



March 15, 2013 REDCO Board of Directors Meetings Minutes

Directors Present: David Brooks; Carlos Carballada; Bret Garwood; Jim Genthner; Michelle Hutchinson; Barbara Jones; Dana Miller; Brian Roulin;

Staff Present: Daisy Algarin; Don Crumb; Esq; Susan Holt; Richard Rynski,

Secretary Present: David J. Balestiere

Carlos Carballada called the meeting to order at 12:10 p.m.

Mr. Carballada invited Daisy Algarin to speak to the Directors regarding an SBA 504 loan project previously approved by the Board. In March 2012, the REDCO Board approved a \$100,000 SBA 504 loan for new building construction for El Pilon Criolo Corp. (the 504 loan was subsequently increased to \$113,720 in November 2012 due to higher project costs). El Pilon is a Hispanic restaurant located in leased space on N. Clinton Avenue. The \$285,870 project involves the construction of a 1500 square foot restaurant located at 969-971 N. Clinton Avenue. Construction and permanent financing is being provided by Upstate National Bank. Ms. Algarin announced that the closing of the Upstate National Bank financing, an important milestone in the Project, has been completed.

I. Approval of Minutes:

David Balestiere noted that the November 13, 2012 minutes will be amended to include the attendance of David Brooks. Barbara Jones motioned to approve the November 13, 2012 REDCO Board of Directors minutes, seconded by David Brooks, and the minutes were unanimously approved.

II. Resolution: 61 Commercial Street, LLC - REDCO Revolving Loan Fund Loan Modification

Richard Rynski presented this resolution.

61 Commercial Street, LLC (61 Commercial) is a real estate holding company which was formed by Norry Management Corp in 2005 to acquire the Old Trolley Barn building located at 61 Commercial Street in the High Falls area. The 54,000 sq ft building was originally constructed in 1888 to function as a trolley barn for Rochester's subway system. Over the years, the building has housed a variety of different businesses. In 2009, REDCO approved a \$1,000,000 loan for 61 Commercial as part of a financing package for \$6,000,000 renovation project to prepare the building for new office tenants. In 2009, Stantec Consulting Services, Inc signed a 10-year lease for 30,643 sq ft of space.

61 Commercial recently signed a lease with Brand Networks, Inc. for the remaining 15,000 sq ft of space in the building. Brand Networks plans to occupy the space in April 2013 with initially 75 employees moving to the space. The total project budget for the build-out for Brand Networks is \$900,000. Funding for the project will consist of new bank financing and remaining Restore NY state grant funds.

The existing REDCO loan is \$761,906 and is currently subordinated to a \$2,003,591 first mortgage loan provided by First Niagara Bank. REDCO is being asked by 61 Commercial to subordinate the existing REDCO loan to an additional mortgage loan of \$900,000 being provided by First Niagara Bank. Following completion of the Project and the application of the Restore NY funds, the new permanent mortgage balance will be \$700,000 in 2014. The new permanent mortgage will be a second mortgage, behind the existing \$2,003,591 first mortgage. The REDCO mortgage lien will move to a third lien position.

Jim Genthner motioned to approve the resolution, seconded by Dana Miller, and the resolution was unanimously approved.

III. Resolution – REDCO Audit Committee

David Balestiere presented this resolution.

Under the NYS Public Authorities Reform Act, REDCO is required to establish an Audit Committee to oversee certain matters and practices. The new REDCO audit committee will be comprised of three Directors. The initial Directors who will comprise the Audit Committee are: Brian Roulin, Dale Trott, and Jim Genthner. The Audit Committee will be responsible for activities such as:

- Overseeing the public accounting firm employed by REDCO to complete its audit and any necessary financial work
- Review and approval of REDCO's audited financial statements, management letter, report on internal controls and all other auditor communications
- Review of significant accounting and reporting issues, including complex or unusual transactions and management decisions, and recent professional and regulatory pronouncements, and understand their impact on the financial statements
- Review and discussion of any significant risks reported in the independent audit findings and recommendations for follow up pertaining to the same
- Oversight of internal auditing activities
- Oversight of REDCO's internal controls, compliance, and risk assessment practices
- Ensuring that REDCO has an appropriate confidential mechanism for individuals to report suspected fraudulent activities, allegations of corruption, fraud, criminal activity, conflicts of interest or abuse by directors, officers or staff or any other entity having business dealings with REDCO or breaches of internal control

