



BUFFALO ECONOMIC
RENAISSANCE CORPORATION

THE HON BYRON W BROWN
CHAIRMAN

TIMOTHY E WANAMAKER
PRESIDENT

Buffalo Economic Renaissance Corporation
Minutes of the Board of Directors
9th Floor Conference Room, 920 City Hall
March 21, 2007

1. **Roll Call**

Members Present

Mayor Brown
Steve Casey
Richard Tobe
Clifford Bell
Carolyn Murray
Frank Mesiah
Michael Kubala
Michael Welch
Adam Walters
Kevin Brady
Thomas Kucharski
Dominic Bonifacio, Jr.
Andrew Dorn

Members Absent

Miguel Santos

Staff

Timothy Wanamaker
Marie Currie
Michelle Barron
John Riccione
Sandy Nasca
Melanie Gregg
Anthony Caldiero
Talisha Thompson

Guest: Chris Johnston, Senior Special Assistant to Commissioner Richard Tobe

2. **Reading of the Minutes-** Upon motion by Mr. Mesiah, seconded by Mr. Bell, the minutes of **January 17, 2007** were approved.

Please Note: The meeting was called out of order.

5.0 **Action Items**

- 5.1 **Election of New BEREC Board Member-Dominic Bonifacio, Jr-** Board approval was requested to appoint Dominic Bonifacio, Jr. as a new director on the Buffalo Economic Renaissance Corporation Board of Directors.

Motion made by Mayor Brown, second by Mr. Dorn and unanimously carried.

- 5.2 **Capitalization of the \$4,000,000 CDFI Small Business Loan Fund-** Discussion ensued relative to the objective of the new loan fund, and the necessity of establishing a separate \$4,000,000, less restrictive loan pool; capitalization by the BEREC of a \$500,000 loan loss reserve account, collateralization of loan repayments from prospective borrowers and the recourse if any to the BEREC, the number of firm commitments received

from the participating banks for \$2,000,000 of the fund, the status of the \$2,000,000 in CDFI funds from the Department of Treasury, the competitiveness of the loan program given the high interest rate that will be charged of Prime +2%, and if the MOU provided in the board agenda still required more negotiations.

Mr. Wanamaker explained that the need for the new loan fund is to establish a less restrictive source of loan capital, and that these funds will replace CDBG funding which increases the cost of construction by 20 – 25% thus preventing small businesses from expanding with our funds because they are too costly. He stated that the \$500,000 loan loss reserve account BEREC will fund, and the borrowers loan installment payments will be the only source of repayment to the participating banks and the CDFI funds from the Department of Treasury and that there is absolutely no recourse to BEREC to pay back any portion of the \$4,000,000 when and if borrowers go into default, except for the \$2,000,000 CDFI provided by Bank of America (BOA) at a term of 4% interest-only with ten (10) year term.

He also explained that the new CDFI loan fund will mirror our existing loan programs with a lending cap of \$300,000, unless special exception is made, with the differences being the interest rate and no federal requirements.

Mr. Wanamaker also addressed concerns relative to the competitiveness of the fund based on the proposed interest rate that will be charged of Prime +2%. The concerns were raised by the board because recently, BEREC has reduced the interest rate on the existing loan programs via its "Loan Sale", although temporarily, because we were out pricing ourselves in the market. Mr. Wanamaker stated however that under certain circumstances when the project will result in a significant economic impact, BEREC will supplement the interest to encourage the development.

Mr. Wanamaker further explained that this loan fund will allow BEREC to concentrate in marketing its loans and loan processing instead of rating capital to fund the loan programs.

Mr. Wanamaker further stated that BEREC has received verbal commitments from Citizens Bank who increased its commitment from the asking amount of \$350,000 to \$1,500,000, M & T Bank (350,000), Key Bank (\$350,000), Greater Buffalo Savings Bank (\$150,000), and First Niagara Bank (\$200,000). We are awaiting approval from Bank of America who is considering increasing their commitment from the asking amount of \$350,000 to \$2 Million investment through a CDFI Investment, and HSBC who is also considering increasing its commitment from the asking amount of \$250,000 to \$500,000.

Mr. Wanamaker also informed the board that this venture will be before them again to obtain board approval of the \$2,000,000, if granted, in CDFI funds from the Department of Treasury.

Upon motion by Mr. Messiah, seconded by Ms. Murray, with Mr. Brady, Mr. Dorn and Mr. Welsh abstaining, and carried by unanimous vote, the motion was approved authorizing the president of BERC to execute the Memorandum of Understanding and other closing documents in form and content and to pledge \$500,000 of BERC un-restricted funds to establish a loan loss reserve account.

- 5.3 **Designation Developer for Fillmore and Chalmers-** Board approval is being requested to authorize the President to enter into a six (6) month Designated Developer Agreement with the Collins Family to develop the BERC owned property located at the corner of Fillmore and Chalmers.

Upon motion by Mr. Dorn, seconded by Mr. Mesiah and unanimously carried, it was approved to authorize the President to enter into a six (6) month agreement with the Collins Family.

