



**Buffalo and Erie County Regional Development Corporation
Board of Directors Meeting
September 22, 2021 @ 12:00 p.m.**

Via Conference Call & Livestreaming

1.0 Call to Order

2.0 Approval of Minutes

2.1 Approval of the July 28, 2021 Minutes of the Meeting of the Membership (Action Item) (Pages 2-3)

3.0 Reports / Action Items / Information Items:

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

3.2 Finance & Audit Committee Update

a) 2022 Budget Timetable (Informational) (Page 8)

b) Review of 2022 Proposed Budget (Informational) (Pages 9-12)

3.3 Resolution to Appoint Vice President (Action Item) (Page 13)

3.4 Banking Resolution (Action Item) (Pages 14-16)

3.5 Loan Status Report (Page 17)

3.6 Approval of the Following Loan Case(s)

a) PM Plastics, Inc. (Action Item) (Pages 18-24)

4.0 Management Team Reports:

4.1

5.0 Adjournment- Next Meeting October 27, 2021

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

- DATE AND PLACE:** July 28, 2021 at Erie County Industrial Development Agency (the “ECIDA” or “Agency”), 95 Perry Street, 5th Floor ESD Conference Room, Buffalo, New York 14203.
- LIVE STREAMED:** This Board meeting is being live-streamed and made accessible on the Erie County Industrial Development Agency website at www.ecidany.com.
- PRESENT:** Denise Abbott, Rev. Mark E. Blue, Hon. Joseph Emminger, Hon. Howard Johnson, Hon. Brian Kulpa, Richard Lipsitz, Brenda W. McDuffie, Hon. Glenn R. Nellis, Hon. Mark C. Poloncarz, Hon. Darius G. Pridgen, Sister Denise Roche, Kenneth A. Schoetz and Paul Vukelic
- EXCUSED:** Hon. Diane Benczkowski, Hon. Bryon W. Brown, James Doherty, Dottie Gallagher, Tyra Johnson and Renee Wilson
- OTHERS PRESENT:** John Cappellino, President & CEO; Mollie Profic, Chief Financial Officer; Karen M. Fiala, Vice President/Secretary; Gerald Manhard, Chief Lending Officer; Grant Lesswing, Business Development Officer; Brian Krygier, Systems Analyst; Carrie Hocieniec, Administrative Coordinator; Robbie Ann McPherson, Director, Marketing & Communications, Lori Szewczyk, Director of Grants; Sean Fallon, Project Manager and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC
- GUESTS:** Deputy County Executive Maria Whyte; Andrew Federick, Erie County Senior Economic Development Specialist; James Panepinto on behalf of Pinto Construction; Tom Rybicki on behalf of Polymer Conversions; Olivia Hill on behalf of Invest Buffalo Niagara; James Fink on behalf of Business First; Jessica Corrigan, Mauricio Perez and Bokola Mallia on behalf of BECWIB

There being a quorum present at 12:39 p.m., the Meeting of the Board of Directors of the Buffalo and Erie County Regional Development Corporation was called to order by Chairwoman McDuffie.

MINUTES

The minutes of the May 26, 2021 meeting of the members were presented. Mr. Blue moved and Sister Denise seconded, to approve of the minutes. Ms. McDuffie called for the vote, and the minutes were then unanimously approved.

REPORTS/ACTION ITEMS/INFORMATION ITEMS

Financial Report. Ms. Profic presented the June 2021 financial report, noting that the balance sheet shows that the RDC ended the month with total assets of \$20.9M. The increase in assets from May is due mainly to increases in loan receivables, as 7 loans closed from our CARES Act RLF in June. Cash also increased due to a draw of CARES Act funding received at the end of the month, to fund loans that closed in June. The June income statement shows \$125,000 of revenue, mostly other income, which is CARES Act grant funding recognized for administrative costs, and \$932 of expenses, netting to income of \$124,000 in June. Negative provision for loan losses due to a reduction in reserve at June 30. The year-to-date income statement shows revenue of \$349,000 and \$208,000 of expenses, for net income of \$141,000 through June. Ms. McDuffie directed that the report be received and filed.

