



City Hall Room 005A  
30 Church Street  
Rochester, New York  
14614-1290

**June 20, 2013 REDCO Board of Directors Meetings Minutes**

**Directors Present:** Gary Bonadonna, Jr; Carlos Carballada; Sergio Esteban; Bret Garwood; James Genthner; Michelle Hutchinson; Barbara Jones; Brian Roulin; Dale Trott; Julio Vazquez; David Young;

**Staff Present:** Daisy Algarin; Karen Altman; Don Crumb; Esq; Beth Ehmann;

**Secretary Present:** David J. Balestiere

Carlos Carballada called the meeting to order at 12:36 p.m.

**I. Approval of Minutes:**

Michelle Hutchinson motioned to approve the March 15, 2013 REDCO Board of Directors minutes, seconded by Barbara Jones, and the minutes were unanimously approved.

**II. Approval of Minutes:**

David Young motioned to approve the April 15, 2013 REDCO Board of Directors minutes, seconded by Julio Vazquez, and the minutes were unanimously approved.

**III. Resolution: REDCO Management Fee Paid to the City of Rochester**

David Balestiere presented this resolution.

REDCO has been pay been paying a management fee to the City of Rochester since 2008. The fee has been \$75,000 per year, and is designed to reimburse the City for various City staff who manage and administer REDCO activities. These activities include legal services, credit/underwriting services, loan portfolio management, administration of books/records, as well as development staff who manage REDCO SBA 504/revolving loan projects as well as REDCO development projects. The fee was derived utilizing staff hourly rates.

It was determined recently that the City Law Department was being under-compensated by for the amount of work being done for REDCO. It was determined that the \$35,000 portion of the \$75,000 management fee being allocated to the City Law Department should be increased to \$70,000 based on an analysis provided by the Law Department. The new total annual fee will be \$110,000, with \$75,000 allocated to the City Law Department and \$40,000 allocated to the City Neighborhood & Business Development Department.

Sergio Esteban motioned to approve the resolution, seconded by David Young, and the resolution was unanimously approved.



#### **IV. Resolution – H&H Environmental Systems, Inc – SBA 504 Loan**

Beth Ehmann presented this loan request. The Directors reviewed a request for a \$152,000 SBA 504 loan (\$157,000 debenture amount).

H&H Environmental Systems, Inc (H&H) is an environmental chamber service provider specializing in calibration, service and installation of environmental chambers, cascade refrigeration systems, HALT (highly accelerated life testing)/HASS (highly accelerated stress screening) chambers, and low and ultra-low temperature refrigeration systems. The business was founded in 2001 by Howard C. Craig. The company currently leases 5,000 sq ft of space at 146 Halstead Street. H&H has outgrown this space and is acquiring an 11,400 sq ft building located 385 Adirondack Street.

The loan request is for \$152,000. The total project cost is \$380,000. The financing structure for the project will be: (1) Bank of Castile: \$190,000 first mortgage loan; \$152,000 SBA 504 loan and \$38,000 in equity. The SBA 504 loan will be secured by (a) \$152,000 second mortgage on the real estate located at 385 Adirondack Street (b) personal guarantee of Howard C. Cragg. Additional building renovations in the amount of \$69,600 will be funded by (1) \$15,000 City of Rochester building renovation grant (2) \$54,600 in equity.

Julio Vazquez motioned to approve the resolution, seconded by David Young, and the resolution was unanimously approved.

#### **V. Resolution – Caring and Sharing Daycare Center, Inc. – SBA 504 Loan**

Daisy Rivera Algarin presented this loan request. The Directors reviewed a request for a \$110,000 SBA 504 loan (\$113,000 debenture amount).

Caring and Sharing Daycare Center, Inc (C&S) is a day care center which currently leases 7,500 sq ft of space in a building located at 86- 90 Webster Avenue. C&S currently offers day care services for infants, toddlers, pre-schoolers, and school-age children. The Center also houses a non-profit program called Caring and Sharing Junior Academy Center, a year-round school-age educational enrichment program for youth ages 10-16. The business was founded in 1999 by Kimberly R. Roberson. C&S currently leases 7,500 sq ft of space in a building located at 86-90 Webster Avenue. The Junior Academy Center occupies the remaining 6,200 sq ft at 90 Webster Avenue. C&S is exercising the opportunity to purchase the entire building located at 86-90 Webster Avenue.

