



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

July 28, 2011 REDCO Board of Directors Meeting Minutes

Directors Present: Gary Bonadonna, Jr., Carlos Carballada, Sergio Esteban, Bret Garwood, Barbara Jones, Richard Mueller, David Rodriguez, Elaine Spaul, Julio Vazquez, David Young, Jr.

Staff Present: Karen Altman, Carolyn Baker-Scott, Donald Crumb, Esq., Mark Fitzstevens, Susan Holt, Sharon Langdon, Telana Nieves

Secretary Present: David J. Balestiere

Carlos Carballada called the meeting to order at 1:08 p.m.

I. Approval of June 20, 2011 REDCO Board of Directors Minutes

Julio Vazquez motioned to approve the June 20, 2011 REDCO Board of Directors minutes, seconded by Elaine Spaul, and the minutes were unanimously approved.

II. July 18, 2011 Executive Committee Report

David Balestiere, Mark Fitzstevens, and Bret Garwood presented this report. The Executive Committee approved, effective July 18, 2011, a resolution which authorizes REDCO to establish any advisory boards necessary in connection with REDCO's 2011 New Markets Tax Application. Certain advisory boards will be necessary if REDCO's application is approved, and, the application requires that information regarding these committees be included with the application materials.

III. Resolution – Monroe School Transportation, Inc.- REDCO Revolving Loan Fund

Telana Nieves presented this loan request. The Directors reviewed a loan request for a \$250,000 loan from the REDCO revolving loan fund.

Monroe School Transportation (MST) began providing "yellow bus" service in 1986. The company was acquired in 1996 by DeCarolis Truck Rental, Inc. Founded in 1938, DeCarolis has a long history of providing high quality transportation services. MST's primary business consists of transportation of pre-kindergarten and special needs students for the Rochester City School District and Monroe County BOCES. The company also provides charter school bus services and shuttle bus services for local colleges and universities.

In July 2010, MST was awarded a 5-year contract with Monroe County to transport pre-kindergarten and special needs children for Monroe County BOCES and other County agencies. In support of the new contract, MST added 100 employees and 30 buses in 2010 and now needs to expand its facilities located on Emerson St. The project consists of the construction of a 9,380 sq ft addition to the company's facility and FF&E/soft cost expenditures of \$450,000.

The loan request is for \$250,000. The total project cost is \$ 1,700,000. M&T Bank will provide a \$1,250,000 mortgage loan and a \$200,000 term loan. The REDCO loan will be secured by a \$250,000 letter of credit issued by M&T Bank.



Sergio Esteban motioned to approve the resolution, seconded by Gary Bonadonna, Jr. Richard Mueller abstained due to the facts that he is employed by M&T Bank and M&T Bank is providing financing for the project. The remaining Directors voted to approve the resolution, and the resolution was approved by a majority of the Directors present at the meeting.

IV. Resolution – BRM Real Estate, LLC (Regional Distributors, Inc.) – SBA 504 Loan

Carolyn Baker-Scott presented this loan request. The Directors reviewed a request for a \$110,940 SBA 504 loan (\$114,000 debenture amount).

The REDCO Board previously approved a \$760,000 SBA 504 loan (\$777,000 debenture amount) at the May 10, 2011 Board of Directors meeting. At that meeting, the Board approved an increase in the SBA 504 loan from \$649,060 (approved at the December 3, 2010 Board meeting) to \$760,000 to finance additional renovation costs related to the project. This second loan replaces the increased amount of the SBA 504 loan, and is necessary in order for the borrower to reduce the amount of the SBA CDC fee from \$11,400 to \$1,700. This is due to the fact that the CDC fee on the loan approved in 2010 was waived under the US Small Business Administration Small Business Job Credit Act. This Act expired at the end of 2010, meaning that the loan approved at the May 2, 2011 meeting would require payment of the full CDC fee. The SBA has advised REDCO that, by approving a separate loan, the CDC fee would only be required on the second loan and not the original first loan.

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 plans to build an 1840 sq ft office addition and build out a total of 3,492 square feet for office use. The total project cost is \$2,008,046. .

The loan request is for \$110,940. The total project cost is \$2,008,046. Canandaigua National Bank will fund both the building purchase and renovation costs through a \$1,710,000 construction loan. Permanent financing for the entire project will be: Canandaigua National Bank \$950,000 first mortgage loan; \$760,000 in two SBA 504 loans; \$40,000 in City of Rochester grants and \$258,046 in equity. The first SBA 504 loan, in the amount of \$649,060, will be secured by (a) \$649,046 second mortgage on the real estate located at 1143 Lexington Avenue. (b) personal guarantees of David and Tracy Scalen (c) corporate guarantee of RDI. The second SBA 504 loan, in the amount of \$110,940 will be secured by (a) \$110,940 third mortgage on the real estate located at 1143 Lexington Avenue b) personal guarantees of David and Tracy Scalen (c) corporate guarantee of RDI.

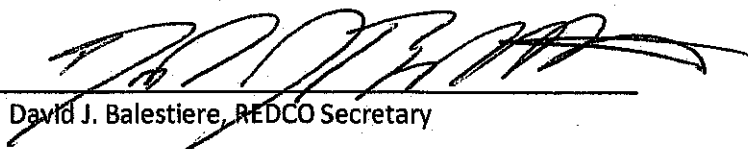
Elaine Spauld motioned to approve the resolution, seconded by David Young, and the resolution was unanimously approved.

VI. Other Business

David Balestiere reminded the Directors that the NYS ABO has made available certain dates/times for Directors to take the required Board member training on-line. These dates extend through December 31, 2011. Carlos Carballada asked Mr. Balestiere to contact the ABO to find out if REDCO can be allowed a grace period for the training extending beyond December 31, 2011 and if ABO will be providing on-line training dates in 2012. Mr. Carballada asked Mr. Balestiere to report his findings back to the Board.

The meeting adjourned at 1:30 p.m.

ATTEST:


David J. Balestiere, REDCO Secretary