



REPORT OF REVIEW

APPALACHIAN REGIONAL COMMISSION  
REVOLVING LOAN FUND

CHAUTAUQUA COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY

AS OF JUNE 30, 1997

OIG Report 97-36(H)

OBJECTIVES:

To identify Appalachian Regional Commission (ARC) Revolving Loan Fund (RLF) activity, including numbers of loans and value of funds disbursed, and RLF status as of June 30, 1997.

BACKGROUND:

Media articles, congressional and public input, and prior ARC internal reviews with respect to the RLF, including concerns about project accountability, were the primary factors contributing to an assessment of the RLF status.

The Chautauqua County ARC Revolving Loan Fund was initially approved in 1977 and ARC assistance in connection with capitalizing and administering the RLF totaled \$1,025,000 during the period 1978 to 1982. This included capitalization for the loan fund of \$845,000 in four disbursements (\$220,000; \$250,000; \$225,000; and \$150,000); \$140,000 for technical assistance; and \$40,000 for administration. The RLF has been administered since inception by the Chautauqua County Industrial Development Agency (CCIDA) although the initial contracts specified Chautauqua County as the grantee. Also, the Chautauqua County Department of Finance provided billing, disbursement, collecting, and accounting services for the CCIDA RLF until about 1990 when, due to an apparent dispute between CCIDA and the county Department of Finance over a loan/contribution of \$150,000 to another RLF, CCIDA assumed all RLF functions.

The County of Chautauqua was the initial grantee of an ARC Industrial Energy Management RLF. The RLF was established to focus on reducing energy consumption through facility improvements and new energy efficient equipment. The ARC capitalizations were included in ARC contracts 77-208, 79-245, 80-228, and 82-120.

A new ARC project coordinator noted in 1990 that grantee financial reports had not been received by ARC since 1985. The reasons for the lapse in reporting to ARC and lack of ARC followup between 1985 and 1990 were unclear.

Based on this disclosure in late 1990, discussion was held between CCIDA and ARC staff about the absence of reports; and ARC requested and reviewed financial information submitted in connection with loans made during the 1980s. ARC noted that loans had been made in the 1980s to entities and for purposes that did not meet the restrictive provisions of the energy related RLF approved for Chautauqua County.

The result of these discussions and reviews was an agreement between ARC and CCIDA to enter into a revised contract that incorporated the provisions of an Appalachian Regional Development Act (ARDA) amendment expanding RLFs to include overall business development purposes. Also, ARC agreed to forgo further review or action with respect to loan approvals under terms of the prior RLF contracts specifying energy-related objectives, provided CCIDA agreed to abide by the procedures in the new ARC RLF guidelines of March 1989 and implement the Appalachian Business Development Program that expanded RLF uses. Discussion at ARC indicated a primary basis for not extending inquiries into past loan practices was that the questionable loans had been paid off or were current.

On January 30, 1991, the grant contract was revised to ratify congressional action on the ARDA, Section 224(b), and ARC Resolution 584, which established an Appalachian Business Development Program including an RLF at the CCIDA. Since the CCIDA had been performing loan packaging and accounting functions for the county, no change in accountability for the grant was required. This agreement was noted as retroactive to October 14, 1988, in order to be consistent with the enactment of applicable legislation. The agreement also noted that all loans made prior to October 14, 1988, remained subject to the terms of the original grant agreement.

The current Administrative Director was employed in March 1994, and a new Senior Project Coordinator--Fiscal has been employed since October 1995. Overall actions to address reported weaknesses have included revision of CCIDA RLF procedures and manual, establishment of a Loan Review Committee, increased division of responsibilities with respect to loan administration, a new accounting firm, and implementation of controls to ensure improved loan administration including loan documentation.

#### Scope, Methodology and Constraints

Our review focused on identifying loan activity since the start of the RLF and status of the RLF as of June 30, 1997. On-site review included identifying operating practices and reviews of recent loan applications to ensure all required documentation was obtained and available for loan officer and loan committee review.

Available ARC and CCIDA records were reconciled to the extent possible and discrepancies were followed up to obtain an up-to-date and accurate summary of loan activity. Financial reports and supporting information were reviewed in order to identify and address discrepancies noted in the media and citizen correspondence. This included loan fund disbursements since the beginning of the program. Contact was made with the CCIDA public accounting firm, and CCIDA staff contacted the Chautauqua County Department of Finance to try to obtain information not available in CCIDA records.

ARC and CCIDA data collection and reconciliation efforts included use of the best available information--be it loan docket, minutes of meetings, summary operating and financial reports, correspondence, and/or file notes, etc. Essentially, ARC utilizes information reported to it by the grantee, e.g., semiannual financial reports. In some instances, ARC retained records that were not available at the grantee; and, as applicable, these records were used in the data presented below. Due to the age of the RLF, officials said that some original loan dockets were not available. However, we believe the noted information provides the most accurate summary available of program activity to date.

