



**Buffalo and Erie County Regional Development Corporation
Joint Annual Board of Directors & Membership Meeting
May 22, 2019
@ 12:00 p.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 27, 2019 Minutes of the Board of Directors Meeting (Pages 2-5)

- 3.0 Reports / Action Items / Information Items:**
 - 3.1 Financial Report (Informational) (Pages 6-9)
 - 3.2 Annual Report of the Directors (Action Item) (Page 10)
 - 3.3 RDC Loan Status Report/Closing Report (Informational) (Pages 11-12)
 - 3.4 Nominating Committee Update
 - a) Election of Officers/Committee Appointments – (Action Item) (Pages 13-15)

- 4.0 Adjournment - Next Meeting June 26, 2019 @ 12:00 p.m.**

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

DATE AND PLACE: March 27, 2019, at the Erie County Industrial Development Agency, 95 Perry Street, 5th Floor ESD Conference Room, Buffalo, New York 14203

PRESENT: Hon. April Baskin, Hon. Diane Benczkowski, Rev. Mark E. Blue, Hon. Bryon W. Brown, Hon. Joseph H. Emminger, Dottie Gallagher, Tyra Johnson, Hon. Brian J. Kulpa, Richard Lipsitz, Jr., Brenda W. McDuffie, John J. Mudie, Hon. Glenn R. Nellis, Sister Denise Roche, Kenneth A. Schoetz and Charles F. Specht

EXCUSED: James F. Doherty, Hon. Mark C. Poloncarz, Hon. Darius G. Pridgen, and Art Wingerter

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

GUESTS: Michael Szukala, Chair, Audit & Finance Committee; Andrew Federick, Erie County Senior Economic Development Specialist; Christopher Pawenski, Coordinator, Industrial Assistance Program, of the Erie County Environment & Planning Department

There being a quorum present at 1:09 p.m., the meeting of the RDC Board of Directors was called to order by its Chair, Ms. McDuffie.

MINUTES

The Minutes of the February 27, 2019, meeting of the Board of Directors of the RDC were presented. Mr. Nellis moved, and Mr. Blue seconded, to approve of the minutes. Ms. McDuffie called for the vote and the minutes were unanimously approved.

REPORTS/ACTION ITEMS/INFORMATION ITEMS

Financial Report. Ms. Profic provided a report on the February 2019 financial statements noting that the RDC finished the month of February with total assets of \$18.8 million and net assets of \$18.3 million. The monthly income statement shows a net loss of \$6,000. Revenues were below budget by \$18,000 due to a one-time adjustment to other income (regarding a loan

recovery that had to be moved to ILDC). Total expenses were in line with the monthly budget. The year to date income statement reflects \$95,000 of revenue and \$66,000 of expenses, for net income of \$29,000 through the first two months of the year. Ms. McDuffie directed that the report be received and filed.

At this point in time Mr. Brown left the meeting.

Finance and Audit Committee Update. Ms. Profic noted that the Joint Finance and Audit Committee meeting was held on March 21, 2019, at which Freed Maxick auditors presented the draft 2018 financial statements. Freed Maxick indicated they would be providing an unmodified (clean) opinion on the financial statements, that there were no uncorrected audit adjustments, and that there were no material weaknesses or significant deficiencies noted (no management letter issued). The Committee reviewed and recommended that the 2018 Public Authorities Report, the 2018 Charters and Policies that will be discussed at a later point in time during this meeting also be approved. The Committee self-evaluation was also presented and Ms. Profic confirmed that all of the responsibilities of the Committee were met for the 2018 fiscal year. Ms. McDuffie directed that the report be received and filed.

Audited Financial Statements. Ms. Profic reviewed the 2018 audited financial statements again noting that the auditors issued an unmodified opinion on these statements. The statements of net position were reviewed, and Ms. Profic noted that there were total assets of \$18.7 million as of December 31, 2018, up slightly from 2017. Loans receivable increased \$3.8 million due to over \$5 million of loans closed during 2018. The statements of revenues, expenses and changes in net position (income statements) detail the increasing net position for the year. Revenues of \$476,000 were up from \$434,000 in 2017. Operating expenses decreased due to a decrease in loan loss expense in 2018. The cash flow statements detailed the change in cash. The remainder of the financial statements are the notes and supplementary information. There were no findings or questioned costs noted as a result of the audit. These audits were reviewed in detail with the Finance and Audit Committee who recommended approval to the Board.

Mr. Nellis moved and Mr. Lipsitz seconded to approve of the 2018 Audited Financial Statements. Ms. McDuffie called for the vote and the 2018 Audited Financial Statements were unanimously approved.

