

CHEEKTOWAGA ECONOMIC DEVELOPMENT CORPORATION

Board of Directors Meeting
December 6, 2022 - 6:00 p.m.
Alexander Community Center
275 Alexander Avenue
Cheektowaga, New York 14211

Board of Directors in Attendance

Kristina Groff, President
Robert Lowery, Vice-President
James Antkowiak
Paul Gilden
Derek Johnson
David Tytko
Jason Mackiewicz
Ethan Ruot

Excused: Denis Serugendo, Richard Willis

Resource Personnel and Guests in Attendance

Rachel Straker, Cheektowaga Director of Community Development
Michael Thomas, H. Sicherman & Company
Amy Vigneron, Cohen & Lombardo (via zoom video)
Jerome Gabryszak, CEDC Community Development Aide

President Kristina Groff called the meeting to order at 6:00 p.m. and noted that a quorum was present.

Report of Loan Review Committee:

Loan Request from Standard Property Management, LLC

Standard Property Management is a leasing and property management company currently located in the city of Buffalo. The company, formed in 2016, is requesting a loan of \$250,000 for the purchase of property at 25 Anderson Road that will house the company's office headquarters and warehouse. Funding will also be used for the purchase of equipment and office furniture, and working capital to help cover moving and other related costs.

The company provides a wide range of property management services, including a 24/7 maintenance team, snow plowing and landscaping and an in-house cleaning team. The company currently manages properties in Erie and Niagara Counties and plans to expand to neighboring counties. The majority of their portfolio is multi-family residential housing, but they also manage some commercial real estate and one self-storage facility. The company currently employs 26 persons and plans to create 11 new full time equivalent positions that will be made available to low-to-moderate income persons.

Loan Request Summary

The Loan Review Committee recommended the following loan structure.

Borrower:	Standard Property Management, LLC
Use of Proceeds:	Acquisition of property to serve as the company's new office headquarters, purchase of equipment and office furniture, and working capital
Loan Amount:	\$250,000

Term & Amortization: 5 Year term with initial interest only period of six months with payments based on a 174-month amortization schedule.

Interest Rate: Half of one percent (0.5%) for the term of the loan.

Repayment: Monthly principal and interest payments in order to amortize the loan in 5 years.

Commitment Fee: \$2,500

Collateral: A second position collateral mortgage will be filed on the property located at 25 Anderson Road. The CEDC lien will be subordinated to the Seller's lien. CEDC will also file a UCC lien against all assets of Standard Property Management.

Corporate Guarantors: None

Personal Guarantees: Unlimited personal guaranty of Gregory Suffoletto.

Employment: 11 new FTE positions (10 full time and 2 part time employees) in the next three years of operation. Pursuant to HUD regulations, 51% of the new employment positions must be available to low-moderate income individuals.

Disbursement: \$125,000 to be disbursed at closing, remaining \$125,000 to be disbursed based on receipts for equipment, repairs and working capital.

After deliberation and discussion, the following motion was proposed.

Motion by: James Antkowiak
Seconded by: Paul Gilden
Motion: To approve a loan to Standard Property Management, LLC for \$250,000 as presented by the Loan Review Committee, with the following additions / revisions:

- **Use / Disbursement of proceeds** - Full loan amount of \$250,000 will be advanced at closing towards the purchase price of 25 Anderson Road. CEDC funds will be not used towards repairs to the property.
- **Interest Rate** – The interest rate shall be 0.50%, fixed for the five year term of the loan.
- **Collateral / Security** – In addition to the collateral listed, the CEDC will also take an assignment of rents and leases on the property located at 25 Anderson Road.

Vote Ayes 8 ; Nays 0 ; Abstentions 0 .

Payment Status Review & Discussion of Current Loans

Hanzlian Sausage: Hanzlian Sausage, Inc. is five months delinquent in loan payments to the Corporation. The current loan balance is approximately \$103,000. The company owner, Kim Hanzlian, has requested a deferment of principal loan payments until April of 2023 due to unforeseen price increases on many raw materials used in the manufacturing process. In an effort to increase sales, current assets will be allocated to product marketing, additional staff training and increasing product distribution to local retailers. The consensus among Directors was that approval of the deferment should be conditioned upon submission of monthly interest- only payments and monthly updates, including profit and loss statements, and balance sheets. Late fees would be waived during this period. A suggestion was made that a delegation of CEDC representatives meet with Kim Hanzlian to discuss the company's operations in more detail. After discussion and deliberation, the following motion was proposed.

Motion: James Antkowiak
Seconded by: Derek Johnson
Motion: To grant a deferment of principal payments to Hanzlian Sausage, Inc. until April 1, 2023, at which time payments of principal and interest will resume. Interest only payments will be made and late fees waived during the deferment period. The company is also required to provide monthly updates on the company's operations, including profit and loss statements and balance sheets.
Vote: Ayes 7; Nays 0; Abstentions 1 (Kristina Groff).

Colvin-Oakdale-Gordon: A balloon payment of approximately \$156,500 was due on December 1, 2022. A letter to Dave Gordon reminding him of the balloon payment due on December 1, 2022 should be sent.

Certificate of Deposit Maturation – 1/22/2023

The M&T CD balance is approximately \$135,974. It matures on January 22, 2023. The consensus was the CD should be closed and the funds deposited in a savings or checking account. The following motion was proposed.

Motion: James Antkowiak
Seconded by: Robert Lowery
Motion: To close the 13-month M&T Certificate of Deposit and deposit the funds in a Bank of America money market account.
Vote: Ayes 6; Nays 0; Abstentions 2 (James Antkowiak, Denis Serugendo).

2023 Board Meeting Schedule

The next meeting of the Board of Directors will be Wednesday, February 22, 2023. Kristina reiterated the need to establish a schedule of quarterly Board meetings and stated that Wednesday was the preferred day of the week to hold Board meetings. Kristina will develop a list of meeting dates for 2023.

Loan Interest Rate

A brief discussion ensued regarding whether the interest rate on CEDC business loan, which is 0.50%, should be maintained or adjusted. (The rate has been 0.50% for over ten years). Jim Antkowiak stated that the rate was set at 0.50% in order to attract businesses to the CEDC loan program and suggested that the rate could be maintained at 0.50% for one year and then evaluate whether to maintain or change the interest rate. After a brief discussion, the following motion was proposed.

Motion: James Antkowiak
Seconded by: Paul Gilden
Motion: To maintain the interest rate on business loans at 0.50% for one year, from January 1, 2023 to December 31, 2023.
Vote: Ayes 8; Nays 0; Abstentions 0.

Motion: Derek Johnson
Seconded by: James Antkowiak
Motion: To adjourn the meeting of the Board of Directors (7:05 p.m.).
Vote: Ayes 8; Nays 0; Abstentions 0.

Signature of Secretary