An initial comparison of ARC and CCIDA loan listings disclosed that both listings were incomplete and significantly different from each other with respect to loan activity. Based primarily on the efforts of CCIDA and ARC staff, a reconstruction of loan activity was undertaken and is presented in this report. Although we believe the information noted in this report represents an accurate overview of program activity and status, we cannot attest to the complete accuracy of all the information due to the unavailability of original records, especially with respect to older loans. Therefore, some minor variances, especially with respect to actions such as loan refinancing or consolidation, may not have been identified.

As noted above, our primary emphasis was directed at a summary of loan activity and the current status, including operating procedures and implementation, of the RLF. Thus, we did not expand on the reviews previously performed or actions initiated. We believe that prior ARC reports clearly identified RLF operating conditions in the early 1990s (see summaries below) and addressed issues of concern with respect to some earlier loans. Also, the CCIDA is required to have an annual audit by independent auditors; and there was no indication in independent audit reports or in media articles of concerns related to misuse of funds as opposed to questionable loan practices. Thus, we did not believe additional review of grantee actions in the late 1970s and 1980s would provide sufficient new or useful information in relation to the current management practices and organization to warrant the application of the extensive resources necessary for such a review.

Therefore, we relied on prior reports and corrective actions initiated with respect to specific problems while concentrating on current operations and a summary of overall project activity.

### Prior Reviews

During the period 1990 through 1996, ARC program staff conducted five on-site reviews to assess grantee operating practices and accountability. A summary of review comments, including loan practice weaknesses, recommendations, and corrective actions, are noted below. The review results were primarily based on examination of operating policies, financial reports, loan approvals since March 1989, uncollectible loan files, and operating practices prior to 1990.

#### ***--Review--November 12-17, 1990***

Outstanding loan files since March 1989 and all available uncollectible loan files were reviewed. Comparison was made of available evidence of loan activity with ARC grant contract requirements.

Primary conditions noted:

- No loan committee established.
- No prior ARC approvals of loans in excess of \$50,000 limitation.
- Loans to "not for profit" entities.
- Loans made at interest rates below CCIDA guidelines.
- Loan made for matching share of another RLF.
- Absence of credit reports, collateral documentation and guarantees.

The reviewer, relying on financial information provided by the Chautauqua County Department of Finance, also reconstructed, as possible, the receipt and disbursement of grant funds from ARC, including loan eligibility, repayment, program income, uncollectible loans, administrative charges, and the fund balance since program inception. The reviewer reported that financial records were reconciled to within \$200 of the CCIDA independent auditor's position. It was determined that it would not be cost effective to try to reconcile the small imbalance, and the independent auditor's position was used as a baseline for ARC RLF accountability purposes. Since 1990, ARC has closely monitored RLF accountability.

***--Review--May 20-22, 1992***

Examined documentation supporting seven loans funded since November 17, 1990.

Primary conditions noted:

- Absence of loan commitment letters.
- No documentation indicating borrower commitment to job creation.
- Absence of key person life insurance.
- Absence of credit report/credit verifications.
- Hazard or other required insurance not always obtained.

***--Review--October 12-15, 1993***

Reviewed loan files approved since May 1992, followed up on prior recommendations, and reviewed grantees operating policies and available loan records for loan balances written off by grantee as uncollectible.

Primary conditions noted:

- Use of loan commitment letters on a regular basis not yet implemented.
- Loan applications remain weak with respect to job creation intentions.
- Key person life insurance not available in all cases.
- Some credit reports/verifications still not available.
- Evidence of hazard or other appropriate insurance not always obtained.

It was also noted that all CCIDA loan projects reviewed since November 1990 are appropriate for ARC RLF funding support; borrowers appeared to be for-profit businesses; the CCIDA Board, acting as a loan review committee, recommended all loans since November 1990; a Loan Use Agreement existed for each loan; and all borrowers were obligated for the loan indebtedness by a promissory note.

The grantee notified ARC on December 23, 1993, that actions had been initiated to utilize a loan commitment letter, include employment data, use key person life insurance when applicable, obtain credit reports, and ensure necessary insurances.

***--Review--January 17, 1995***

Assessed quality of documentation supporting CCIDA RLF activities since October 13, 1993; six loan files reviewed

Primary conditions noted:

- Loan commitment letters now being used.
- Formal loan applications now being used.
- Borrower certification of job creation intentions noted in files.
- Job monitoring initiated.
- Key person life insurance in files.
- Credit report/verification documented in files.
- Hazard insurance in all files reviewed.

Essentially, this review indicated that corrective actions had been initiated on deficiencies identified in prior ARC reports and that loans closed after November 1993 are fully documented in accordance with ARC RLF guidelines.

*--Review--November 7-8, 1996*

Assessed quality of documentation supporting CCIDA ARC RLF loan records since visit in January 1995. Nine loans closed in 1995 and 1996 were examined. Implementation of revised operating policies also reviewed.