REDCO's by-laws provide that the Board can designate from its members a standing committee provided that a majority of the entire Board approves a resolution. Present at the meeting were eight Directors. Ten Directors would be needed to authorize the resolution. Attorney Don Crumb advised that the resolution could be approved with 100% of the Board voting in favor in writing. The attending Directors were asked to sign and date the resolution and hand these approvals to Mr. Balestiere. Mr. Balestiere will follow up with a request to the remaining ten Directors who were not at the meeting to sign and date and return the resolution to him. The resolution will be approved once all 18 Director's written approvals have been obtained.

IV. Resolution – REDCO Finance Committee

David Balestiere presented this resolution.

Under the NYS Public Authorities Reform Act, REDCO is required to establish a Finance Committee to oversee certain matters and practices. The new REDCO Finance Committee will be comprised of three Directors. The initial Directors who will comprise the Finance Committee are: Ruth Scott, David Rodriguez, and Richard Mueller. The Finance Committee will be responsible for activities such as:

- Reviewing proposals for the issuance of debt by REDCO and making recommendations concerning such proposals to the board of directors
- Reviewing proposals relating to the repayment of debt or other long term financing arrangements by REDCO
- Reviewing REDCO's proposed annual operating budget for the upcoming fiscal year
- Annually reviewing REDCO's investment policy and evaluation of allocation of assets
- Review and recommendation to the board of directors' approval of REDCO's annual investment report
- Annually review REDCO's audit of investments as provided by independent auditors
- Review of the financial aspects of major proposed transactions, significant expenditures, new programs and services, as well as proposals to discontinue programs and services and making action recommendations to the Board of Directors
- Reviewing and recommending changes to REDCO thresholds for procuring goods and services and procurement policy
- Reviewing the scope and terms of REDCO's insurance policies and liability coverage on an annual basis

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V. Resolution – REDCO Governance Committee

David Balestiere presented this resolution.

Under the NYS Public Authorities Reform Act, REDCO is required establish a Governance Committee to oversee certain matters and practices. The new REDCO audit committee will be comprised of three Directors and two independent members who are not REDCO Directors. The initial Directors who will comprise the Governance Committee are: Barbara Jones, Gary Bonadonna, Jr, and Sergio Esteban. The Governance Committee will be responsible for activities such as:

- Keeping the board of directors informed of current best practices in corporate governance
- Reviewing corporate governance trends for their applicability to REDCO
- Updating REDCO's corporate governance principles and governance practices
- Advising REDCO on the skills, qualities, personal attributes, competencies, and professional or educational experiences necessary for board of director candidates
- Developing REDCO's governance practices and be sure those practices address:
 - Transparency
 - Independence
 - Accountability
 - Fiduciary responsibilities; and
 - Management oversight
- Develop, review on a regular basis, and update as necessary REDCO's code of ethics and written policies regarding conflicts of interest, equal opportunity, affirmative action, procurement of goods and services, disposition of assets, and whistle blowing, if REDCO chooses its own such policies and code rather than to adopt those of the City

- Develop and recommend any other policies or documents relating to the governance of REDCO, including rules and procedures for conducting business
- Recommend, when necessary, changes to the REDCO By-laws

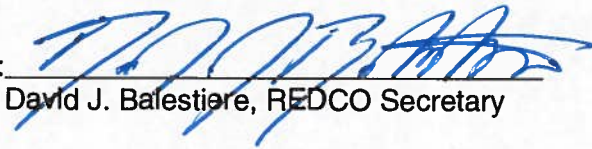
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VI. Other Business

None

The meeting was adjourned at 12:45 p.m.

ATTEST:



David J. Balestiere, REDCO Secretary