



**Buffalo and Erie County Regional Development Corporation
Meeting of the Membership
September 27, 2023
At 12:00 p.m.**

**701 Ellicott Street, Center of Excellence in Bioinformatics and Life Sciences (CBLS)
The Event Space/Conference Room B2-205, located on the 2nd floor, Buffalo, New York 14203**

- 1.0 Call to Order**
- 2.0 Approval of Minutes**
 - 2.1 Approval of the June 28, 2023 Minutes of the Meeting of the Board of Directors (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 (Informational) (Page 8)
 - a) 2024 Budget Timetable (Informational) (Page 9)
 - b) Review of 2024 Proposed Budget (Informational) (Pages 10-14)
 - 3.3 Governance Committee Update
 - 3.4 Loan Status Report (Informational) (Page 15)
- 4.0 Management Team Reports:**
 - 4.1 2024 Board Meeting Schedule (Informational) (Page 16)
- 5.0 Adjournment- Next Meeting October 25, 2023**

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

DATE AND PLACE: June 28, 2023, at the Center of Excellence in Bioinformatics and Life Sciences (CBLS), 701 Ellicott Street, The Event Space/Conference Room B2-205, located on the 2nd floor, Buffalo, New York 14203

PRESENT: Denise Abbott, Hon. Diane Benczkowski, Hon. Bryon W. Brown, Hon. Howard Johnson, Tyra Johnson, Hon. Brian Kulpa, Richard Lipsitz, Jr., Denise McCowan, Brenda W. McDuffie, Hon. Glenn R. Nellis and Hon. Mark C. Poloncarz

EXCUSED: Rev. Mark E. Blue, James Doherty, Hon. Joseph Emminger, Dottie Gallagher, Michael P. Hughes, Hon. Darius G. Pridgen, Kenneth A. Schoetz and Paul Vukelic

OTHERS PRESENT: John Cappellino, President & CEO; Beth O’Keefe, Vice President of Operations/Secretary; Mollie Profic, Chief Financial Officer; Atiqa Abidi, Accounting Manager; Gerald Manhard, Chief Lending Officer; Grant Lesswing, Director of Business Development; Andrew Federick, Property and Business Development Officer; Soma Hawramee, Compliance Portfolio Manager; Brian Krygier, Director of Information Technology; Carrie Hocieniec, Operations Assistant/Assistant Secretary; Laurie Hendrix, Administrative Coordinator; Robbie Ann McPherson, Director of Marketing & Communications and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC

GUESTS: Alex Carducci on behalf of the City of Buffalo; Zachary Evans on behalf of Erie County; Josh Veronica on behalf of Buffalo Niagara Partnership; Quinn Bushen on behalf of Empire State Development; Dale Shoemaker on behalf of Investigative Post; Jonathan Epstein on behalf of the Buffalo News; Jacob Tierney on behalf of Business First

There being a quorum present at 1:15 p.m., the meeting of the Buffalo and Erie County Regional Development Corporation (the “RDC”), was called to order by its Chair, Ms. McDuffie.

MINUTES

The minutes of the April 26, 2023, meeting of the members were presented. Mr. Poloncarz moved, and Mr. Brown 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 May financial reports. The balance sheet shows that the RDC finished the month with total assets of \$22.5M, consisting of cash and loans receivable. Liabilities reflect amounts due to ECIDA and some deferred revenue related to the CARES Act RLF administrative funds. Net assets are \$22.3M. The May income statement shows \$63,000 of revenue, mostly loan interest income, and \$32,000 of expenses, netting to income of \$31,000 in May. Nearly all of the loans under the CARES Act RLF are now on at principal + interest payments. The year-to-date income statement shows revenues of \$304,000 and \$167,000 of expenses, for net income of \$136,000 through May. Ms. McDuffie directed that the report be received and filed.

Loan Status Report. Mr. Manhard provided the report. Ms. McDuffie directed that the report be received and filed.

Approval of Loan Administration Plan. Mr. Manhard described the proposed amendments to the RDC Loan Administration Plan and confirmed all changes were initially proposed to and approved by the RDC Loan Committee. Mr. Brown proposed to amend the policy that start-up businesses (less than 1 year of revenue) would be ineligible for RDC financing to allow MWBE start-up businesses in the targeted industries to become eligible for RDC financing. Ms. McDuffie thanked the RDC Loan Committee for RDC staff for their efforts.

Mr. Lipsitz moved, and Mr. Poloncarz seconded to approve the revised now further RDC Loan Administration Plan, containing Mr. Brown's proposed insertion. Ms. McDuffie called for the vote and the revised RDC Loan Administration Plan was unanimously approved.