Review concluded that necessary loan documents were available and that corrective actions initiated by CCIDA to bring the loan documentation up to ARC standards had been sustained over the last 22 months. The actions of new staff, including the new Administrative Director and Financial Manager, and the addition of a banker-oriented Loan Review Committee were cited as factors contributing to improved operations.

Correspondence indicated that substantial discussion between ARC and CCIDA had been held with respect to establishment of a Loan Review Committee. The former CCIDA Administrative Director had noted that the CCIDA Loan Review Committee and the CCIDA Board were one and the same; and, therefore, loan approval by the board constituted loan approval by a Loan Review Committee. ARC objected to this arrangement primarily because the board did not have a sufficient number of members with the private sector commercial lending experience required by ARC RLF guidelines. ARC recommended that the board be reconstituted or a separate Loan Review Committee be established. The CCIDA chose to establish a separate Loan Review Committee, which consists of four outside bankers and Chairman of the CCIDA Board. The committee became operational on December 19, 1995.

Another significant action by the CCIDA was completion of revisions to the Chautauqua Revolving Loan Fund Operating Plan in 1995. This revision incorporated recommended changes in operating procedures to ensure consistency with ARC requirements.

## RESULTS

Our review confirmed the status of the RLF as identified in prior ARC program reviews, including the initiation of corrective action to address reported weaknesses. Although no additional loans had been approved since the last ARC review, our review of operating policies and procedures and loan application files indicated implementation of the actions previously recommended. We identified several conditions where additional action was appropriate, including Loan Review Committee identification in the RLF Operating Plan, write-off of a \$150,000 contribution to another RLF, and increased coordination with other lending agencies.

Also, we confirmed the existence of inconsistent and incorrect information and reports with respect to the status of loan activity. Consequently, with the assistance of CCIDA and ARC staff, a reconstruction of loan activity since the start of the RLF in 1978 was undertaken.

A review of available records indicated that, since inception, 136 loans had been disbursed by the RLF with loan values of \$5,166,411. As of June 30, 1997, there were 23 outstanding loans with balances of \$599,766. Since the beginning of the RLF in 1978, 22 loans had been written off with \$616,267 noted as uncollectible. The last write-off was for a loan closed in November 1993. It should be noted that write-offs do not preclude continued action to effect recovery and grantees are alert for circumstance changes that may afford an opportunity for additional recoveries.

Table A summarizes loan activity since program start-up based on available information at ARC and IDA, including contact by IDA with the Chautauqua County Department of Finance. Table B identifies individual loans since program start-up; and Table C identifies loans written off as of June 30, 1997.

### Financial Reports

As noted above, a review and reconstruction of available information indicated that, as of June 30, 1997, the total value of 136 loans disbursed was \$5,166,411. In some cases, loans were restructured; but we noted the initial loan and any additional funds as one loan. Also, we are continuing to research the status of two 1981 loan applications to determine if loans resulted. As of June 30, 1997, \$227,812 were noted as available for additional loans; loan balances written off totaled \$616,267; and the balances of 23 outstanding loans were \$599,766. Two loan commitments totaling \$92,000 were in process; and four accounts were past due.

ARC has closely monitored grant accountability since 1990. In some instances, report adjustments have been made based on ARC review of these reports. Table D reflects grant accountability for the periods ending December 31, 1996, and June 30, 1997.

The RLF lending capacity, as determined from CCIDA reports, was \$808,911 as of December 31, 1996, and \$826,878 as of June 30, 1997. The lending capacity includes cash available for new loans and the balances of outstanding loans for which payments are anticipated.

In addition to the \$845,000 grant funds received from ARC, CCIDA reports noted program income (interest on loans and investment income) of \$787,444 from program start and expenses (RLF administrative expenses and set-aside to another RLF) of \$188,599 as of June 30, 1997.

Total loan disbursements of over \$5 million result from a turnover of loan principal and the addition of program income to the loan fund, resulting in loan disbursements in excess of six times the RLF capitalizations.

We also attempted to reconcile conflicting information with respect to loan disbursements. For example, a local media article of January 29, 1997, noted total loan disbursements of \$4,439,801. Although a time frame was not noted, we assume the amount was obtained from a CCIDA listing of individual loans prepared in January 1997 identifying 128 loans with a value of \$4,439,801. Our review disclosed that this listing was incorrect because it did not include about 11 loans with disbursements approximating \$560,000. For example, the list did not include 4 loans totaling \$355,000 that had been made essentially to CRIDC.

Although we could not clearly identify the reasons for the conflicting information, we believe the primary cause was attributable to different information being presented in CCIDA semiannual financial reports that provided cumulative summary data about the RLF and listings of individual loans.

However, we were unable to resolve a concern raised by an interested party about being provided substantially different information by CCIDA and ARC with respect to total loan disbursements as of June 30, 1996. The concern related to receiving information from ARC indicating 127 loans

valued at \$4,939,587 disbursed as of June 30, 1996, and CCIDA records indicating 105 loans valued at \$4,597,669 as of June 30, 1996. We were unable to locate any CCIDA records or reports reflecting 105 loans valued at \$4,597,669 as of June 30, 1996. Also, the information provided by ARC represented the loan data provided by CCIDA in their financial report through June 30, 1996. The CCIDA financial report for the period ending December 31, 1994, reported total loan disbursements of \$4,597,087. However, we could not determine if this report was a factor contributing to the reported disbursements of \$4,597,669 as of June 30, 1996.