Loan Status Report. Mr. Manhard presented this report. Mr. Emminger thanked RDC staff for their outstanding efforts in managing and overseeing the RLF Fund. Mr. Pridgen queried as to MWBE lending efforts. Mr. Manhard responded that about 33% of loans for 2021 have been made to MWBE companies. Ms. McDuffie directed that the report be received and filed.

Annual Report of Directors. Ms. Profic presented this report. Mr. Nellis moved and Ms. Abbott seconded, to approve of the annual report of directors as presented. Ms. McDuffie called for the vote and the aforementioned report was unanimously approved.

Approval of Resolution to Request Release of Federal Interest in the RDC Loan Fund. Mr. Cappellino described this resolution allowing the Federal Economic Development Administration to release its federal interest in the RDC Loan Fund. Mr. Pridgen moved and Mr. Johnson seconded to approve of the resolution with regard to releasing the federal interest in the RDC Loan Fund. Ms. McDuffie called for the vote and the following resolution was unanimously approved:

RESOLUTION OF THE BUFFALO AND ERIE COUNTY REGIONAL
DEVELOPMENT CORPORATION ("RDC") REQUESTING THE RELEASE
OF THE ECONOMIC DEVELOPMENT ADMINISTRATION (THE "EDA")
INTEREST IN THE REVOLVING LOAN FUND

There being no further business to discuss, Ms. McDuffie adjourned the meeting of the Agency at 12:49 p.m.

Dated: July 28, 2021

Karen M. Fiala, Secretary

Regional Development Corporation

Financial Statements

As of August 31, 2021

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Balance Sheet
August 31, 2021

	August 2021	July 2021	December 2020
ASSETS:			
Restricted Cash**	\$ 7,113,464	\$ 7,624,369	\$ 6,542,914
Accounts Receivable	-	-	11,015
Direct Loans *	14,710,106	14,164,423	10,789,595
50/50 Bank Participation Loans *	129,454	133,665	149,514
Reserve for Loan losses	(142,828)	(142,828)	(181,412)
Total Loan Assets, net	<u>14,696,732</u>	<u>14,155,259</u>	<u>10,757,697</u>
TOTAL ASSETS	<u><u>\$ 21,810,195</u></u>	<u><u>\$ 21,779,629</u></u>	<u><u>\$ 17,311,626</u></u>
LIABILITIES & NET ASSETS			
Accounts Payable	\$ -	\$ -	\$ 2,659
Due to ECIDA	232,852	202,762	293,638
Total Liabilities	<u>232,852</u>	<u>202,762</u>	<u>296,298</u>
Restricted Fund Balance	<u>21,577,343</u>	<u>21,576,866</u>	<u>17,015,328</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 21,810,195</u></u>	<u><u>\$ 21,779,629</u></u>	<u><u>\$ 17,311,626</u></u>

* Loan Portfolio Summary:	August 2021	July 2021	December 2020
# of Legacy RLF Loans	34	33	33
# of CARES Act RLF Loans	27	26	2
# of 50/50 Bank Participation Loans	1	1	1
	<u>62</u>	<u>60</u>	<u>36</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 August 2021

	Actual vs. Budget		
	Actual	Budget	Variance
REVENUES:			
Interest Income - Loans	\$ 38,775	\$ 45,000	\$ (6,225)
Interest Income - Cash & Inv.	116	167	(51)
Administrative Fees	-	1,250	(1,250)
Grant Income - CARES Act RLF	4,525,000	-	4,525,000
Other Income	240	417	(177)
Total Revenues	4,564,130	46,833	4,517,297
EXPENSES:			
Management Fee - ECIDA*	26,700	26,667	33
Provision for Loan Losses	-	62,500	(62,500)
Rent & Facilities Expenses	2,100	2,083	17
Professional Services	1,575	6,250	(4,675)
General Office Expenses	1,230	142	1,088
Other Expenses	7,048	2,481	4,566
Total Expenses	38,653	100,123	(61,470)
NET INCOME/(LOSS):	\$ 4,525,477	\$ (53,290)	\$ 4,578,767

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2020 budgeted figures.

