

Buffalo Economic Renaissance Corporation
Minutes of the Meeting of the Board of Directors

BUFFALO ECONOMIC
RENAISSANCE CORPORATION

901 City Hall
July 31, 2009

1.0 **Roll Call**

Members Present

Clifford Bell
Kevin Brady (Phone)
Mayor Brown
Donna Brown
Thomas Kucharski
Frank Mesiah
Adam Walters

Members Absent

Brian Davis
Michael Kubala
Carolyn Murray
Michael Welch

Staff

Dennis Penman
Divitta Alexander
Michelle Barron
Eric Gadley
E. J. Walton
Geraldine Ford
Melanie Gregg
Lanette Boulware-Wright
Peter Schiralli
Talisha Myles

Guests:

Janet Penska
Peter Savage
Channel 4 News
Darryl McPherson, Comptroller's Office

A quorum was present and the meeting was called to order at approximately 8:30 a.m.

Mr. Walters moved that the Directors present not object to notice (this meeting was called in a manner that did not afford two days notice to Directors as required by BEREC's bylaws) on the condition that the agenda be amended to include the following items:

1. HUD/Comptroller's Audits: I'd like to see us either form a special committee of the Board to take the lead on the all of the current audits/investigations/issues of concern or assign the Governance Committee to do so. The Committee would be copied on all relevant correspondence and be tasked with direct oversight of staff in any discussions/meetings with HUD or the Comptroller's office; and gather internal files relevant to resolving issues and of course and would conduct any internal investigations.
2. Broadway Market Management Agreement between BEREC and the City.
3. Self-Assessment Process: Initiated in June; Next step is to schedule a September Retreat.



4. Getting the Board Up To Speed: We need to distribute new Board reference books with the Bylaws; all of our officially adopted rules and procedures; our lending criteria; and an organizational chart with every employee; what they do and who they report to.
5. Bev Gray Incubator: Need to develop plan to get project out of limbo.
6. Update on where we stand with the audit for last year and the present year budget (which started in June).
7. Board Meeting Schedule: Confirm for Rest of Year.
8. Recruitment of New Board Members: This needs to be made a higher priority.
9. Search Committee for New BEREC President : Need to form one.
10. EAP Contract: EAP consultant has been working since May without a contract.

The motion was seconded by Mr. Bell and unanimously carried.

Written notice waivers for this meeting were provided by all Directors not in attendance, thereby bringing this meeting into compliance with notice requirements of BEREC's bylaws.

- 2.0 **Reading of the Minutes**- Upon motion by Mr. Walters, seconded by Mr. Bell and unanimously carried the waiving of the reading and acceptance of the minutes of **June 17, 2009** was approved.

Mr. Walters recommended that the minutes of July 8, 2009 be amended to state that the meeting was not a meeting duly called under BEREC's bylaws as it was called on less than 2 days notice.. Upon motion by Mr. Walters, seconded by Mr. Bell and unanimously carried the waiving of the reading and acceptance of the minutes of **July 8, 2009** was approved with the amendment.

With the exception of a duly convened executive session, and adjournment of the meeting, no board action was taken at the July 8, 2009 meeting.

- 3.0 **Motion to conduct an executive session regarding matters leading to employment, appointment and/or removal of person(s)**- At approximately 8:40 a.m., Mr. Bell made a motion to conduct an executive session regarding matters leading to employment, appointment and/or removal of person(s). The motion was seconded by Mr. Mesiah and unanimously carried.

At approximately 9:55 a.m., Mr. Walters made a motion to come out of executive session and return to open meeting. The motion was seconded by Mr. Kucharski, and unanimously carried

Mayor Brown announced that the executive session was to discuss the appointment of Dennis Penman as Interim President of BEREC.

- 4.0 **Appointment of Interim President**- Mr. Mesiah made a motion to appoint Dennis Penman as Interim President of BEREC. The motion was seconded by Mr. Bell and unanimously carried.
- 5.0 **Monthly Financial Report**- Mr. Walton updated the board on the status of the 2008 independent financial audit. The audit is near completion and expected to be finalized over the next month.

6.0 **President's Report**

- A. **Real Estate**- There were no new leases or renewals to report.
- B. **Empire Zone** – Staff is still waiting for approval concerning zone boundary revisions from Empire State Development (ESD).