In view of the differences noted in the individual loan listing of January 1997, we concluded that inconsistent information may also have been provided with respect to the status of the RLF on June 30, 1996.

As previously noted, our primary purpose and emphasis was to identify loan disbursements since program inception rather than attempting to reconcile inaccurate prior reports. For example, our reconstruction indicated that, as of June 30, 1996, 132 loans with values of \$4,951,411 had been processed. Attempting to reconcile these amounts with prior incorrect reports was deemed to be of limited value.

### Delinquencies and Defaults

#### --Defaults

As of June 30, 1997, 22 loans had been defaulted with write-off amounts totaling \$616,267. The last write-offs pertained to loans disbursed in 1993.

ARC summary data that is based on information supplied by the 29 grantees operating an ARC funded RLF indicates that, as of April 30, 1997, 961 loans had been approved since program start in 1977, with loan amounts totaling \$51.2 million. Write-offs were reported in 89 cases with \$2.1 million written off, or a 4.1 percent ratio of dollars written off as a percentage of dollars loaned.

The ratio of dollars written off as a percentage of dollars loaned by CCIDA is about 12 percent, based on loans totaling \$5.2 million and writeoffs of \$616,267. As of June 30, 1997, all write-offs pertained to loans made prior to 1994 with the largest write-offs applicable to loans made in late 1993 to Vinifera Partners (Woodbury Vineyards) and Jamestown Sterling.

ARC previously reviewed CCIDA actions and supporting documentation with respect to these write-offs and concurred with the action initiated by current management.

The write-off rate provides an indicator of performance; and based on the noted rate, this area needs continuing attention and emphasis. However, write-offs, as opposed to delinquencies, are largely a judgmental decision by local loan committees, especially with respect to the timing of write-offs. The comparative data should be used as an indicator rather than a definitive measure of program operations. Also, the RLF programs are established to provide a source of credit not available at regular lending institutions and, by definition, will include a higher degree of risk.

During our visit, we updated the status of recent loan write-offs including any continuing action to effect recoveries or repayments. In one case, CCIDA is continuing to try to locate the borrower who



had signed personal guarantees; but with the passage of time, this may not be achievable. In another case, the CCIDA was able to recover \$20,000 of the unpaid balance as a result of an equipment sale

With respect to the largest write-offs of \$139,402 pertaining to two loans of \$75,000 each to Jamestown Sterling in late 1993, actions are continuing to obtain the remaining asset (a fire damaged building) in order to make the site saleable and developable for the future. However, based on the extent of damage and cost of repairs, including environmental clean-up requirements, it was determined that the chances for recovering some of the loan funds were limited. Also, although liens were placed against the former owner in an amount to satisfy the two loan balances, recovery is not expected.

According to a June 15, 1993 internal CCIDA memorandum, a \$75,000 loan request from Jamestown Sterling Corporation was part of a \$1.2 million working capital financial package crucial to the survival of the furniture company and 248 current and 83 additional jobs with payroll approximating \$6.1 million. The \$75,000 loan was to be part of a \$200,000 permanent working capital component, while the remaining \$1,000,000 would be a line of credit to supplant part of the line of credit availability that the company's commercial lender had withdrawn from company use.

The memorandum indicates that the borrower had a \$6.5 million backlog of furniture orders; but that without working capital to buy lumber and pay wages, the company had been required to cut back production and lay off workers. It was hoped that the \$200,000 of working capital would secure the time necessary to keep the company operating until a new commercial lender could be secured.

An additional \$75,000 loan request had also been made by the borrower to the Southern Tier Economic Development Organization (STEDO); but this request was not approved by STEDO.

CCIDA then approved an additional \$75,000 loan to Jamestown Sterling.

Records and discussions indicate that the borrower became delinquent within a short period of loan closings. Officials said that one of the factors contributing to the continuing problem was that the borrower applied loan proceeds to pay off debt rather than restructuring debt to allow the loan proceeds to be used for working capital.

Consequently, the company closed and assets were liquidated in mid-1995 with the first creditor receiving the insurance proceeds resulting from a building fire and the limited recoveries from saleable assets in the destroyed building. As noted above, CCIDA is continuing attempts to obtain rights to the property. Also, CCIDA has agreed to participate with the State of New York in a study to determine environmental clean-up costs on the property in order to determine the feasibility of the property generating income for application against the loan write-offs.

Current CCIDA management is sensitive to loan write-offs and the write-off rate and has initiated actions, as noted in prior sections, to ensure loan application reviews are based on consideration of all available information. We have also recommended that, in situations where borrowers apply to different lending agencies within a similar time period, coordination between the lending agencies could be beneficial, especially with respect to identification of risk or concerns.