2018 Investment Report. Ms. Profic reviewed the RDC's 2018 Investment Report. Mr. Lipsitz moved and Mr. Nellis seconded to approve of the 2018 Investment Report. Ms. McDuffie called for the vote and the 2018 Investment Report was unanimously approved.

Governance Committee Report. Ms. Boudreau provided members with the report. Ms. McDuffie directed that the report be received and filed.

2019 Loan Status Report and 2019 Closing Report. Mr. Manhard presented this report. Ms. McDuffie directed that the report be received and filed.

REVIEW AND ADOPTION OF POLICIES, REPORTS AND COMMITTEE CHARTERS

The 2018 Mission Statement, Performance Measures and Results. Ms. McDuffie presented the 2018 Mission Statement, Performance Measures and Results. Mr. Lipsitz moved and Mr. Nellis seconded to approve of the statement and results. Ms. McDuffie called for the vote and the 2018 Mission Statement, Performance Measures and Results were unanimously approved.

The 2019 Mission Statement, Performance Measures and Results. Ms. McDuffie presented this item and recommended that the adjustment to the minority and women owned business lending objectives and metric be amended to include the number representing the average size of loans made to minority and women owned business enterprises over the prior 3 years and also asked that staff establish goals for minority business loans separate from goals for women business owned loans.

Mr. Kulpa moved and Ms. Gallagher seconded to approve of the 2019 Mission Statement with the inclusion of the proposed amendment. Ms. McDuffie called for the vote and the motion was then unanimously approved.

2018 Public Authorities Report. Ms. McDuffie presented the report. Mr. Lipsitz moved and Mr. Nellis seconded to approve of the report. Ms. McDuffie called for the vote and the motion was unanimously approved.

Procurement Policy. Ms. McDuffie presented members with an amendment to the existing Procurement Policy that now requires the Agency to seek and purchase goods from veterans, not-for-profit organizations that serve and employ people who are blind and severely handicapped, and from correctional industry programs if they meet RDC needs. Ms. Boudreau emphasized that a new Authority Budget Office guidance recommends that authorities include this new preferred source of procurement within procurement policies. Mr. Lipsitz then moved and Mr. Nellis seconded to adopt the amendment to the Procurement Policy. Ms. McDuffie called for the vote and the amendment to the Procurement Policy was unanimously approved.

RE-ADOPT POLICIES AND CHARTERS

Ms. McDuffie recommended that the RDC approve Items 5-18 as found on the agenda, noting that these exact same policies and amendments were just approved by the Erie County Industrial Development Agency at its meeting completed immediately prior to this meeting and that no changes have been made to these policies. Mr. Emminger moved and Ms. Gallagher seconded to approve of items 5-18 as listed on the agenda of the RDC Board meeting. Ms. McDuffie called for the vote and the following policies and charters were then unanimously approved:

- Investment & Deposit Policy
- Code of Ethics
- Whistleblower Policy and Procedures
- Defense & Indemnification Policy

- Finance & Audit Committee Charter
- Governance Committee Charter
- Property Disposition Guidelines
- Property Acquisition Policy
- Board Member Compensation, Reimbursement & Attendance Policy
- Employee Compensation Program
- Travel, Conferences, Meals & Entertainment Policy
- Statement of Duties & Responsibilities of the Board of Directors
- Statement of the Competencies & Personal Attributes Required by Board Members
- Corporate Credit Card Policy

There being no further business to discuss, Ms. McDuffie then adjourned the meeting at 1:19 p.m.

Dated: March 27, 2019

Robert G. Murray, Secretary

Regional Development Corporation
Financial Statements
As of April 30, 2019

REGIONAL DEVELOPMENT CORPORATION ("RDC")

Balance Sheet

April 30, 2019

	April 2019	March 2019	December 2018
ASSETS:			
Restricted Cash**	\$ 5,914,320	\$ 6,137,275	\$ 5,963,260
Direct Loans *	12,821,204	12,903,287	12,927,117
50/50 Bank Participation Loans *	215,493	223,183	235,971
Reserve for Loan losses	<u>(1,157,740)</u>	<u>(1,341,834)</u>	<u>(449,810)</u>
Total Loan Assets, net	<u>11,878,958</u>	<u>11,784,636</u>	<u>12,713,278</u>
TOTAL ASSETS	<u>\$ 17,793,277</u>	<u>\$ 17,921,911</u>	<u>\$ 18,676,538</u>
LIABILITIES & NET ASSETS			
Accounts Payable	\$ 200	\$ 200	\$ 315
Due to ECIDA	<u>125,149</u>	<u>447,504</u>	<u>352,232</u>
Total Liabilities	<u>125,349</u>	<u>447,704</u>	<u>352,547</u>
Restricted Fund Balance	<u>17,667,928</u>	<u>17,474,207</u>	<u>18,323,991</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 17,793,277</u>	<u>\$ 17,921,911</u>	<u>\$ 18,676,538</u>

* Loan Portfolio Summary:	April 2019	March 2019	December 2018
# of Direct Loans	42	43	44
# of 50/50 Bank Participation Loans	<u>2</u>	<u>2</u>	<u>3</u>
	<u>44</u>	<u>45</u>	<u>47</u>

** Cash is invested in interest bearing accounts at M&T Bank. The maximum FDIC insured amount is \$250,000, with the remainder collateralized with government obligations by the financial institution.