MANAGEMENT TEAM REPORTS

Mr. Cappellino thanked Mr. Manhard and the RDC Loan Committee and RDC Loan Committee Chair Emminger for their Loan Administration Plan amendment efforts.

There being no further business to discuss, Ms. McDuffie adjourned the meeting at 1:33 p.m.

Dated: June 28, 2023

Elizabeth A. O'Keefe, Secretary

Regional Development Corporation
Financial Statements
As of August 31, 2023

REGIONAL DEVELOPMENT CORPORATION ("RDC")

Balance Sheet

August 31, 2023

	August 2023	July 2023	December 2022
ASSETS:			
Restricted Cash**	\$ 3,478,310	\$ 3,044,905	\$ 5,256,480
Accounts Receivable	259,414	260,189	204,250
Direct Loans *	19,496,287	19,862,498	17,567,963
50/50 Bank Participation Loans *	24,788	29,348	60,989
Reserve for Loan losses	(523,900)	(523,900)	(524,886)
Total Loan Assets, net	<u>18,997,175</u>	<u>19,367,945</u>	<u>17,104,065</u>
TOTAL ASSETS	<u>\$ 22,734,899</u>	<u>\$ 22,673,039</u>	<u>\$ 22,564,795</u>
LIABILITIES & NET ASSETS			
Accounts Payable	\$ -	\$ -	\$ 1,518
Deferred Revenue	72,492	72,492	97,105
Due to ECIDA	212,781	187,055	291,289
Total Liabilities	<u>285,273</u>	<u>259,547</u>	<u>389,912</u>
Restricted Fund Balance	<u>22,449,626</u>	<u>22,413,492</u>	<u>22,174,884</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 22,734,899</u>	<u>\$ 22,673,039</u>	<u>\$ 22,564,795</u>

* Loan Portfolio Summary:	August 2023	July 2023	December 2022
# of Legacy RLF Loans	39	39	33
# of CARES Act RLF Loans	30	30	30
# of 50/50 Bank Participation Loans	1	1	1
	<u>70</u>	<u>70</u>	<u>64</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 2023

	Actual vs. Budget		
	Actual	Budget	Variance
REVENUES:			
Interest Income - Loans	\$ 57,139	\$ 52,500	\$ 4,639
Interest Income - Cash & Inv.	4,946	58	4,888
Administrative Fees	-	1,250	(1,250)
Other Income	129	417	(287)
Total Revenues	<u>62,214</u>	<u>54,225</u>	<u>7,989</u>
EXPENSES:			
Management Fee - ECIDA*	23,400	23,800	(400)
Rent & Facilities Expenses	2,200	1,125	1,075
Professional Services	225	3,333	(3,108)
General Office Expenses	126	167	(41)
Other Expenses	129	2,248	(2,119)
Total Expenses	<u>26,080</u>	<u>30,673</u>	<u>(4,593)</u>
NET INCOME/(LOSS):	<u>\$ 36,135</u>	<u>\$ 23,552</u>	<u>\$ 12,582</u>

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2023 budgeted figures.

REGIONAL DEVELOPMENT CORPORATION ("RDC")
Income Statement
Year to Date: August 31, 2023

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Year	Variance
REVENUES:						
Interest Income - Loans	\$ 423,722	\$ 420,000	\$ 3,722	\$ 423,722	\$ 348,538	\$ 75,184
Interest Income - Cash & Inv.	50,412	467	49,945	50,412	1,584	48,828
Administrative Fees	21,250	10,000	11,250	21,250	9,500	11,750
Grant Income - CARES Act RLF	24,613	-	24,613	24,613	193,650	(169,037)
Other Income	417	3,333	(2,917)	417	1,656	(1,240)
Total Revenues	520,413	433,800	86,613	520,413	554,928	(34,515)
EXPENSES:						
Management Fee - ECIDA*	187,200	190,700	(3,500)	187,200	190,400	(3,200)
Provision for Loan Losses	(986)	225,000	(225,986)	(986)	29,349	(30,335)
Rent & Facilities Expenses	17,600	9,000	8,600	17,600	16,800	800
Professional Services	27,199	33,687	(6,488)	27,199	19,486	7,712
General Office Expenses	362	1,333	(972)	362	2,071	(1,709)
Other Expenses	14,295	17,983	(3,688)	14,295	1,362	12,933
Total Expenses	245,670	477,703	(232,033)	245,670	259,468	(13,798)
NET INCOME/(LOSS):	\$ 274,742	\$ (43,903)	\$ 318,646	\$ 274,742	\$ 295,460	\$ (20,717)

* Represents an allocation of salary and benefit costs from the ECIDA based on time charged to RDC. The amount booked reflects 2023 budgeted figures.