## --Delinquencies

As of June 30, 1997, five loans with balances approximating \$81,000 were identified as delinquent. During the period January 1 to June 30, 1997, actions had been initiated to reduce loans in a delinquent status from nine to five. The delinquent loans, as of June 30, 1997, include one that is being refinanced, two involving individuals filing bankruptcy, one that is expected to be current by September 1997, and one with some payment being received monthly. Collection action is continuing; and in one case, collateral will be auctioned. In four cases, the loans were closed prior to 1994.

## On-site Visit

We visited CCIDA on June 17 and 18, 1997, in order to obtain information about loan activity and accountability and to evaluate current loan administration practices. As of our visit, no additional loans had been approved or disbursed since the review by the ARC project coordinator in November 1996. Therefore, our on-site efforts were directed at reconciling loan activity and accountability, reviewing operating procedures, and reviewing available loan applications. Our work with respect to reconciliation of loan activity and financial records has been included in the Financial Reports section noted above.


Our review of three pending applications indicated that revised operating procedures were being implemented and that supporting documentation had been obtained to the extent required as of our review.

Recommendations were made in the following areas:

- The Loan Review Committee should be identified in CCIDA the RLF Operating Plan, including functions, responsibilities, and member criteria; and Loan Review Committee minutes should include identification of attendees.
- A \$150,000 asset identified on the CCIDA balance sheet as a set-aside to Southern Tier West Regional Planning Board (STWRPB) should be reclassified as an expense. The set-aside was essentially a contribution to STWRPB to help STWRPB establish an RLF in connection with a grant from the Economic Development Administration and to enlarge the loan target area to include Chautauqua County. The RLF is currently administered by the Southern Tier Economic Development Corporation (STEDO). Although the independent audit report indicates that CCIDA has the right to recall these funds if STEDO abandons the program, a review of agreements and discussions with CCIDA and STEDO officials disclosed no intention or requirement for this set-aside to be repaid. Consequently, we believe the assets are overstated by \$150,000.
- Coordination between CCIDA and STEDO should be increased with respect to loans and applications including similar borrowers. In four cases, CCIDA and STEDO made loans within a similar time frame; and the borrowers defaulted and/or are delinquent. However, we did not locate evidence as to coordination between the lending agencies with respect to dealing with the problems encountered.

Also, we noted different loan application review actions with respect to similar borrowers. For example, in one 1993 case, the STEDO loan review committee rejected an application as a poor credit risk; and CCIDA approved two loans to Jamestown Sterling for \$75,000 each, with one loan being for funds not approved by STEDO. Subsequently, the CCIDA loans were written off with an unpaid balance of about \$139,000. Although we recognize that there is an element of competition between lending agencies, we believe increased coordination between local RLFs would be beneficial to resolve problems and ensure consideration of all pertinent information.

- Coordination and controls should also be established to avoid duplication or inconsistent information when borrowers obtain funds from two RLFs. Loan approvals include requirements with respect to maximum loan amounts, ratio of jobs to loan value, and identification of jobs to be created. Currently, there are no controls in place to ensure that loan applications to different RLFs do not include the same information about job creation or that accurate information is available with respect to the overall ratio of job costs to job values and total loan amounts.
- The job survey form used by CCIDA should be revised to include baseline data from which to evaluate the extent of job creation. The form used noted job totals but did not reflect the number of employees already employed by applicants. Thus, it is difficult to identify actual increases based on the survey form.
- Consideration should be given to accelerating repayment of the approximate \$17,000 balance of a 10-year loan of \$75,000 initially made in 1987 to the Chautauqua Regional Industrial Development Corporation (CRIDC) with an interest rate of 1 percent. Although loan repayments are current, this recommendation is predicated on the questionable eligibility of this loan in that it was essentially made to a not-for-profit subsidiary of CCIDA for the purpose of establishing an incubator.
- We also noted a difference of \$18,280 between information noted in the CCIDA financial report and the annual independent audit report for the period ending December 31, 1996. CCIDA records noted a \$146,959 cash balance as available for loan commitments; whereas, the audit report noted a cash balance of \$128,677. Subsequent to our visit, the CCIDA submitted financial reports for the period ending June 30, 1997, that noted a corrected investment income amount. The adjustment should be attested during the independent audit for the period ending December 31, 1997.