Regionally Significant Projects (RSP)- Both RSPs - **RiverWright** and **API Heat Transfer** - received approval from the Buffalo Common Council. A public hearing was held June 15, 2009; the Mayor signed the local laws. A filed copy of the local law was sent to ESD for final review. Mr. Gadley advised that final approval of RSP status for both RiverWright and API Heat Transfer was received from ESD.

Additionally, **Concord Textile Care Products** submitted an application to qualify for RSP status.

- C. **Lending** - Mr. Penman highlighted the following:

Loans Approved Pending Closing- There are six (6) loans approved that have not yet closed. They are as follows: **Cedar's Bakery, Celerity, LLC, Dimples Café, Ingenious, Inc., Chima & Bains, Signature Development (H@Loft's Project), Ulrich's Tavern** and. In addition there are 2 loans recommended by the large loan committee for approval: **Celerity, LLC** and **International Chemical Corporation**. The eight loans total \$890,000.

Active Deals in Underwriting- There are nine (9) active deals, they are as follows: **Artvoice, Baja Beach Club, Flexo Transparent, Inc., Industrial Support, Inc., Prima Pizza, The Laundry Spot, Wellness Family Practice, McDonald's Grider and Steigeisen, Inc.**, totaling \$1,000,000.

Several Board members requested a detailed report of loans including job creation and minority project participation data.

D. Business Development- Mr. Penman highlighted the following:

CARE Program- To date, BERC received 294 applications for participation in the CARE Program; the total project cost is \$1,746,476; the total private equity is \$324,741 and 133 of awarded projects were completed.

Sign & Storefront Programs

University Sign & Storefront- One (1) project approved with two (2) projects pending.

Masten Sign & Storefront- Seven (7) new projects for the Better Schools, Better Neighborhood Program on Fillmore Avenue currently under review.

Ellicott Sign & Storefront- There are two (2) applications on hand awaiting Preservation Board approval.

South District Business Improvement Program- Continue to work with interested business owners.

Small Business Resource Centers

Apollo	Serviced 50 clients
South Buffalo	Serviced 16 clients
West Side	Serviced 64 clients

Entrepreneurial Assistance Program (EAP)- The 17th session of the EAP Program is currently underway. The class is scheduled to end August 11th. An internal evaluation of the program has begun to determine if the program will continue.

Broadway Market- The search has been narrowed down to three finalists. Recommendations will be submitted to the Mayor's office for final interviews.

Beverly A. Gray Incubator- Mr. Penman advised that the project will be referred back to the Real Estate Committee to recalibrate the project goals, roles, budget and on-going support assumptions.

Mr. Walters expressed concern relative to the EAP Consultant operating without a contract.

Mr. Penman stated that at the next board meeting in September there will be a report and a schedule of all contracts with expiration dates.

Upon motion by Mr. Kucharski, seconded by Mr. Bell and unanimously carried the President's report was approved.

7.0 Action Items

- 7.1 **Aggregate Loan Authority- BERC Small and Large Loan Committee – Aggregate Lending Authority** - Submitted to the BERC Board of Directors (“Board”), is a request that effective immediately, the authority of the Small Loan/Grant Committee and Large Loan Committee be modified to the following:
1. The Small/Grant Committee is authorized to review and approve all BERC grants. In addition, the Small Loan/Grant Committee is authorized to review and approve all BERC loan applications that would result in an *aggregate* debt due and owing from the borrower and/or borrower's affiliates (collectively) to BERC that is Fifty thousand dollars (\$50,000) or less.
 2. The Large Loan Committee is authorized to review and recommend to the Board for approval, all BERC loans that would result in an *aggregate* debt due and owing from the borrower and/or borrower's affiliates (collectively) to BERC that is more than Fifty thousand dollars (\$50,000).

Upon motion by Mr. Walters, seconded by Mr. Messiah and unanimously carried the above item was approved.

- 7.2 **Finance and Audit Committee Consolidation-** Submitted to the BERC Board of Directors (“Board”), is a request that effective immediately, the BERC Board of Directors combine the existing Audit and Finance Committees into one Audit/Finance consisting of the following independent Directors:
1. Kevin Brady (Chair)
 2. Michael Kubala
 3. Frank Messiah
 4. Michael Welch

BERC is also requesting authorization to take all such other actions, execute all such other documents and agreements, and to expend and/or apply such BERC funds as is in the discretion of the BERC President reasonably necessary to implement and enforce the above committee change.