The loan request is for \$110,000. The total project cost is \$275,000. The financing structure for the project will be: (1) M&T Bank: \$137,500 first mortgage loan; \$110,000 SBA 504 loan and \$27,500 in equity in the form of a grant from the City of Rochester. The SBA 504 loan will be secured by (a) \$110,000 second mortgage on the real estate located at 86-90 Webster Avenue (b) personal guarantee of Kimberly R. Roberson.

David Young motioned to approve the resolution, seconded by Michelle Hutchinson, and the resolution was unanimously approved.

#### **VI. Resolution – Whitney Baird Associates, LLC - REDCO Revolving Loan Fund**

Karen Altman presented this loan request. Karen Altman presented this loan request. The REDCO Board of Directors reviewed a request for a \$500,000 loan from the REDCO revolving loan fund. The Directors also reviewed a request to subordinate an existing \$1,954,718 REDCO mortgage loan to new financing to be provided by M&T Bank.

Whitney Baird Associates, LLC (WBA) is a real estate holding company owned 40% owned by Fred J. Rainaldi, 40% owned by Richard J. Rainaldi, and 10% owned by Frederick R. Rainaldi. The Rainaldi's are long-time well-established real estate developers who have over 50 years of combined real estate development experience.

The Rainaldi's were the successful bidders at the 2008 NYS auction of the New York Army National Guard Armory facility located at 145 Culver Rd. The armory site consists of a 7.5 acre site which currently contains multiple structures. The Rainaldi's completed a \$15 million re-development of the property in late 2011. The main armory building is 80% occupied. Current tenants at the site include, Erdman Anthony and Associates, Alex and Ani, MRB Group, Boylan Code, LLP, Trata restaurant, and Alex and Ani.

With the completion of the first phase of the Culver Road Armory's restoration and re-development, WBA is proposing a phase two project, consisting of the restoration of an existing 10,000 sq ft building and the construction of a 31,000 sq ft new building. The completed 41,000 sq ft building will be designed to house a mix of premium office space and specialty retail use. The project budget is \$9,701,000, consisting of pre-development costs, construction/site work, tenant improvements, soft costs and construction contingency.

The loan request is for \$500,000. The loan will be a permanent mortgage loan which will fund and close upon the conversion of a new M&T construction loan to a permanent loan. The loan will have a 10-year term and a 20-year amortization. The loan interest rate will be fixed at 1%. The loan will be secured by: (a) fifth mortgage and assignment of leases/rents on the real estate located at 145 Culver Rd and 56 Hinsdale Street. The mortgage will be behind existing first and second M&T Bank mortgage loans for the Phase one project; new \$7,322,000 third M&T Bank mortgage loan for the Phase two project; existing REDCO \$1,954,718 fourth mortgage for the Phase 1 project (b) corporate guarantee of Rainaldi Brothers, Inc. (c) corporate guarantee of Graceland Enterprises, Inc. d/b/a Harmony (d) joint and several personal guarantees of Fred J. Rainaldi and Richard J. Rainaldi.

As part of the approval for the new \$500,000 REDCO loan, a request was made to the Directors to approve the subordination of the existing \$1,954,718 REDCO loan for the Phase one project to the new \$7,322,000 M&T Bank loan, moving the mortgage lien position on the property from third to fourth.

Sergio Esteban motioned to approve the resolution, seconded by Julio Vazquez, and the resolution was unanimously approved.

## VII. Other Business

Carlos Carballada requested that the recently formed Audit, Finance, and Governance Committees begin the process of convening their meetings. Mr. Balestiere was asked to assist in this process.

Bret Garwood advised the Board that REDCO would be working on and submitting a second application to the US Treasury for an allocation of New Market Tax Credits. The first application submitted by REDCO in 2011 was unsuccessful. Mr. Garwood also advised that no funding for consultant's assistance with the preparation of the second application would be needed.

The meeting was adjourned at 1:47 p.m.

ATTEST:

  
David J. Balestiere, REDCO Secretary