



**Buffalo and Erie County Regional Development Corporation
Board of Directors Meeting
September 28, 2016**

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

1.0 Call to Order

2.0 Approval of Minutes:

2.1 Approval of the August 24, 2016 Meeting of the Board of Directors **(Pages 2-3)**

3.0 Reports / Action Items / Information Items:

3.1 Financial Report **(Pages 4-7)**

3.2 Approval of 2017 Operating Budget **(Pages 8-9)**

3.3 2016 Loan Status Report/Closing Schedule **(Pages 10-11)**

4.0 Adjournment - Next Meeting October 26, 2016

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

- DATE AND PLACE:** August 24, 2016, at the Erie County Industrial Development Agency, 95 Perry Street, 5th Floor ESD Conference Room, Buffalo, New York 14203
- PRESENT:** Hon. Byron W. Brown, James F. Doherty, Dennis Elsenbeck, Hon. Joseph H. Emminger, Dottie Gallagher-Cohen, Richard Lipsitz, Jr., Brenda W. McDuffie, Frank B. Mesiah, John J. Mudie, Hon. Glenn R. Nellis, Hon. Mark C. Poloncarz, Hon. Edward A. Rath, III and Paul V. Vukelic
- EXCUSED:** Hon. Diane Benczkowski, David L. Lowrey, Hon. Darius G. Pridgen Sister Denise Roche and Hon. Barry A. Weinstein
- OTHERS PRESENT:** Steve Weathers, Chief Executive Officer; John Cappellino, Executive Vice President; Karen M. Fiala, Assistant Treasurer; Bradley Bach, Assistant Treasurer; Gerald Manhard, Chief Lending Officer; and Robert G. Murray, Secretary
- GUESTS:** Andrew Federick, Erie County Senior Economic Development Specialist

There being a quorum present at 11:09 a.m., the meeting of the Buffalo and Erie County Regional Development Corporation Board of Directors was called to order by its Chair, Ms. McDuffie.

MINUTES

Upon motion made by Mr. Lipsitz and seconded by Mr. Mesiah, the minutes of the April 27, 2016 Meeting of the Board of Directors of the RDC were unanimously approved.

REPORTS/ACTION ITEMS/INFORMATION ITEMS:

Assistant Treasurer Banking Resolution. Ms. Gallagher-Cohen moved and Mr. Rath seconded to appoint Mr. Bradley Bach as Assistant Treasurer of the RDC to serve until his successor is appointed and qualified in accordance with the by-laws of the Corporation and to confirm that Mr. Bach is an authorized signatory for all drafts, checks and other instruments for the payment of money drawn against RDC accounts held by First Niagara Bank. Ms. McDuffie called for the vote, and the aforementioned resolutions were unanimously approved.

S.J. McCullagh, Inc., 245 Swan Street, Buffalo, New York, \$500,000 7-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 noted that loan proceeds will be utilized to allow the company to acquire the commercial customers and tangible assets of Premium Coffee Roasters (“PCR”) and affiliate, Speroni’s Premium Coffee Roasters. Mr. Manhard further commented that the current owner of PCR was considering other purchase offers from companies outside of Erie County and New York State, and if S.J. McCullagh Inc. does not acquire the PCR assets, it is likely that the PCR employees would be laid-off or lose their current positions. Mr. Manhard then provided a brief history of the company as well as further details on the acquisitions costs and business plan related thereto. Ms. Gallagher-Cohen moved, and Mr. Elsenbeck seconded to approve of the loan. Ms. McDuffie called for the vote and the requested loan was thereafter unanimously approved.

Financial Report. Mr. Bach presented the July 2016 financial report noting that the RDC has net assets of approximately \$23,000,000. Mr. Bach stated that the income statement ending as of July 31, 2016 shows net income of approximately \$4,300 and on a year-to-date basis, the RDC shows net income of approximately \$70,000. Ms. McDuffie directed that the report be received and filed.