Upon motion by Mr. Bell, seconded by Mayor Brown and unanimously carried the approve item was approved in its entirety.

- 7.3 **Quarterly Investment Report-** Upon motion by Mr. Kucharski, seconded by Ms. Brown and unanimously carried the attached quarterly investment report was approved.
- 7.4 **Pension Plan-Quarterly Statement – Informational-** The Board was presented with the most recent quarterly and annual statements of the BERCC pension plan.
- 7.5 **Commercial General Liability Insurance Policy-** Submitted to the BERCC Board of Directors (“Board”), is a request to approve the expenditure of \$88,936.12 for continued commercial general liability insurance coverage with the Twin City Fire Insurance Company from June 1, 2009 through May 31, 2010 (“09-10 CGL Coverage”).

BERCC also seeks authority from the BERCC Board of Directors to take all such action, provide all such information, expend or apply such BERCC funds, execute all documents, and exercise all such decision making as is in the discretion of the BERCC President, reasonably necessary to implement and facilitate the 09-10 CGL Coverage.

Upon motion by Mr. Walters, seconded by Mr. Kucharski and unanimously carried the item was approved in its entirety.

- 7.6 **Health Insurance Policy-** As a cost savings, measure, submitted to the BERCC Board of Directors (“Board”), is a request to approve the modification in employee health insurance coverage from BERCC’s existing Blue Cross Blue Shield and Independent Health plans to the City of Buffalo Blue Cross Blue Shield POS 204 Plus plans effective August 1, 2009 (the “Coverage Modification”). As an entity separate and distinct from the City of Buffalo, BERCC will be invoiced separately for premiums associated with plan participation.

BERCC also seeks authority from the BERCC Board of Directors to take all such action, provide all such information, expend or apply such BERCC funds, execute all documents, and exercise all such decision making as is in the discretion of BERCC management, reasonably necessary to implement and facilitate the Coverage Modification.

Upon motion by Mr. Bell, seconded by Ms. Brown with Mr. Mesiah abstaining (as he is a member of the Blue Cross Blue Shield board of directors), the above item was approved.

Late File – Upon motion by Mr. Bell, seconded by Mr. Mesiah and unanimously carried the late file was accepted.

- 7.7 **Tractor Purchase-** Submitted to the BEREC Board of Directors (“Board”) is a request to purchase a John Deere tractor from Drake Lawn and Garden in the amount of \$17,591.20.

BEREC also seeks authority from the BEREC Board of Directors to take all such action, provide all such information, expend or apply such BEREC funds, execute all documents, and exercise all such decision making as is in the discretion of the BEREC President, reasonably necessary to facilitate the purchase of the tractor.

Upon motion by Mr. Bell, seconded by Mr. Kucharski, with all Directors except Mr. Walters voting in the affirmative, the above item was approved in its entirety.

Mr. Walters recommended that the following agenda item be referred to the Governance Committee:

- HUD/Comptroller's Audits: I'd like to see us either form a special committee of the Board to take the lead on the all of the current audits/investigations/issues of concern or assign the Governance Committee to do so. The Committee would be copied on all relevant correspondence and be tasked with direct oversight of staff in any discussions/meetings with HUD or the Comptroller's office; and gather internal files relevant to resolving issues and of course and would conduct any internal investigations.

Upon motion by Mayor Brown, seconded by Mr. Mesiah and unanimously carried the above agenda item was referred to the Governance Committee for discussion.

8.0 **Committee Reports**

- 8.1 Finance - No report
- 8.2 Audit - No report
- 8.3 Real Estate – No report
- 8.4 Governance – No report

9.0 Special Projects- There were no special projects to discuss.

10.0 Tabled Items- There were no tabled items.


11.0 Adjournment - Upon motion by Mr. Kucharski, seconded by Ms. Brown and unanimously carried the Board adjourned at 11:00 A.M.

Respectfully submitted

By:

Talisha Myles, Recording Secretary

Approved by:



Divitta Alexander, Secretary of the Board