  
Hubert N. Sparks  
Inspector General

Attachments  
Tables A-D

SUMMARY OF LOAN DISBURSEMENTS  
THROUGH JUNE 30, 1997  
CHAUTAUQUA COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY (CCIDA)

Year/Period	Number of Loans	Value	Cumulative Totals	
			Loans	Value
1978	8	\$190,400	8	\$190,400
1979	8	\$204,000	16	\$394,400
1980	9	\$248,030	25	\$642,430
1981	12	\$226,120	37	\$868,550
1982	11	\$539,400	48	\$1,227,950
1983	3	\$62,000	51	\$1,289,950
1984	10	\$444,200	61	\$1,734,150
1985	11	\$314,865	72	\$2,049,015
1986	5	\$138,640	77	\$2,187,655
1987	9	\$620,514	86	\$2,808,169
1988	8	\$405,600	94	\$3,213,769
1989	9	\$324,142	103	\$3,537,911
1990	3	\$130,000	106	\$3,667,911
1991	6	\$260,000	112	\$3,927,911
1992	1	\$50,000	113	\$3,977,911
1993	8	\$416,000	121	\$4,393,911
1994	5	\$265,000	126	\$4,658,911
1/1-6/30/95	2	\$75,000	128	\$4,739,911
7/1-12/31/95	2	\$150,000	130	\$4,883,911
1/1-6/30/96	2	\$67,500	132	\$4,951,411
7/1-12/31/96	4	\$215,000	136	\$5,166,411
1/1-6/30/97	0	\$0	136	\$5,166,411

SUMMARY OF LOANS DISBURSED THROUGH JUNE 30, 1997  
CHAUTAUQUA COUNTY INDUSTRIAL DEVELOPMENT AGENCY (CCIDA)<sup>1/</sup>

<b>Borrower</b>	<b>Loan Status</b>	<b>Loan Amount</b>	<b>Year Closed</b>
Acme Electric Corp.	Paid Off	\$50,000	1982
Afro-Lecon Industries #1	Written Off	60,655	1985
Afro-Lecon Industries #2	Paid Off	4,000	1985
Afro-Lecon Industries #3 <sup>2/</sup>	Written Off	10,000	1988
Al Tech Speciality Steel Corp.	Paid Off	50,000	1978
Allegany Roundwoods, Inc.	Written Off	25,000	1979
American Energy Resources	Paid Off	40,000	1978
Argentieri Brothers, Inc.	Paid Off	26,300	1985
Artone Manufacturing Co., Inc. #1	Paid Off	32,000	1985
Artone Manufacturing Co., Inc. #2	Outstanding	40,000	1994
Art's Wood & Metal Products <sup>3/</sup>	Outstanding	22,142	1989
A. Sams & Sons	Paid Off	11,200	1982
Barton Tool, Inc.	Outstanding	50,000	1996
Belknap Business Forms, Inc.	Paid Off	50,000	1984
Betty Dixon Candies, Inc.	Written Off	60,000	1990
Blackstone Business Enterprise	Outstanding	50,000	1996
Broadhead Mills, Inc.	Paid Off	27,920	1981
Brown & Brundige Enterprises	Paid Off	40,000	1988
Bush Industries, Inc. #1	Paid Off	30,000	1979
Bush Industries, Inc. #2	Paid Off	75,000	1985
Carlson Wood Products	Paid Off	50,000	1988
Cenedella Industries, Inc.	Written Off	10,000	1983
Chautauqua Circuits	Outstanding	40,000	1996
Chautauqua Hardware Corp. #1	Paid Off	50,000	1978
Chautauqua Hardware Corp. #2	Paid Off	75,000	1984
Chautauqua Lake Historic Vessels	Paid Off	20,000	1990
Chautauqua Lake Pottery	Written Off	7,800	1981
Chautauqua Manufacturing Co., Inc. #1	Paid Off	12,500	1981

Chautauqua Manufacturing Co., Inc. #2	Paid Off	23,200	1985
Chautauqua Vineyards (Chadwick)	Written Off	13,280	1980
Chautauqua Woods Corp.	Outstanding	40,000	1993
Cherry Creek Woodcraft, Inc.	Paid Off	12,500	1981
Cliffstar Corp.	Paid Off	50,000	1982
Crawford Furniture	Paid Off	75,000	1987
CRIDC	Paid Off	225,000	1987
CRIDC	Outstanding	75,000	1987
CRIDC-DG Graphics	Paid Off	35,000	1989
CRIDC	Paid Off	20,000	1989
D&F Pallet	Paid Off	12,000	1981
Dahlstrom Manufacturing Co. #1	Paid Off	39,000	1982
Dahlstrom Manufacturing Co. #2	Paid Off	15,610	1986
Dahlstrom Manufacturing Co. #3 <sup>4/</sup>	Paid Off	75,000	1988
Dahlstrom Manufacturing Co. #4	Paid Off	75,000	1994
Daniel Colwell	Outstanding	30,000	1993
Dawson Metal Co., Inc. #1	Paid Off	5,000	1979
Dawson Metal Co., Inc. #2	Paid Off	25,750	1980
Dawson Metal Co., Inc. #3	Paid Off	25,000	1985
Dawson Metal Co., Inc. #4	Paid Off	32,600	1988
De Lacerta Corp.	Written Off	36,000	1985
Dowcraft Corp. (D.C. Rollform)	Paid Off	16,000	1981
Dunkirk Aviation Sales & Service	Paid Off	5,200	1982
Dunkirk Ice Cream	Paid Off	50,000	1982
Dunkirk International Glass & Ceramics	Outstanding	75,000	1994
D.C. Rollform Corp. (Dowcraft)	Paid Off	75,000	1988
El Greco Woodworking, Inc.	Paid Off	16,840	1987
Elite Design International	Outstanding	50,000	1992
Energy Collectors, Inc.	Written Off	30,000	1979
Ernie Cowan Enterprises, Inc.	Written Off	50,000	1989