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Income Statement
Month of April 2019

	Actual vs. Budget		
	Actual	Budget	Variance
REVENUES:			
Interest Income - Loans	\$ 44,980	\$ 43,333	\$ 1,647
Interest Income - Cash & Inv.	3,426	833	2,593
Administrative Fees	-	833	(833)
Other Income	194	1,667	(1,473)
Total Revenues	48,600	46,667	1,933
EXPENSES:			
Management Fee - ECIDA*	29,200	29,167	33
Provision for Loan Losses	(184,094)	-	(184,094)
Rent & Facilities Expenses	1,900	1,917	(17)
Professional Services	7,304	10,530	(3,226)
General Office Expenses	435	283	152
Other Expenses	133	1,340	(1,207)
Total Expenses	(145,122)	43,236	(188,358)
NET INCOME/(LOSS):	\$ 193,722	\$ 3,430	\$ 190,291

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2019 budgeted figures.

REGIONAL DEVELOPMENT CORPORATION ("RDC")

Income Statement

Year to Date: April 30, 2019

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
REVENUES:						
Interest Income - Loans	\$ 174,354	\$ 173,333	\$ 1,021	\$ 174,354	\$ 135,841	\$ 38,513
Interest Income - Cash & Inv.	13,679	3,333	10,345	13,679	7,514	6,165
Administrative Fees	700	3,333	(2,633)	700	3,683	(2,983)
Other Income	794	6,667	(5,873)	794	2,100	(1,307)
Total Revenues	189,527	186,667	2,860	189,527	149,138	40,388
EXPENSES:						
Management Fee - ECIDA*	116,800	116,667	133	116,800	89,000	27,800
Provision for Loan Losses	707,930	58,333	649,597	707,930	(5,919)	713,849
Rent & Facilities Expenses	7,600	7,667	(67)	7,600	6,000	1,600
Professional Services	10,573	17,280	(6,707)	10,573	15,340	(4,767)
General Office Expenses	1,113	1,133	(21)	1,113	166	947
Other Expenses	278	5,358	(5,080)	278	1,560	(1,281)
Total Expenses	844,294	206,438	637,856	844,294	106,147	738,147
NET INCOME/(LOSS):	\$ (654,767)	\$ (19,772)	\$ (634,996)	\$ (654,767)	\$ 42,992	\$ (697,759)

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2019 budgeted figures.



MEMORANDUM

TO: Buffalo & Erie County Regional Development Corporation Members
FROM: Mollie Profic, CFO
SUBJECT: Annual Report of Directors
DATE: May 22, 2019

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 27, 2019 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 May 22, 2019 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.



**Loan Status Report
March 27, 2019 – May 21, 2019**

<u>RDC Loans Approved Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
HLM Landscaping & Snow Removal (Contractor)	Buffalo	\$ 30,000
InEx (Manufacturer)	Buffalo	\$ 340,000
		<u>\$ 370,000</u>

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

<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>
Buffalo Material Handling (Distributor/Repair)	Buffalo	\$ 250,000
ENrG (Manufacturer)		\$ 650,000
Robinson Home Products (Manufacturer)	Buffalo	\$ 800,000
		<u>\$1,700,000</u>

<u>2019 Delinquency</u>	<u>Loan Balance Outstanding</u>	<u>Delinquency Rate</u>
4 Accounts	\$821,411	6.3%

<u>2019 - Loans Closed</u>	<u>YTD Loan Total YTD</u>	<u>Total New Jobs Projected</u>	<u>Retained Jobs</u>	<u>Private Investment</u>
1	\$140,000	16	0	\$230,000

RDC Loan Closings 2019

Project Name	Loan Amount	Jobs at App	Projected Year 3 Jobs	Project City	Closing Date	Project Product
Herb'N Garden	\$ 140,000	4	20	Buffalo	1/14/2019	RDC Loan

1 Project Closed
16 Jobs Projected \$ 140,000 4 20

Total:

2019 - 2020 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 -* McDuffie (Chair)	Chair -* McDuffie (Chair)
	Vice Chair - *Lipsitz	Vice Chair - *Lipsitz
	County Executive *Poloncarz	County Executive *Poloncarz
	Mayor Buffalo - *Brown	Mayor Buffalo - *Brown
	Emminger* (Chair, RDC Loan Committee)	Emminger* (Chair, RDC Loan Committee)
	Glenn Nellis* (Representing the Finance & Audit Committee)	Glenn Nellis* (Representing the Finance & Audit Committee)
	Pridgen* (Chair, Loan Write-Off)	Pridgen* (Chair, Loan Write-Off)
	President & 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 10-12 Meetings a year	Lipsitz* (Chair)	Lipsitz* (Chair)
	Baskin	Baskin
	Blue*	Blue*
	Brown	Brown
	Coleman	Coleman
	Cummings	Cummings
	DiPirro	DiPirro
	Krebs	Krebs
	McDuffie*	McDuffie*
	Mudie	Mudie
	Nellis	Nellis
	Smith	Smith
	State	State
	Whyte	Whyte
*Vacant	Lavon Stephens	

Loan Committee ECIDA/RDC	<u>Current 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 6-12 Meetings a Year	Hon. Joseph Emminger (Chair)	Hon. Joseph Emminger (Chair)
	[City 2] Rebecca Gandour	[City 2] Rebecca Gandour
	[City 1] Royce Woods (Beverly Gray Business Exchange Center)	[City 1] Royce Woods (Beverly Gray Business Exchange Center)
	[Other] Nancy LaTulip	[Other] Nancy LaTulip
	[County 1] David McKinley (Community Bank N.A.)	[County 1] David McKinley (Community Bank N.A.)
	John Mudie	John Mudie
	Sister Denise Roche	
	[Other] Michael Taylor (NYBDC)	[Other] Michael Taylor (NYBDC)

*=Board members who fill seats required by By-laws
Nominating Committee Approved Date –
Board Approved Date –

2019 - 2020 ECIDA/RDC/ILDC Board Committees & Officers

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

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

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.	Szukala, Michael (Chair)	Szukala, Michael (Chair)
	Beckwith, Penny	Beckwith, Penny (M&T)
	Doherty*	Emminger*
	Emminger*	Nellis*
	Nellis*	Specht
	Roche	Wingerter*
	Witzleben, William (M&T)	Witzleben, William (M&T)
3-4 Meetings a Year		

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.	McDuffie* (Chair)	McDuffie* (Chair)
	Benczkowski*	Benczkowski
	Johnson*	Johnson*
	Kulpa	Kulpa*
	State	State
	Whyte	Whyte
		Schoetz
1-2 Meetings a Year		

Compensation Committee ECIDA	<u>Current Committee Members</u>	<u>Proposed Committee Members</u>
No by-law requirement	Poloncarz (Chair)	Poloncarz (Chair)
	Blue	Blue
	Doherty	Gallagher
	Gallagher	Lipsitz
	Lipsitz	Schoetz
1-2 Meetings a Year		

*=Board members who fill seats required by By-laws
Nominating Committee Approved Date –
Board Approved Date –

2019 - 2020 ECIDA/RDC/ILDC Board Committees & Officers

Project Expenditure Committee ECIDA/RDC	Current Committee Members	Proposed Committee Members
No by-law requirement	Poloncarz, Mark (Chair)	Poloncarz, Mark (Chair)
4-6 Meetings a Year	Alpert, Alan	Alpert, Alan
	Bell, Clifford	Bell, Clifford
	(Vacant)	Johnson, Tyra
	(Vacant)	Schoetz, Ken
	(Vacant)	
	McMahon, Diane	McMahon, Diane
	(Vacant)	

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	Mollie Profic			Mollie Profic		
Assistant Treasurers	Michael Alexander, Karen Fiala, Jerry Manhard, Atiqa Abidi			Karen Fiala, Jerry Manhard, Atiqa Abidi		
Secretary	Robert Murray			Karen Fiala		
Assistant Secretaries	Pietra Zaffram			Jerry Manhard, Dawn Boudreau		

OTHER DESIGNATED POSITIONS	Current Designated Positions	Proposed Designated Positions
Chief Financial Officer	Mollie Profic	Mollie Profic
Senior Accountant	Atiqa Abidi	Atiqa Abidi
Chief Lending Officer	Jerry Manhard	Jerry Manhard
Contracting Officer (required in Property Disposition Policy)	Mollie Profic	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
FOIL Appeals Officer		Steve Weathers
Human Resources Officers	Mollie Profic Pat Smith	Mollie Profic Pat Smith
Non-electronic Records Retention Officer	Carrie Hocieniec	Carrie Hocieniec

*=Board members who fill seats required by By-laws
 Nominating Committee Approved Date –
 Board Approved Date –