Proposed Budget Timetable and Review of 2017 Budget. Mr. Weathers presented the proposed budget review timetable.

At this point in time, Mr. Brown joined the meeting.

Mr. Weathers then reviewed the proposed RDC budget for 2017 noting that the budgeted revenues, expenses and projected net loss figures are in line with prior years. Mr. Weathers then reviewed the proposed RDC three-year forecast for 2018-2020 and provided explanations with respect to loan loss expenses. There being no further discussion, 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.

There being no further business to discuss, upon motion made by Mr. Elsenbeck and seconded by Mr. Doherty and unanimously approved, the meeting was adjourned at 11:25 a.m.

Dated: August 24, 2016

Robert G. Murray, Secretary

Regional Development Corporation
Financial Statements
As of August 31, 2016

REGIONAL DEVELOPMENT CORPORATION ("RDC")

Balance Sheet

August 31, 2016

	August 2016	July 2016	December 2015
ASSETS:			
Restricted Cash**	\$ 6,511,892	\$ 6,830,009	\$ 6,734,596
Sequestered Cash**	6,506,151	6,505,563	6,504,876
Direct Loans *	9,698,203	9,344,681	9,212,171
50/50 Bank Participation Loans *	407,071	409,188	424,801
Loan Interest Receivable	1,000	1,000	-
Reserve for Loan losses	(169,608)	(169,608)	(178,247)
Total Loan Assets, net	<u>9,936,667</u>	<u>9,585,261</u>	<u>9,458,725</u>
TOTAL ASSETS	<u>\$ 22,954,710</u>	<u>\$ 22,920,833</u>	<u>\$ 22,698,197</u>
LIABILITIES & NET ASSETS			
Accounts Payable	\$ 3,000	\$ 3,000	\$ 2,338
Due to ECIDA	490,216	461,716	313,327
Other Liabilities	1,550,133	1,549,631	1,546,422
Total Liabilities	<u>2,043,349</u>	<u>2,014,347</u>	<u>1,862,087</u>
Restricted Fund Balance	20,911,361	20,906,486	20,836,110
TOTAL LIABILITIES & NET ASSETS	<u>\$ 22,954,710</u>	<u>\$ 22,920,833</u>	<u>\$ 22,698,197</u>

<i>* Loan Portfolio Summary:</i>	August 2016	July 2016	December 2015
# of Direct Loans	48	48	54
# of 50/50 Bank Participation Loans	7	7	7
	<u>55</u>	<u>55</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 August 31, 2016

	Actual vs. Budget		
	Actual	Budget	Variance
REVENUES:			
Interest Income - Loans	\$ 33,242	\$ 36,000	\$ (2,758)
Interest Income - Cash & Inv.	674	572	102
Administrative Fees	-	1,250	(1,250)
Other Income	1,534	625	909
Total Revenues	35,450	38,447	(2,997)
EXPENSES:			
Management Fee - ECIDA*	\$ 27,083	\$ 27,083	\$ (0)
Provision for Loan Losses	-	16,667	(16,667)
Rent & Facilities Expenses	1,417	1,417	0
Professional Services	2,000	4,167	(2,167)
General Office Expenses	-	-	-
Other Expenses	75	271	(196)
Total Expenses	30,575	49,604	(19,029)
NET INCOME/(LOSS):	\$ 4,875	\$ (11,157)	\$ 16,032

