REDCO Rochester Economic Development Corporation

City of Rochester, NY

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

May 10, 2011 Board of Directors Meeting Minutes

Directors Present: Gary Bonadonna, Jr., Bret Garwood, Carlos Carballada, Sergio Esteban, Barbara Jones, Richard Mueller, David Rodriguez, Brian Roulin, Ruth Scott, Elaine Spaull, Dale Trott, Julio Vazquez, David Young

Staff Present: Carolyn Baker-Scott, Donald Crumb, Esq., Susan Holt, Sharon Langdon

Guest Present: Laura Landers, Freed Maxick & Battaglia, CPA's

Secretary Present: David J. Balestiere

Carlos Carballada called the meeting to order at 1:00 p.m.

I. Approval of March 9, 2011 Board of Directors Meeting Minutes

Julio Vazquez motioned to approve the March 9, 2011 REDCO Board of Directors minutes, seconded by Elaine Spaull, and the minutes were unanimously approved. NOTE: Ruth Scott was not present for this vote.

II. Presentation – REDCO September 30, 2010 Audited Financial Statements/Management Letter

Laura Landers, CPA and partner with Freed Maxick & Battaglia CPA's presented the REDCO financial statements and management letter for the FYE 9/30/10. Ms. Landers reviewed the opinion letter, statement of net assets, statements of revenues, expenses, changes in net assets, and statements of cash flows, and report on internal financial control. Ms. Landers also reviewed the Report to the REDCO Board of Directors (management letter). No material findings were noted.

III. Presentation: REDCO 9/30/10 Reports

David Balestiere made this presentation. REDCO is required each year to submit the following reports to the NYS Authority Budget Office:
Annual Report
Certified Audit Report
Budget Report
Investment Report
Mission Statement/Measurement Report

These reports are all as of REDCO's FYE September 30, 2010 and must be reviewed by the Board before being submitted to the ABO. Mr. Balestiere reviewed each report with the Board.

IV. Resolution – New REDCO Procurement Policy

David Balestiere presented this resolution. The resolution establishes a new procurement policy for all REDCO purchases. REDCO is required to have this policy as part of its compliance with the NYS 2009 Public Authorities Reform Act. The policy is based primarily on the City of Rochester's procurement policy.

Ruth Scott motioned to approve the resolution, seconded by Elaine Spaull, and the resolution was unanimously approved.

V. **Resolution – New REDCO Investment Policy**

David Balestiere presented this resolution. The resolution establishes a new investment policy for all REDCO's investments. REDCO is required to have this policy as part of its compliance with the NYS 2009 Public Authorities Reform Act. The policy is based primarily on the City of Rochester's investment policy.

Sergio Esteban motioned to approve the resolution, seconded by Dick Mueller, and the resolution was unanimously approved.

VI. **Resolution – Regional Distributors, Inc. or an Entity to be Formed – SBA 504 Loan**

Carolyn Baker-Scott presented this loan request. The REDCO Board of Directors reviewed a request for a $760,000 SBA 504 loan ($770,000 debenture amount). This is an increase from the $649,060 SBA 504 loan ($664,000 debenture amount) approved by the REDCO Board at the December 3, 2010 Board of Directors meeting.

Regional Distributors, Inc. (RDI) is a wholesale distributor of industrial, janitorial, restaurant and paper products.. The business moved into the City of Rochester in 2005, consolidating its operations in leased space at Lexington Avenue and Mt Read Blvd. In 2010, the company agreed to purchase the 54,340 sq. ft. warehouse facility which it currently leases located at 1143 Lexington Avenue. Additionally, RDI planned to build an 1840 sq. ft. office addition and build out a total of 3,492 square feet for office use. The original total project cost was $1,622,650, consisting of $1,222,650 for the purchase of the building, and $400,000 renovation costs. Due to higher building renovation costs ($785,396), the total project cost has been increased to $2,008,046. The reason for the increase is that the original architect on the project underestimated the projected costs to build the addition and complete the build-out.

The loan request is for $760,000 (increased from $649,060); the total project cost is $ 2,008,046 (increased from $1,622,650). Canandaigua National Bank will fund both the building purchase and renovation costs through a $1,710,000 construction loan (increased from $1,460,385). Permanent financing will be provided by a Canandaigua National Bank $950,000; $811,325 first mortgage loan (increased from $811,325); $760,000 SBA 504 loan (increased from $649,060); $40,000 in City of Rochester grants and $258,046 in equity (increased from $22,500). The SBA 504 loan will be secured by (a) second mortgage on the real estate located at 1143 Lexington Avenue. (b) personal guarantees of David and Tracy Scalen. If the SBA 504 loan is made to an entity to be formed, the loan will be additionally secured by the corporate guarantee of RDI.

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

VII. **Other Business**

David Young requested that the REDCO Board consider creating a new policy under which construction projects funded by REDCO (other than SBA 504 loans) be required to adhere to certain requirements. These include requirements to use local labor, utilize where possible disadvantaged workers, and use of City of Rochester resident workers. Carlos Carballada stated that REDCO staff would work on this matter.

The meeting was adjourned at 1:55 p.m.

ATTEST: _____

David J. Balestiere, Secretary