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Income Statement
Year to Date: August 31, 2021

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
REVENUES:						
Interest Income - Loans	\$ 300,867	\$ 360,000	\$ (59,133)	\$ 300,867	\$ 233,642	\$ 67,224
Interest Income - Cash & Inv.	2,132	1,333	798	2,132	12,859	(10,727)
Administrative Fees	-	10,000	(10,000)	-	8,000	(8,000)
Grant Income - CARES Act RLF	4,637,947	-	4,637,947	4,637,947	-	4,637,947
Other Income	10,855	3,333	7,521	10,855	1,762	9,093
Total Revenues	4,951,799	374,667	4,577,133	4,951,799	256,263	4,695,536
EXPENSES:						
Management Fee - ECIDA*	213,600	213,333	267	213,600	213,333	267
Provision for Loan Losses	(38,584)	166,667	(205,251)	(38,584)	(13,603)	(24,981)
Rent & Facilities Expenses	16,800	16,667	133	16,800	16,667	133
Professional Services	41,010	65,600	(24,590)	41,010	110,449	(69,440)
General Office Expenses	2,602	1,133	1,469	2,602	111	2,491
Other Expenses	54,357	19,850	34,507	54,357	6,633	47,724
Total Expenses	289,785	483,250	(193,465)	289,785	333,590	(43,805)
NET INCOME/(LOSS):	\$ 4,662,015	\$ (108,583)	\$ 4,770,598	\$ 4,662,015	\$ (77,327)	\$ 4,739,341

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2020 budgeted figures.



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

2022 Budget Review Process

Date	Description	
July-August	Review of draft 2022 budgets by ECIDA management. (a) Prioritize any proposed budget requests for initiatives. (b) Formal budget requests compiled.	✓
August 18 th	Finance & Audit Committee meeting – initial review of proposed budgets.	✓
September 14 th	Finance & Audit Committee meeting to discuss any updates/recommend proposed budgets to Boards.	✓
September 22 nd	Review of 2022 draft budgets at Board meetings.	
October 5 th 10:00 a.m.	Board Q&A budget session #1 (voluntary).	
October 7 th 2:00 p.m.	Board Q&A budget session #2 (voluntary).	
October	Adjustments to budget based on Board feedback and Finance & Audit Committee approval of final budgets (<i>if necessary</i>).	
October 27 th	Board meeting – action to approve final 2022 budgets.	
November 1 st	Deadline for final approved budget to be submitted to the ABO.	



**Buffalo & Erie County
Regional Development Corporation**
Proposed 2022 Budget
Updated August 2021

Regional Development Corporation (RDC)

2022 Budget + 3 Year Forecast

The Buffalo and Erie County Regional Development Corporation (“RDC”) operates two federally restricted revolving loan funds (“RLF”) that provide loans to eligible businesses under each RLF’s lending parameters.

A. Key Budget Assumptions:

In 2022, the RDC expects to fund new loans of around \$3.75 million. This is expected to be offset by approximately \$960,000 in loan repayments to the RLFs. Interest income on loans is expected to be around \$565,000 for 2022, which represents a 25% increase from the \$451,000 projected for 2021. The main driver of this increase is the expiration of a one-year period of no payments for many of the loans funded with Coronavirus Aid, Release, and Economic Security (CARES) Act grant funds in 2021.

B. Overview of Changes in 2022 Budget:

The following summarizes the key changes between the 2022 budget and the projected 2021 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 decrease by approximately \$2,000 or 0.7% in 2022 due to an anticipated decrease in time charged to RDC.
- The budgeted amount for the provision for loan losses is \$250,000 for 2022. The provision represents approximately 1.5% 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 CARES Act RLF operates with a higher risk tolerance than our legacy RLF, which will likely result in higher loan losses. Currently, the charge-off rate for loans issued over the past 10 years is approximately 2% versus a historical portfolio charge-off rate of approximately 14%.