* 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: August 31, 2016

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
REVENUES:						
Interest Income - Loans	\$ 270,672	\$ 288,000	\$ (17,328)	\$ 270,672	\$ 251,105	\$ 19,567
Interest Income - Cash & Inv.	1,596	4,578	(2,982)	1,596	3,433	(1,837)
Administrative Fees	16,313	10,000	6,313	16,313	16,531	(219)
Other Income	9,969	5,000	4,969	9,969	33,905	(23,936)
Total Revenues	298,549	307,578	(9,029)	298,549	304,974	(6,425)
EXPENSES:						
Management Fee - ECIDA*	\$ 189,667	\$ 216,667	\$ (27,000)	\$ 189,667	\$ 169,667	\$ 20,000
Provision for Loan Losses	(8,639)	133,333	(141,972)	(8,639)	21,549	(30,188)
Rent & Facilities Expenses	11,333	11,333	0	11,333	9,333	2,000
Professional Services	29,635	50,083	(20,448)	29,635	23,299	6,336
General Office Expenses	-	-	-	-	-	-
Other Expenses	1,301	2,167	(866)	1,301	1,236	65
Total Expenses	223,297	413,583	(190,286)	223,297	225,084	(1,787)
NET INCOME/(LOSS):	\$ 75,251	\$ (106,006)	\$ 181,257	\$ 75,251	\$ 79,890	\$ (4,639)

* 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
2017 Budget

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Proposed Budget for 2017

	Proposed Budget 2017	Approved Budget 2016	Projected 2016	Actual 2015
REVENUES:				
Interest Income - Loans	\$ 420,000	\$ 432,000	\$ 474,859	\$ 379,056
Interest Income - Cash & Inv.	8,664	6,866	1,843	4,922
Administrative Fees	15,000	15,000	22,625	17,531
Other Income	7,500	7,500	16,870	441,188
Total Revenues	451,164	\$ 461,366	516,197	842,697
EXPENSES:				
ECIDA Management Fee*	\$ 335,000	\$ 325,000	\$ 392,167	\$ 335,045
Provision for Loan Losses**	200,000	200,000	75,000	15,729
Rent & Facilities Expenses	18,000	17,000	19,833	17,646
Professional Services	70,500	71,500	35,000	33,395
Marketing & Other Expenses	3,250	3,250	2,452	1,528
Total Expenses	626,750	616,750	524,452	403,343
NET INCOME/(LOSS):	\$ (175,586)	\$ (155,384)	\$ (8,255)	\$ 439,354

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

** Est'd 2017 Loan Balance	\$ 10,500,000
Provision for Loan Losses	(200,000)
Percentage of Loans	1.9%



**Loan Status Report
August 24, 2016 – September 28, 2016**

<u>RDC Loans Approved Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
S.J. McCullagh Coffee, Inc.	Buffalo	\$500,000

<u>RDC Loans Closed Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
Azariah's Innocence, LLC	Buffalo	\$ 40,000

<u>Loans in Closing Process</u>	<u>Municipality</u>	<u>Amount</u>
Mr. Albert Dawson d/b/a Daw, Inc. (Aamco of West Seneca)	Grand Island	\$ 50,000

<u>Loans in the Pipeline</u>	<u>Municipality</u>	<u>Amount</u>
Cedar's Bakery	Buffalo	\$ 35,000

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

<u>Loans Closed YTD</u>	<u>Loan Total YTD</u>	<u>Total New Jobs Projected</u>	<u>Retained Jobs</u>
10	\$3,462,000	64	296

RDC Loan Closings 2016

Project Name	Loan Amount	Jobs at App	Projected Year 3 Jobs	Project City	Closing Date	Project Product
Robinson Home Products	\$ 1,600,000	110	113	Williamsville	4/1/2016	RDC Loan
Big Ditch 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
	\$ 325,000					
Disc Lock, LLC		45	52	Tonawanda	5/12/2016	RDC Loan
51 Chippewa Street	\$ 50,000	0	20	Buffalo	3/25/2016	Micro Loan
Elite Dance Studio	\$ 50,000	2	3	Bowmansville	4/14/2016	Micro Loan
Azariah's Innocence, LLC	\$ 40,000	3	4	Buffalo	9/1/2016	Micro Loan
The GreenerWe	\$ 35,000	1	2	Grand Island	8/5/2016	Micro Loan
Alpine Made, LLC./Beither and Son's Farm, LLC	\$ 24,500	2	3	South Whales	8/5/2016	Micro Loan

10 Projects Closed
64 Jobs Projected

Total: **\$ 3,462,000** **296** **360**