To: ECIDA, RDC & ILDC Boards of Directors
From: Michael Szukala, Chair
Date: September 27, 2023
Re: Finance & Audit Committee Report

In accordance with its Committee Charter, the Finance & Audit Committee is required to “report its actions and recommendations to the Board at each regular meeting of the Board following a meeting of the Finance and Audit Committee and when otherwise requested by the Board”. This report is prepared to satisfy this requirement.

A joint meeting of the ECIDA, RDC & ILDC Finance & Audit Committee was held on September 21, 2023. Committee members present were: Michael Szukala, Chair, Penny Beckwith, Allison DeHoney, and Glenn Nellis. The following items were reviewed:

- 1) Draft 2024 ECIDA Operating & Capital Budget + 3 Year Forecast
The Committee reviewed this item and recommended it be approved by the ECIDA Board of Directors.
- 2) Draft 2024 RDC Operating Budget + 3 Year Forecast
The Committee reviewed this item and recommended it be approved by the RDC Board of Directors.
- 3) Draft 2024 ILDC Operating Budget + 3 Year Forecast
The Committee reviewed this item and recommended it be approved by the ILDC Board of Directors.
- 4) The Committee discussed the overall budget process and economic factors that impact each entity’s budget. They also reviewed the 2024 budget timeline.

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

2024 Budget Review Process

<u>Date</u>	<u>Description</u>	
July-August	Review of draft 2024 budgets by ECIDA management. (a) Prioritize any proposed budget requests for initiatives. (b) Formal budget requests compiled.	✓
August 17	Finance & Audit Committee meeting – initial review and discussion of proposed budgets.	✓
September 21	Finance & Audit Committee meeting to discuss any updates/recommend proposed budgets to Boards.	✓
September 27	Review of 2024 proposed budgets at Board meetings.	
October 4 10:00 am	Board Q&A budget session #1 <u>in person</u> (voluntary).	
October 10 9:00 am	Board Q&A budget session #2 <u>via Zoom</u> (voluntary).	
October 19	Adjustments to budget based on Board feedback and Finance & Audit Committee recommendation of final budgets (<i>if necessary</i>).	
October 25	Board meetings – action to approve final 2024 budgets.	
November 1	Deadline for final approved budgets to be submitted to the ABO.	

**Buffalo & Erie County
Regional Development Corporation
Proposed 2024 Budget**

Regional Development Corporation (RDC)

2024 Budget + 3 Year Forecast

The Buffalo and Erie County Regional Development Corporation (“RDC”) operates two revolving loan funds (“RLF”) that provide loans to eligible businesses under each RLF’s lending parameters. One, the Coronavirus Aid, Release, and Economic Security (CARES) Act RLF, has federal restrictions.

A. Key Budget Assumptions:

In 2024, the RDC expects to fund new loans of around \$1.8 million. This is expected to be offset by approximately \$1.1 million in loan repayments to the RLFs. Interest income on loans is expected to be around \$720,000 for 2024, which represents a 17% increase from the \$616,000 projected for 2023. The main reason for the increase is an increase in the overall loans outstanding, particularly in the RDC’s legacy RLF. Remaining CARES Act grant income is forecasted to be used in 2023 for administrative costs related to that portfolio.

B. Overview of Changes in 2024 Budget:

Key changes between the 2024 budget and the projected 2023 results are:

- The ECIDA Management Fee represents a fee charged by the ECIDA for services that its employees provide to the revolving loan funds, since RDC has no employees of its own. The fee is expected to increase by \$7,000 or 2.5% in 2024 due to anticipated increases in ECIDA staff salaries and benefits.
- The budgeted amount for the provision for loan losses is \$550,000 for 2024. The provision represents approximately 2.7% 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. The charge-off rate for loans issued over the past 10 years is about 5.2%, versus a historical portfolio charge-off rate of approximately 6%.

C. Summary of Risk Factors Impacting the 2024 Budget:

The following significant risk factors may influence the 2024 budget:

1. Due to the numerous uncertainties, 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.

BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION ("RDC")
Proposed Budget for 2024

	Proposed Budget 2024	Approved Budget 2023	Projected 2023	Actual 2022
REVENUES:				
Interest Income - Loans	\$ 720,000	\$ 630,000	\$ 615,582	\$ 536,412
Interest Income - Cash & Investments	20,300	700	75,617	12,973
Administrative Fees	13,750	15,000	21,250	18,625
Grant Income	-	-	97,105	96,545
Other Income	2,500	5,000	625	2,478
Total Revenues	756,550	\$ 650,700	810,180	667,033
EXPENSES:				
ECIDA Management Fee*	\$ 288,000	\$ 286,000	\$ 281,000	\$ 261,664
Provision for Loan Losses	550,000	450,000	100,000	(86,017)
Rent & Facilities Expenses	27,200	25,000	27,200	26,804
Professional Services	51,900	56,000	32,798	31,819
General Office Expenses	3,500	3,500	577	2,729
Other Expenses	18,275	27,475	22,140	8,364
Total Expenses	938,875	847,975	463,715	245,364
NET INCOME/(LOSS):	\$ (182,325)	\$ (197,275)	\$ 346,465	\$ 421,670