C. Summary of Risk Factors Impacting the 2022 Budget:

The following significant risk factors may influence the 2022 budget:

1. Due to the numerous uncertainties, including the COVID-19 pandemic, value of collateral, guarantees, etc., RDC’s actual loan losses may vary significantly from the loan loss amount budgeted.
2. Interest income may vary from the budgeted amount as the budget is based on an estimate of active loans. Due to economic factors and the overall business climate, loans closed could vary significantly from estimates.

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Proposed Budget for 2022

	Proposed Budget 2022	Approved Budget 2021	Projected 2021	Actual 2020
REVENUES:				
Interest Income - Loans	\$ 565,000	\$ 540,000	\$ 451,367	\$ 374,669
Interest Income - Cash & Investments	500	2,000	3,197	15,013
Administrative Fees	15,000	15,000	-	13,000
Grant Income	103,093	-	5,201,586	111,015
Other Income	5,000	5,000	16,282	20,561
Total Revenues	688,593	\$ 562,000	5,672,432	534,258
EXPENSES:				
ECIDA Management Fee*	\$ 286,000	\$ 320,000	\$ 288,000	\$ 269,830
Provision for Loan Losses**	250,000	250,000	100,000	111,778
Rent & Facilities Expenses	25,000	25,000	25,000	22,277
Professional Services	60,050	90,600	37,846	150,285
General Office Expenses	22,000	30,200	2,866	306
Other Expenses	22,275	1,775	64,525	7,516
Total Expenses	665,325	717,575	518,237	561,992
NET INCOME/(LOSS):	\$ 23,268	\$ (155,575)	\$ 5,154,195	\$ (27,734)

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

** Estimated 2022 Loan Balance \$ 17,108,000
Provision for Loan Losses \$ 250,000
Percentage of Loans 1.5%

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Proposed Budget and Three Year Forecast 2023-2025

	Proposed Budget 2022	Forecast 2023	Forecast 2024	Forecast 2025
REVENUES:				
Interest Income - Loans	\$ 565,000	\$ 570,000	\$ 575,000	\$ 580,000
Interest Income - Cash & Investments	500	10,000	10,000	10,000
Administrative Fees	15,000	10,000	15,000	15,000
Grant Income	103,093	-	-	-
Other Income	5,000	10,000	10,000	10,000
Total Revenues	688,593	600,000	610,000	615,000
EXPENSES:				
ECIDA Management Fee*	\$ 286,000	\$ 330,000	\$ 330,000	\$ 335,000
Provision for Loan Losses	250,000	175,000	150,000	150,000
Rent & Facilities Expenses	25,000	25,000	25,000	25,000
Professional Services	60,050	50,000	50,000	50,000
General Office Expenses	22,000	900	900	900
Marketing & Other Expenses	22,275	5,000	5,000	5,000
Total Expenses	665,325	585,900	560,900	565,900
NET INCOME/(LOSS):				
	\$ 23,268	\$ 14,100	\$ 49,100	\$ 49,100

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

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION

**RESOLUTION REGARDING
THE APPOINTMENT OF OFFICERS**

A regular meeting of the Buffalo and Erie County Regional Development Corporation was convened on Wednesday, September 22, 2021 at 12:00 p.m.

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

**RESOLUTION OF THE BUFFALO AND ERIE COUNTY REGIONAL
DEVELOPMENT CORPORATION (THE "RDC") APPOINTING
ELIZABETH A. O'KEEFE AS VICE PRESIDENT OF THE RDC**

WHEREAS, the RDC was incorporated as an affiliate of the Erie County Industrial Development Agency (the "Agency") for the purpose of encouraging the retention and expansion of existing companies as well as the attraction of new companies to targeted areas of Erie County using the resources from various Revolving Loan Funds (the "RLF") to make direct loans to individual companies; and

WHEREAS, Section 1 of Article VII of the By-Laws of the RDC provides that officers of the Agency shall hold the same positions with the RDC, which officer positions include, though are not limited to, one or more Vice Presidents to be appointed by the RDC for a term of office concurrent with that position held with the Agency; and

WHEREAS, the RDC desires to appoint a Vice President; and

WHEREAS, in accordance with the foregoing, the RDC has determined to appoint the person hereinafter set forth as Vice President of the RDC.

