753</b>	<b>\$ 66,061</b>	<b>\$ 63,193</b>	<b>\$ 2,868</b>

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



**FIRST  
NIAGARA**

728 Exchange St., Suite 618 • Buffalo, NY 14210

Date: 07/27/16

Deposit Account(s): All

TIN/EIN: 22-2255223

## MUNICIPAL DEPOSIT RESOLUTION

I, Robert G. Murray, as a Secretary of the Buffalo and Erie County Regional Devel. Corp. organized and existing under the laws of the State of New York described herein as "this corporation," hereby certify that the following is a true copy of resolutions duly adopted by the Board of Directors of this corporation at a meeting duly held, a quorum being present, on July 27, 20 16, that such resolutions are in conformity with the certificate of incorporation and by-laws of this corporation, and that such resolutions are now in full force and effect:

"RESOLVED, that First Niagara Bank, N.A. headquartered in Buffalo, New York is designated an authorized depository of this corporation; and

"FURTHER RESOLVED, that all drafts, checks, or other instruments or orders for the payment of money drawn against the account or accounts of this corporation with said depository shall be signed by any 2 (insert number) of the following (insert titles & names):

CEO Steven W. Weathers

Treasurer & Controller Mollie M. Profic

Assistant Treasurer Karen M. Fiala

Assistant Treasurer Bradley W. Bach

Executive VP John C. Cappellino

"FURTHER RESOLVED, that said depository is authorized to place to the credit of the account, or any of the accounts, of this corporation, funds, drafts, checks or other property by whomsoever delivered to said depository or agent thereof for deposit to the accounts of this corporation, endorsed with the name of this corporation, by rubber stamp, facsimile, mechanical, manual, or other signature (and any such endorsement by whomsoever affixed shall be the endorsement of this corporation), or otherwise endorsed, or unendorsed, provided that if any such item shall bear, or be accompanied by, directions (by whomsoever made) for deposit to specific account, then such deposit shall be to the credit of such specific account: and

"FURTHER RESOLVED, that said depository is hereby directed to accept, and/or pay and/or apply any draft, check, instrument or order for the payment of money, or any proceeds thereof, drawn on such account or accounts when signed as required by these resolutions by manual, rubber stamp, facsimile, or other mechanical signature (by whomsoever affixed) without limit as to amount, without inquiry, and without regard to the disposition of any such item or any proceeds thereof. Further, said depository shall not be liable in connection therewith notwithstanding that such item may be payable to the order of a person whose signature appears thereon or of any other officer or officers, agent or agents of this corporation, or such items or any proceeds thereof may be used or disposed of for the personal credit or account of any such person or persons, officer or officers, agent or agents with the depository or otherwise."

Signature	Print Name
See attached	

IN WITNESS WHEREOF, I have hereunto subscribed my signature on 07/27/16 (date).

{SEAL}

\* Robert G. Murray Secretary

\* If the Officer under the powers conferred by the above resolutions is authorized to act alone, the certification of the resolutions must be confirmed below by another officer.

Confirmed: N/A  
Name of confirming officer Title of confirming officer

TCB MDR 8/00 This order is binding upon the corporation until First Niagara Bank, N.A. is notified in writing of changes in authorizations affecting any accounts of the corporation and until new signatures are filed and recorded by the Bank.

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**FIRST  
NIAGARA**

726 Exchange St., Suite 618 • Buffalo, NY 14210

Date: 07/27/16

Deposit Account(s): All

TIN/EIN: 22-2255223

## MUNICIPAL DEPOSIT RESOLUTION

AUTHORIZED SIGNATURES:	
Signature	Print Name
<u>Mollie M Profic</u>	<u>Steven W. Weathers</u>
_____	<u>Mollie M. Profic</u>
_____	<u>Karen M. Fiala</u>
_____	<u>Bradley W. Bach</u>
_____	<u>John C. Cappellino</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

IN WITNESS WHEREOF, I have hereunto subscribed my signature on this 07/27/16

{SEAL}

\* \_\_\_\_\_  
Robert G. Murray Secretary

\* If the Officer under the powers conferred by the above resolutions is authorized to act alone, the certification of the resolutions must be confirmed below by another officer.

Confirmed: N/A  
Name of confirming officer Title of confirming officer

TCSB MDR 6100 This order is binding upon the corporation until First Niagara Bank, N.A. is notified in writing of changes in authorizations affecting any accounts of the corporation and until new signatures are filed and recorded by the Bank.