**Table B**  
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EZ Modular Office, Inc. #1	Paid Off	35,000	1991
EZ Modular Office, Inc. #2	Outstanding	50,000	1994
Fairbanks Farms, Inc.	Paid Off	30,000	1980
Falconer Glass Industries, Inc. #1	Paid Off	11,500	1978
Falconer Glass Industries, Inc. #2	Paid Off	35,000	1981
Falconer Glass Industries, Inc. #3	Paid Off	34,000	1984
Fancher Chair Co., Inc. #1	Paid Off	25,000	1981
Fancher Chair Co., Inc. #2	Paid Off	12,000	1983
Fancher Furniture Co., Inc. #1	Paid Off	10,000	1981
Fancher Furniture Co., Inc. #2	Paid Off	30,000	1982
Fancher Furniture Co., Inc. #3 <sup>5/</sup>	Outstanding	78,130	1986
Fitzpatrick & Weller, Inc. #1	Paid Off	50,000	1981
Fitzpatrick & Weller, Inc. #2	Paid Off	75,000	1987
Fitzpatrick & Weller, Inc. #3	Paid Off	50,000	1991
Forbes Wagner, Inc.	Paid Off	23,000	1986
Fraser Furniture, Inc.	Written Off	12,000	1981
Gren Co., Inc. (Arthur Gren)	Paid Off	50,000	1982
Gren Recycling, Inc. #1 (Mason)	Paid Off	50,000	1984
Growers Coop. Juice Co. #1	Paid Off	48,000	1980
Growers Coop. Juice Co. #2	Paid Off	75,000	1987
Hanson Sign & Screen	Outstanding	21,000	1993
Hope's Architectural Products #1	Paid Off	50,000	1984
Hope's Architectural Products #2	Paid Off	25,000	1984
Hope's Architectural Products #3	Paid Off	75,000	1989
Hope's Security Products	Paid Off	75,000	1988
Interior Factory, Ltd.	Written Off	30,000	1979
Jamestown Chair Co., Inc.	Written Off	30,000	1980
Jamestown Lounge Co.	Written Off	24,000	1979
Jamestown Mattress Co., Inc.	Outstanding	50,000	1996
Jamestown Plywood	Paid Off	43,200	1984

**Table B**  
**Page 4 of 5**

Jamestown Powder Coating, Inc.	Outstanding	17,500	1996
Jamestown Pre-Cast	Paid Off	21,000	1989
Jamestown Sterling Corp. #1	Written Off	75,000	1993
Jamestown Sterling Corp. #2	Written Off	75,000	1993
Jamestown Tooling & Machine	Outstanding	50,000	1995
Jerry Meyers (Powerdrives)	Outstanding	25,000	1994
John Wehrenberg	Paid Off	50,000	1990
Johnson Machine & Fiber #1	Paid Off	17,000	1984
Johnson Machine & Fiber #2	Paid Off	12,000	1986
J.A. Crolle, Inc.	Paid Off	50,000	1980
Legacy Furniture, Inc.	Paid Off	25,000	1995
Luminite Products, Inc.	Paid Off	15,000	1980
Mason Carvings, Inc.	Paid Off	25,000	1987
Mason (Gren) Recycling, Inc. #2	Paid Off	45,000	1987
Mastercarvers of Jamestown #1	Paid Off	10,000	1978
Mastercarvers of Jamestown #2	Paid Off	40,000	1983
Mastercarvers of Jamestown #3	Paid Off	75,000	1991
Mayshark Builders, Inc.	Paid Off	45,000	1989
Metaltech Manufacturing Corp.	Paid Off	41,000	1989
New Sun Tool, Inc.	Paid Off	9,900	1986
NOG, Inc.	Paid Off	5,000	1985
NYS 1979 Vinifera Partners	Written Off	75,000	1993
Palmer Air Motive, Ltd.	Paid Off	20,000	1982
Phoenix Metal Fabricating Co.	Paid Off	50,000	1984
Pro-Motion Energy Collectors	Paid Off	11,000	1978
Register Graphics, Inc.	Paid Off	12,500	1985
Resolve Manufacturing Co., Inc.	Written Off	50,000	1984
Robert Metzgar (King Machine)	Outstanding	25,000	1991
Royal Realty of Jamestown, Inc.	Paid Off	15,500	1978
Shadowdanner, Inc.	Outstanding	15,000	1989