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

Section 1. Pursuant to Section 1 of Article VII of the By-Laws of the RDC, the RDC hereby appoints ELIZABETH A. O'KEEFE, as Vice President of the RDC, whose responsibilities shall be as set forth in Section 5 of Article VII of the By-Laws.

Section 2. The RDC is hereby authorized to do all things necessary or appropriate for the accomplishment of the purposes of this resolution, and all acts heretofore taken by the RDC with respect to such activities are hereby approved, ratified and confirmed.

Section 3. This resolution shall take effect immediately.

Dated: September 22, 2021



Item 3.4

MEMORANDUM

TO: RDC Board of Directors
FROM: Mollie Profic, CFO
SUBJECT: M&T Bank Resolution – Adding Signer
DATE: September 22, 2021

As part of internal controls surrounding cash disbursements, RDC's procedures require two signers on each check issued by the Agency. Current check signers are John Cappellino, Karen Fiala, Mollie Profic, and Atiqa Abidi. With the pending retirement of Karen Fiala, it is necessary to add a check signer with M&T Bank. Management proposes adding Elizabeth O'Keefe, as Vice President, to maintain four active check signers.

M&T Bank has a standard Public Funds Certified Resolution, a copy of which follows this memo. A separate resolution is required for each account maintained by the Corporation. As all resolutions will be identical other than the account number, 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

NAME JOHN CAPPELLINO

ROLE / TITLE President/CEO

ADDRESS _____

TELEPHONE _____

EMAIL ADDRESS (if available) _____

U.S. SSN _____

COUNTRY(IES) OF CITIZENSHIP US

COUNTRY OF RESIDENCE US

DATE OF BIRTH _____

SIGNATURE _____

NAME ELIZABETH O'KEEFE

ROLE / TITLE Vice President

ADDRESS _____

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 Vice President/CFO

ADDRESS _____

TELEPHONE _____

EMAIL ADDRESS (if available) _____

U.S. SSN _____

COUNTRY(IES) OF CITIZENSHIP US

COUNTRY OF RESIDENCE US

DATE OF BIRTH _____

SIGNATURE _____

NAME ATIQA ABIDI

ROLE / TITLE Assistant Treasurer

ADDRESS _____

TELEPHONE _____

EMAIL ADDRESS (if available) _____

U.S. SSN _____

COUNTRY(IES) OF CITIZENSHIP US

COUNTRY OF RESIDENCE US

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 September 22, 2021; 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	
Date	Authorized Signature	Title



**Loan Status Report
July 28, 2021 – September 22, 2021**

RDC Loans Approved Since Last Meeting
PM Plastics, Inc.

<u>Municipality</u>	<u>Amount</u>
Orchard Park	\$1,500,000

RDC Loans Closed Since Last Meeting

166 Chandler Street Holdings, LLC
Amy Lynn's Dance Studio
Eleven Lights Inc. dba Ballyhoo
KJJ Group, LLC
KSL Diagnostics, LLC
Lilly Belle Meads, LLC
S&K Kitchens, Inc.
Surianello General Concrete Contractors, Inc.
The Greener We
Total - 9

<u>Municipality</u>	<u>Amount</u>
Buffalo	\$ 500,000
Orchard Park	\$ 30,000
Buffalo	\$ 75,000
Lackawanna	\$ 150,000
Williamsville	\$1,000,000
Lancaster	\$ 35,000
Springville	\$ 150,000
Buffalo	\$ 250,000
Grand Island	\$ 35,000
	<u>\$2,225,000</u>