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**BUFFALO AND ERIE COUNTY  
REGIONAL DEVELOPMENT CORPORATION**

**RESOLUTION**

A meeting of the directors of the Buffalo and Erie County Regional Development Corporation was convened on Wednesday, July 27, 2016 at 11:00 a.m.

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

**RESOLUTION APPOINTING AN  
ASSISTANT TREASURER**

**WHEREAS**, pursuant to Section 1411 of the Not-for-Profit Corporation Law of the State of New York, the Buffalo and Erie County Regional Development Corporation (the "Corporation") was created as a New York State Not-for-Profit Local Development Corporation; and

**WHEREAS**, under the by-laws of the Corporation, the officers of the Erie County Industrial Development Agency (the "Agency") shall hold the same positions with the Corporation; and

**WHEREAS**, the Agency appointed Bradley Bach as Assistant Treasurer of the Agency effective as of June 22, 2016; and

**WHEREAS**, the Corporation desires to confirm the appointment of Bradley Bach as Assistant Treasurer.

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

Section 1. The Corporation hereby ratifies and affirms the appointment of Bradley Bach as Assistant Treasurer of the Corporation to serve until his successor is appointed and qualified in accordance with the by-laws of the Corporation.

Section 2. This Resolution shall take effect immediately.

Dated: July 27, 2016



## Loan Status Report April 27, 2016 – July 27, 2016

<u>RDC Loans Approved Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
Alpine Made, LLC	Wales	\$ 24,500
Azariah's Innocience	Buffalo	\$ 40,000
The Greener We	Grand Island	\$ 35,000
		<u>\$ 99,500</u>

<u>RDC Loans Closed 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	\$ 500,000
		<u>\$1,325,000</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>
Everyday Select, LLC	Cheektowaga	\$ 35,000
Mr. Albert Dawson d/b/a Daw Inc. (Aamco of West Seneca)	Grand Island	\$ 50,000
S.J. McCullagh Coffee, Inc.	Buffalo	\$ 500,000
		<u>\$ 585,000</u>

<u>Delinquency</u>	<u>Loan Balance Outstanding</u>	<u>Delinquency Rate</u>
3 Accounts	155,490	1.81%

<u>Loans Closed YTD</u>	<u>Loan Total YTD</u>	<u>Total New Jobs Projected</u>	<u>Retained Jobs</u>
7	\$3,362,500	61	290

## RDC Loan Closings 2015

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 Berewing Co.	\$ 500,000	65	75	Buffalo	7/1/2016	RDC Loan
Genral Welcome 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

7 Projects Closed  
61 Jobs Projected

**Total:                      \$ 3,362,500                      290                      351**

## Credit Request

Date: 7/27/2016  
To: RDC Board of Directors  
From: Gerald Manhard; Chief Lending Officer, Michael Alexander; Loan Manager  
Re: Loan Summary – S.J. McCullagh Coffee Inc.

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**Borrower:** S.J. McCullagh Coffee Inc.  
245 Swan St.  
Buffalo, NY 14204  
***Date Established:*** 1867  
***Business Description:*** Coffee Roaster/Distributor

### **Loan Structure:**

***Loan Amount:*** \$500,000.00  
***Loan Purpose:*** Purchase of customer base and assets of Premier Coffee Roasters (PCR)  
***Interest Rate:*** 4.0% - fixed.  
***Loan Term/Amort:*** 7 years / 7 years  
***Collateral:*** Second priority lien on all business assets of S.J. McCullagh, Inc.  
***Personal Guarantees:*** Unlimited personal guarantee of Warren Emblidge Jr. and Carol Emblidge  
***Corporate Guarantees:*** Guaranty of 245 Swan St., LLC; McCullagh Food Services

### **Sources and Uses of Funds:**

***Project Cost:*** \$2,000,000

#### ***Sources of Funds:***

First Niagara Bank	\$1,000,000
RDC:	\$ 500,000
Seller Financing:	\$ 350,000
Equity	\$ 150,000
<b>Total</b>	<b>\$2,000,000</b>

### **Job Creation:**

***Retained:*** 12 Jobs - from acquisition of PCR  
***Existing:*** 38 Jobs – currently employed at SJ McCullagh Coffee Inc.

The Current owner of Premium Coffee Roasters was considering purchase offers from companies located outside of New York State. If McCullagh Coffee does not Acquire PCR, it is very likely that the PCR employees would be laid off and/or lose their current positions.