- 5.4 **Land Disposition Agreement for 136 Lakeview Avenue-** Board approval is being requested to authorize the President to enter into a Land Disposition Agreement with Anthony Previte to purchase and redevelop the BERC owned building located at 136 Lakeview Avenue in the amount of \$21,500.

Upon motion by Mr. Walters, seconded by Mr. Mesiah and unanimously carried, it was approve to authorize the president to enter into a Land Disposition Agreement with Anthony Previte to purchase and redevelop 136 Lakeview Avenue in the amount of \$21,500.

- 5.5 **Buffalo Niagara Enterprise-** Mr. Wanamaker tabled the item until the next board meeting.
- 5.6 **Letter to Woody Maggard-** Informational- Mr. Wanamaker stated that he met with Woody Maggard who is the director of Technology Incubator at UB regarding the policies and procedures of the two (2) incubators: Jefferson Incubator and East Utica Library Incubator.

Resume regular board meeting:

- 3.0 **Monthly Financial Report-** Upon motion by Mr. Welch, seconded by Mr. Walters the monthly financial report ending January 31, 2007 was approved.

- 4.0 **Staff Report-** Mr. Wanamaker highlighted the following:

- A. **Real Estate-** Mr. Wanamaker stated that BERC executed two (2) new leases and renewed one (1) lease, they are as follows:

New Leases

Queen City Gallery- Queen City Gallery is a photo gallery that opened on March 1, 2007. They sell vintage and new pictures of Buffalo and the Western New York Area. They are leasing 140 sq ft space in the Market Arcade Complex in suite 103 A.

Renewal

Upstate New York Minority Purchasing Council- The premises are used for Administrative Office purposes. They are currently leasing 894 sq ft space at the Buffalo Free Trade Complex (BFTC) in suite 113, and renewed their lease for one (1) year.

- B. **Empire Zone-** Mr. Wanamaker stated that since the last report, three (3) applications were approved by the Zone Administrative Board (ZAB), bringing the total applications pending with Empire State Development (ESD) to twenty-four (24). Those recently submitted applications anticipate investments of \$35 million and job creation goals of 223 full time equivalent positions in the next five (5) years. This projection is due to the submission of the application for **New Era Cap Company, Inc.**, whose status as a Regionally Significant Project was finalized on January 31, 2007. The company anticipates investing \$17.5 million in the Delaware Avenue facility and the Derby facility and creating approximately 200 full time equivalent positions between the two (2) locations.

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

Loans Closed in February- No loans closed in February.

Loans Approved Pending Closing

<u>Borrower</u>	<u>Closing Date</u>
Bethel (Jefferson Incubator)	March 2007
Starlight Family Daycare	April 2007
Tapecon, Inc.	April 2007
Artvoice	April 2007
Snooty Fox Lounge	April 2007
W.C. Roberson Plumbing & Heating	March 2007
WNY Manufacturing, Inc.	April 2007

Loans Pending Approval- Five (5) loans are pending approval, they are as follows: **Caz Coffee Café, Poster Art, Vado Pazzo Restaurant, Affordable Scrubbs & Stuff** and **Elon Enam Products** totaling \$97,000, with job creation goals of five (5) full time equivalent positions.

Mr. Walters suggested having staff come up with a plan to market the loan program.

Mr. Wanamaker stated that he will present the board with a detailed marketing plan at the next board meeting. Also, staff will be drafting a lending policy.

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

CARE Program- The draft Niagara/Connecticut Street plans will be submitted the week of March 25th.

Entrepreneurial Assistance Program (EAP)- The tenth session of the EAP is currently in session.

International Franchise Association- The City of Buffalo and the Buffalo Economic Renaissance Corporation in conjunction with the International Franchise Association will host its first annual Franchise Expo (seminar) scheduled for June 19th 2007. The full day event is designed to encourage minority professionals and entrepreneurs to pursue franchise opportunities. Additionally, the program will be geared to educate minority prospects on all aspects of franchising, including legal issues, financing and multi-unit franchise options.

BERC Technical Assistance Workshops- Technical assistance series was launched in October 2006. The workshops will be held the second Wednesday of each month at the Apollo Media Center from 5:30-7:30pm.

Out of Order

6.0 Committee Reports

- 6.1 **Finance**- Mr. Brady stated that the committee met and reviewed the year to date budget.
- 6.2 **Audit**- There was no meeting.
- 6.3 **Business Development**- There was no meeting.
- 6.4 **Real Estate**- Mr. Walter stated that the committee met, a representative from Inside Designs presented a draft budget and suggestions for renovating the Market Arcade Apartments. He also stated that a representative from Hunt Commercial will present a progress report to the committee on the marketing of the Market Arcade Complex.
- 6.5 **Governance**- There was no meeting.

7.0 **Special Projects**- Mr. Wanamaker stated that BERC is receiving a lot of interest regarding the existing CDFI designation, as mentioned before staff has an application into CDFI for funding.

8.0 **Table Items**- There was no tabled items.

9.0 **Executive Session**- Waived

10.0 **Adjournment**- Mr. Walters move to adjourn the meeting.

Respectfully submitted

By Talisha Thompson
Talisha Thompson, Recording Secretary

Approved by Marie Currie
Marie Currie, Secretary of the Board