Loans in Closing Process

Total – 5

<u>Municipality</u>	<u>Amount</u>
Various	\$ 825,000

Loans in the Pipeline

Total - 1

<u>Municipality</u>	<u>Amount</u>
Various	\$ 35,000

<u>2021 - Loans Closed</u>	<u>YTD Loan Total</u>	<u>Jobs to be Created</u>	<u>Retained Jobs</u>	<u>Dollars Leveraged</u>
Erie County 60/40 Loans – 8	\$280,000	8	7	0
RDC Loans – 30	\$4,155,000	92	284	\$755,000
MWBE Loans – 16	\$1,565,000	39	96	\$650,000

Loan Portfolio Performance

Past Due Loans:

<u>Loan</u>	<u>Outstanding Balance</u>	<u>Amount Past Due</u>	<u>Days Past Due</u>	<u>Comments</u>
NONE				

Portfolio Delinquency Rate (Past Due Outstanding Loan Balance *divided by* Portfolio Balance):

\$0 / \$14,953,096 0% Delinquency Rate (64 Loans)

RDC Funds Available to Lend: \$5,447,750



RDC Business Fund Loan Analysis

Borrower:	PM Plastics, Inc.	Structure:	S-Corp.	Year Established:	1998
Address:	1&2 Bank Street.	City:	Orchard Park	Zip:	14127
Website:	Under construction	NAICS:	333511	SIC:	3544
Loan Amount:	\$1,500,000	Interest Rate:	4%	Term:	84 months
Monthly Payment:	\$20,503.21	Contact Name:	Benjamin J. Harp	Site Visit:	8/18/21
Purpose:	Business Acquisition	Jobs Existing:	22	Jobs to be created:	10

SOURCES AND USES

Sources:	Amount	% Of Project
BoB MTG.	\$1,312,000	11%
BoB TL	\$4,188,000	35%
Seller Held Financing	\$4,000,000	33%
RDC TL	\$1,500,000	13%
Equity	\$1,000,000	8%
Total Sources	\$12,000,000	100%
Uses:	Amount	% Of Project
Business Acquisition	\$10,360,000	86%
Real Estate Acquisition	\$1,640,000	14%
Total Uses	\$12,000,000	100%
Dollars Leveraged:	\$10,500,000	88%

COLLATERAL AND SECURITY

Collateral:	2 ND lien on all business assets behind BoB and 2 nd assignment on \$1M life insurance policy on both guarantors.
Guarantors:	Unlimited guarantees of Benjamin J. Harp and Thomas G. Rybicki

SUPPLEMENTAL INFORMATION

Fund Criteria:	Job Retention: <input checked="" type="checkbox"/> Job Creation: <input checked="" type="checkbox"/> Target Area: <input type="checkbox"/> Target Industry: <input checked="" type="checkbox"/> MBE: <input type="checkbox"/>
Eligibility:	Bank Declination: <input type="checkbox"/> Financing Gap: <input checked="" type="checkbox"/>
Recommended By:	Gerald Manhard, Chief Lending Officer and Daryl Spulecki, Credit Analyst
Loan Committee Vote:	Approved: <input checked="" type="checkbox"/> Declined: <input type="checkbox"/>
Date: 9/8/2021	Signatures:

I. Background:

PM Plastics, Inc. was formed in 2001 and was founded by Mark Zybert, who is currently 100% owner of the company. PM Plastics is a manufacturer that excels at plastic injection molding and contract manufacturing solutions of technical components and devices for multiple industries. The business was founded on the principals of:

- Quality Molded Components
- In-house Tool Building
- 24/5 Production
- Contract Manufacturing Services
- Client Service Focused
- Controlled Growth
- Core Values

The business is located at 1 and 2 Bank St. Orchard Park, NY. The building at 1 Bank St. is 2 stories and has over 36,000 square feet of manufacturing and office space. This building also has a 4,000 square foot crane room which was added in 2002 and loading docks. The building at 2 Bank St. was constructed in 2006 and is 8,000 square feet and houses their warehouse and garage. PM Plastics is the owner of both buildings, and all property taxes are up to date.