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

	<u>2024 Budget</u>	<u>2023 Budget</u>
Provision for Loan Losses		
Estimated Loan Balance	\$ 20,078,000	\$ 18,650,000
Provision for Loan Losses	\$ 550,000	\$ 450,000
Percentage of Loans	2.7%	2.4%

BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION ("RDC")
Proposed Budget for 2024
Presented by Fund

	Proposed Budget 2024	Legacy Fund	CARES Act RLF
REVENUES:			
Interest Income - Loans	\$ 720,000	\$ 675,000	\$ 45,000
Interest Income - Cash & Inv.	20,300	13,400	6,900
Administrative Fees	13,750	13,750	-
Other Income	2,500	2,500	-
Total Revenues	756,550	704,650	51,900
EXPENSES:			
ECIDA Management Fee*	\$ 288,000	\$ 234,000	\$ 54,000
Provision for Loan Losses	550,000	350,000	200,000
Rent & Facilities Expenses	27,200	14,700	12,500
Professional Services	51,900	27,838	24,063
General Office Expenses	3,500	2,600	900
Marketing & Other Expenses	18,275	14,775	3,500
Total Expenses	938,875	643,913	294,963
NET INCOME/(LOSS):			
	\$ (182,325)	\$ 60,738	\$ (243,063)

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

BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION ("RDC")
Proposed Budget and Three Year Forecast 2025-2027

	Budget 2024	Forecast 2025	Forecast 2026	Forecast 2027
REVENUES:				
Interest Income - Loans	\$ 720,000	\$ 725,000	\$ 730,000	\$ 735,000
Interest Income - Cash & Investments	20,300	1,000	1,000	1,000
Administrative Fees	13,750	15,000	15,000	15,000
Other Income	2,500	5,000	5,000	5,000
Total Revenues	<u>756,550</u>	<u>746,000</u>	<u>751,000</u>	<u>756,000</u>
EXPENSES:				
ECIDA Management Fee*	\$ 288,000	\$ 294,000	\$ 300,000	\$ 306,000
Provision for Loan Losses	550,000	400,000	400,000	400,000
Rent & Facilities Expenses	27,200	28,000	28,000	28,000
Professional Services	51,900	55,000	55,000	55,000
General Office Expenses	3,500	3,500	3,500	3,500
Marketing & Other Expenses	18,275	10,000	10,000	10,000
Total Expenses	<u>938,875</u>	<u>790,500</u>	<u>796,500</u>	<u>802,500</u>
NET INCOME/(LOSS):	<u>\$ (182,325)</u>	<u>\$ (44,500)</u>	<u>\$ (45,500)</u>	<u>\$ (46,500)</u>

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



**Loan Status Report
September 2023**

<u>RDC Loans Approved Since Last Meeting</u>	<u>Municipality</u>	<u>Amount</u>
Buffalo Alchemy, LLC (catering/rest.)	Hamburg	\$100,000

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

Total: 0

<u>Loans in Closing Process</u>	<u>Municipality</u>	<u>Amount</u>
Buffalo Alchemy, LLC		

Total: 1 loan

<u>Loans in the Pipeline</u>	<u>Municipality</u>	<u>Amount</u>
2 Loans	Buf/Chktwga	\$400,000

<u>2023 - Loans Closed</u>	<u>YTD Loan Total</u>	<u>Jobs to be Created</u>	<u>Retained Jobs</u>	<u>Dollars Leveraged</u>
6 MWBE Loans – 4	\$4,450,000	49.5	538	\$22,300,000

Loan Portfolio Performance

Past Due Loans:

<u>Name</u>	<u>Loan Balance</u>	<u>Principal/Interest Amount Past Due</u>	<u>Days Past Due</u>	<u>Comments</u>
Affordable Technology Solutions	\$28,456	\$2,064.70	120+	Loan has been forwarded to attorney for collection.

Portfolio Delinquency Rate (90+ day Past Due Outstanding Loan Balance *divided by* Portfolio Balance):

\$28,456/\$19,868,298 = 0.14% Delinquency Rate (70 total loans in portfolio)

RDC Funds Available to Lend: \$2,892,587



**ECIDA & RDC Board of Directors
Monthly Meeting Schedule - 2024
4th Wednesday of the Month except for November & December
at 12:00 p.m.**

January 24

February 28

March 27

April 24 (Annual Meeting)

May 22

June 26

July 24

August 28

September 25

October 23

November 20

December 18