SIM Industries	Paid Off	30,000	1979
Sonicstar International, Ltd.	Paid Off	60,000	1991
Southern Tier Racquet & Fitness	Paid Off	15,210	1985
STEDO	Paid Off	8,674	1987
Sterlingworth Corp.	Paid Off	30,000	1979
Stride Tool, Inc.	Paid Off	4,000	1982
Sunco Tool, Inc. <sup>6/</sup>	Paid Off	11,000	1980
Sunran Industries, Inc.	Written Off	25,000	1980
Superior Metal Manufacturing, Inc.	Written Off	15,000	1991
T&M Agri-Service	Written Off	5,400	1981
Triple E Manufacturing	Outstanding	75,000	1995
Ulrich Planfiling Equip. Corp. #1	Paid Off	2,400	1978
Ulrich Planfiling Equip. Corp. #2	Outstanding	75,000	1995
Union National, Inc.	Paid Off	50,000	1993
Universal Tooling Corp. #1	Paid Off	48,000	1988
Universal Tooling Corp. #2	Outstanding	75,000	1996
Westfield Republican	Written Off	50,000	1982
Westfield Timber Products, Inc.	Outstanding	50,000	1993
Loan Control Total	136	\$5,166,411	

**Notes:**

1/ The information presented represents a reconstruction of ARC records, including CCIDA reports and Chautauqua County Department of Finance information as well as CCIDA input with respect to loan activity.

Different interpretations are possible with respect to terminology and methodology used to identify loans. For example, in some instances, loans were recast and additional funds were provided. In such cases, a summary could reflect one loan with total value or multiple loans indicating the additional approvals. Where such actions were identified, we have arbitrarily considered the additional amounts to be part of the initial loan--e.g., Art's Wood and Metal Products, Fancher Furniture, etc.

Due to limited and/or conflicting details with respect to older loans, we do not attest to the data noted above. However, we believe the compilation represents the most accurate summary to date with respect to loan approvals since the inception of the program.

2/ The borrower also received two short-term promissory notes for \$10,000 and \$6,000 that were paid off.

3/ The initial loan of \$20,000 was restructured.

4/ The initial loan of \$50,000 was restructured.

5/ The initial loan of \$75,000 was restructured.

6/ The initial loan of \$9,600 was restructured.

SUMMARY OF LOANS WRITTEN OFF  
THROUGH JUNE 30, 1997  
CHAUTAUQUA COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY (CCIDA)

<b>Borrower</b>	<b>Year Closed</b>	<b>Loan Amount</b>	<b>Written Off</b>
Afro-Lecon Industries #1	1985	\$60,655	\$56,364
Afro-Lecon Industries #3	1988	10,000	5,000
Allegany Roundwoods, Inc.	1979	25,000	21,334
Betty Dixon Candies, Inc.	1990	60,000	60,000
Cenedella Industries, Inc.	1983	10,000	10,672
Chautauqua Lake Pottery	1981	7,800	2,999
Chautauqua Vineyards (Chadwick)	1980	13,280	10,620
De Lacerta Corp.	1985	36,000	16,538
Energy Collectors, Inc.	1979	30,000	25,658
Ernie Cowan Enterprises, Inc.	1989	50,000	41,752
Fraser Furniture, Inc.	1981	12,000	6,448
Interior Factory, Ltd.	1979	30,000	29,570
Jamestown Chair Co., Inc.	1980	30,000	18,093
Jamestown Lounge Co.	1979	24,000	14,600
Jamestown Sterling Corp. #1	1993	75,000	69,701
Jamestown Sterling Corp. #2	1993	75,000	69,701
NYS 1979 Vinifera Partners	1993	75,000	53,952
Resolve Manufacturing Co., Inc.	1984	50,000	28,086
Sunran Industries, Inc.	1980	25,000	20,958
Superior Metal Manufacturing, Inc.	1991	15,000	10,569
T&M Agri-Service	1981	5,400	2,861
Westfield Republican	1982	50,000	40,791
Loan Control Total	22	\$769,135	\$616,267

ARC RLF GRANT ACCOUNTABILITY  
CCIDA RLF

	<b>Per Revised CCIDA Report 12/31/96</b>		<b>Per CCIDA Report 6/30/97</b>	
Funds Received from ARC		\$ 845,000		\$ 845,000
Program Income				
--Interest on Loans	\$682,005		\$700,659	
--Investment Interest	<u>85,617</u>		<u>86,785</u>	
Total	\$767,622		\$787,444	
Less Program Expenses				
--Administrative Expenses	\$ 37,444		\$ 38,599	
--Set-off to STEDO	<u>150,000</u>		<u>150,000</u>	
Total	\$187,444		\$188,599	
Net Program Income		<u>\$ 580,178</u>		<u>\$ 598,845</u>
RLF Accountability		<u>\$1,425,178</u>		<u>\$1,443,845</u>
Distribution of RLF Accountability				
Reported Balances of Loans Outstanding		\$ 680,908		\$ 599,766
Cash Available for New Loans		<u>128,003</u>		<u>227,812</u>
Grantee Lending Capacity		\$ 808,911		\$ 827,578
Loans Reported as Written Off		<u>616,267</u>		<u>616,267</u>
RLF Proof of Accountability		<u>\$1,425,178</u>		<u>\$1,443,845</u>