The business provides product development, prototyping, and mold construction for close tolerance injection molding and component assembly. PM is large enough to consistently service their clients needs yet small enough to provide personal attention and services that builds customer loyalty. PM continues to add capability to meet the needs of their customers, growing from an injection molder to a full-service contract manufacturer. They have a full-service tool shop for building new tooling and preventative maintenance. The tooling shop ensures that they can provide the quality and technical solutions for new and existing tools, prototyping and production.

Some of the industries they serve are:

- Recreation and Sports
- First Responders
- Construction
- Aerospace & Defense
- Medical
- Packaging
- Automotive
- Industrial

The business plans to grow and invest in automation and technology that will improve quality and increase profitability. Customers will be retained as a result of the seller remaining on for a period of time to help with the transition. The new owners will be able to grow additional revenues based on their contacts in the industry and plans for some modernization of the business along with their extensive sales experience. The revenue focus will be three-fold:

1. Pursue automatic molding jobs and assembly programs.
2. Add long standing customer relationships.
3. Add automation and technologies that improve profitability.

II. Project Description:

Mr. Benjamin Harp and Mr. Thomas Rybicki (both are long time employees of Polymer Conversions) have signed a letter of intent to purchase the business inclusive of the real estate from Mr. Zybert. The total project cost to purchase the business and the real estate is \$12,000,000. Bank on Buffalo is providing a \$1,312,000 mortgage, a \$4,188,000 term loan, and a \$500,000 LOC. Mr. Zybert will hold \$4,000,000 of the financing which will be subordinate. Mr. Harp and Mr. Rybicki will be providing \$1,000,000 of equity into the project. Due to Bank on Buffalo's credit policies and collateral requirements, they are unable to provide financing for the entire project, creating a \$1,500,000 financing gap. Bank on Buffalo contacted the RDC to assist with filling the financing gap, thus the business has applied for a \$1,500,000 RDC Business Loan to assist with the purchase of the business.

Mr. Zybert has received offers from out of state companies to purchase the business and relocate the Orchard Park facility to their corporate headquarters. This would result in the loss of 22 full time manufacturing jobs, all of whom live within Erie County. If the new owners are unable to secure the necessary financing, PM Plastics would be in eminent danger of closing and relocating to another state. (See Attached letter).

III. Company Management:

Benjamin Harp- Mr. Harp has over 20 years of experience within the medical device industry. He holds a BS in mathematics & economics and an MBA from Canisius College. He also obtained a Certificate of Battle Tested Leadership Strategies from Thayer Leader Development Group. Since 2003, he has been President of Polymer Conversions. He has held several leadership roles while also being an active member of many associations within the plastic manufacturing industry and the New York State healthcare community. He has served on the Board of Directors for numerous associations including: Medtech; Society of Plastic Industries (SPI); Insyte Consulting; Buffalo Niagara Partnership; and Orchard Park Little League. Mr. Harp is also the founder and President of Healthy Manufacturers of New York State and the serves as the President of the Manufacturers Association of Plastic Processors. He has held numerous leadership positions with Ashland Inc.'s chemical division and managed to purchasing centers, business development and supply chain management.

Thomas Rybicki- Mr. Rybicki brings over 26 years of experience in injection molding from his current role as Director of Operations for Polymer Conversions. He holds a AAS in Mechanical Engineering from Alfred State College. Through his experience and leadership, he has improved processes in manufacturing, leading new automation activities and developing skilled talent for continued growth. He has vast knowledge of operations management, lean manufacturing, strategic planning, and supply chain management. He is experienced in developing and implementing manufacturing and operational strategies for continuous improvement. Mr. Rybicki has been in the Plastics Injection molding industry his entire career and has worked for Polymer Conversions since 2005 where he serves as the Director of Operations.