The retention of 12 full time jobs will meet RDC's job requirement of one job per \$50,000 lent (500,000/50,000=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 type="checkbox"/>	Yes or No	<input checked="" type="checkbox"/>
Job Retention	<input checked="" type="checkbox"/>	Yes or No	<input type="checkbox"/>

**Company Background:**

McCullagh Coffee (“MC”) was established in 1867 by Samuel McCullagh under the original name “The New York Tea Company”. At present the S-Corporation is owned by William Emblidge Jr. and Carol Emblidge with ownership split 60%, 40% respectively. Since 1986, the family has specialized in the manufacturing and distribution of fresh roasted coffees and related products throughout the United States and Canada. As of January 2016, McCullagh offers over 30 blends of Arabica/Robusta Coffee at different grades/roasts to appeal to the varying sensitive palates of its consumers. In addition to its coffee offerings, McCullagh also offers a several varieties of hot chocolate, flavoring syrups, creamers and sweeteners to complement their core product offering. McCullagh has also recently introduced an eco-friendly line of sustainable coffee which is 100% Rainforest Alliance Certified with packaging that is 100% compostable.

McCullagh currently boasts client portfolio of over 2,000 end users with key clients including restaurants, hotels, hospitals and private label customers including Wal-Mart, Sam’s Club, Office Max and United Refining (Kwik Fill Gas and Convenient Shops).

**Project Description:**

The total project cost detailed in the business plan is \$2MM and will be comprised of \$150,000 in equity from the borrower, a \$1,000,000 term loan from First Niagara Bank, a potential \$500,000 from the RDC and \$350,000 non-compete note from the seller. This project will include the acquisition of commercial customers and tangible assets of Premium Coffee Roasters “PCR” and affiliate Speroni’s Premium Coffee Roasters (in market competitor with similar client base, product offering and geographic footprint).

In an effort to continue with the successful client relationships established by PCR, key principal employees will remain with the company upon acquisition (includes all customer facing sales associates and service technicians).

It should be noted, the current owner of PCR was considering other purchase offers from companies outside of Erie County and New York State. If MC does not acquire PCR, it is very likely that the PCR employees would be laid off or lose their current positions.

*(Brief background on companies to be acquired)*

**Premium Coffee**

- Currently owned by James Demarco (age 63)
- Incorporated in 1995, roasting since 1993
- Single manufacturing facility located in Lackawanna, NY (Route 5)
- Current employment of 25.
- Annual revenue of \$3MM+ (\$3.3MM in 2015)

**Speroni's Premium Coffee**

- Owned by Vincent Demarco
- Formed in 2012 to acquire a distributor in Olean NY.
- Currently performs distribution for Premium Coffee
- Annual Revenue of \$0.2MM as of 2015

***Rationale for Acquisition***

**Strategically Compelling**

- Acquisition of in-market competitor with similar business model
- Consolidate market share in Upstate New York/North Western Pennsylvania
- Leverage existing operational infrastructure to enhance cost effectiveness
- Retention of company and employees in Erie County

**Financially Attractive**

- Conservative financial assumptions throughout analysis
- Incorporates non-compete and seller earn out to mitigate financial risk and ensure ongoing seller engagement in support of business.

**Low Execution Risk**

- Companies have very similar business model, geographic footprint and product set.
- Both companies utilize the same order entry/invoicing front end platform.
- Simultaneous loan closing and conversion plan in place.
- All key client facing staff retained. Premium principals to remain involved in combined business, product set will be unchanged.
- McCullagh Coffee's management team has significant successful acquisition experience.

**Strengths**

- Sufficient cash flow available to service existing and proposed debts
- Acceptable credit history of principal guarantors with no derogatory comments
- Significant net worth of principal guarantors
- Good collateral coverage to secure proposed debts
- Educated borrowers with significant successful industry experience
- Business to be acquired has similar geographic footprint, client base and product set. The transition will be seamless for the end user as client facing staff will be retained.
- Borrower has previous relationship with RDC and has successfully paid off \$107k term loan as agreed

**Weaknesses**

- Inherent risks associated with any formal acquisition.
- Customer attrition

**Loan Conditions:**

- Evidence of funding First Niagara \$1MM term loan
- Subordination of seller non-compete note (\$350k)
- 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 approval of the loan committee and the retention of 12 jobs, the RDC Lending Department is **recommending the \$500,000.00 loan be approved.**