IV. Financial Comments:

- A quality of Earnings Study was completed as part of the request and there were no material changes from what has been presented in this loan underwriting.
- During the past 4 years, the company has generated more than sufficient cash flow to cover the proposed RDC loan as well as all the new debt associated with this project.
- Projections indicate revenue for YE 2021 and YE 2022 should increase 11.6% and 13.5% respectively. Some of the reasons for the increases are the new owner's industry contacts, increased automation, development of a website and on-line presence, and increased business development activities.
- The new owners/guarantors, Mr. Benjamin Harp and Thomas Rybicki have excellent personal credit histories and good net worth.
- The RDC will have a subordinate lien on all business assets and a subordinate lien on \$2 million of life insurance policies on both guarantors. (RDC is subordinate to Bank On Buffalo only)

V. Job Retention and Job Creation:

The proposed RDC loan will allow the business to retain its 22 full time employees and create an additional 6-10 full time positions within the next 3 years to assist with the projected growth of the company. The jobs range in pay and include an engineer (\$150k), 2 Processors (\$100-\$110k), to Mold makers (\$85K), Maintenance (\$80k), Setup (\$70k), and 10 operators and dock works (\$20 per hour). The current employees are all non-union positions. Five of the 20 workers are women. Both the current and new owner have indicated there is an immediate need to hire 6 additional operators plus office help to handle the current volume of work. Employees also receive medical benefits in addition to their salary.

VI. Strengths and Weaknesses:

Strengths:

- Strong company with stable operations
- Buyers have significant experience in the industry limiting the execution risk
- Sufficient cash flow to service the proposed debt service
- Projected growth based on the new owner's ability to implement automation and other modern manufacturing methods
- Seller staying on for at least 6 months to assist with the transition
- Collateral shortfall mitigated by the strength of the cash flow
- Good personal credit of the guarantors and net worth
- Financing package will ensure the business stays in Erie County and retains 22 jobs
- The RDC loan is leveraging \$10,500,000 in private investment
- The creation of 10 new jobs within 3 years

Weaknesses:

- Collateral shortfall – subordinate lien position to Bank on Buffalo
- Industry competition
- Risk associated with the new ownership's ability to continue to successfully manage the company

VII. Recommendation:

Based on the above case analysis, it is recommended the \$1,500,000 RDC Term Loan be approved based on the following loan structure:

Loan Amount: \$1,500,000
Interest Rate: 4%
Loan Amortization: 84 months
Loan Term: 84 months
Monthly P & I payment: \$20,503.21

Security/Collateral:

- 2nd lien on all business assets behind Bank on Buffalo 1st lien.
- 2nd assignment on \$1M life insurance policy on both guarantors.
- Unlimited guarantees of Benjamin J. Harp and Thomas G. Rybicki.



PM PLASTICS, INC.

ONE BANK STREET, ORCHARD PARK, NY 14127

PHONE (716) 662-1255 FAX (716) 662-1263

August 10, 2021

Gerald Manhard, Chief Lending Officer
Erie County Industrial Development Agency
95 Perry Street
Buffalo, NY 14203

Dear Gerald:

After thirty five years in the trade and over two decades as a small business owner, I am ready to retire. My former business partner exited at the end of 2017, and my wife Julie and I run the day-to-day operations of PM Plastics. We are ready to sell the business, begin the next chapter of our lives, and exit by the end of 2021.

There have been four serious purchase offers for PM Plastics—two potential buyers lacked the industry specific knowledge to be successful, one was an out of state concern who would consolidate the Orchard Park operation with their current molding facility in Pennsylvania, and the fourth is Messrs. Harp and Rybicki. Most of our twenty employees have been with PM Plastics for many years, so my preference is for the company to remain in Orchard Park, to support both their loyalty and the local economy.

While the Harp and Rybicki team have the requisite skills to successfully manage and grow PM Plastics, they are having difficulty obtaining the necessary financing to complete the purchase. Even with the support of Bank on Buffalo and my own willingness to hold a portion of the note, there is still a \$1.5 million shortfall. A loan from the ECIDA/IDA at this level would allow the new owners to acquire PM Plastics, retain jobs in the community, maintain a manufacturing presence in the Southtowns, and set the stage for future business growth and the hiring of new employees.

Please do not hesitate to contact me at the above phone number if you would like to discuss this matter further.

Sincerely,

Mark A. Zybert
President and General Manager



