August 31, 2017 REDCO Board of Directors Meeting Minutes

Directors Present: Barbara Jones, Gary Bonadonna, Richard Mueller, Dale Trott, Michelle Hutchinson, Keith Cleary, Julio Vasquez, Kate Washington, Baye Muhammad, Charles Benincasa, Loretta Scott and Dana Miller.

Staff Present: David Balestiere, Tim Curtin and Corinne Palermo.

Guests Present: None

Secretary Present: Thaddeus Schofield

Baye Muhammad called the meeting to order at 12:11 pm

I. Baye Muhammad presented the meeting minutes from the July 27, 2017 Board of Directors meeting. Kate Washington motioned to approve the minutes, seconded by Gary Bonadonna, and the minutes were unanimously approved.

II. Resolution – Bylaw additions/amendments - Thad Schofield presented three REDCO bylaw additions/amendments. The first involves providing a written report to the Board for each state in which it has an outstanding SBA 504 loan. The second, board members are required to live and/or work in the area of operation (city of Rochester). The final addition, if a REDCO loan committee is formed, for US SBA loans, the loan committee may exercise authority of the board by limiting credit approval of $2,000,000. For loans of $1,000,000 to $2,000,000, the loan committee actions must be ratified by the Board of Executive Committee prior to debenture closing. Gary Bonadonna motioned to approve, seconded by Keith Cleary.

III. Resolution – Staach Inc. – David Balestiere presented this resolution. The Directors reviewed a request for a $313,296.40 SBA 504 loan.

The project consists of the renovation and related renovations and construction, and the purchase of equipment for a new location at 100 Carlson Road, Building
7 in Carlson Park. The equipment is being purchase for $783,241 while the renovations are $406,290.

The financing structure for the equipment consists of REDCO providing a $313,296.40 loan. ESL Federal Credit Union providing a $391,621.50 loan and equity of $78,324.10. The financing structure for the renovations consist of an SBA 7a loan for $365,661 and $40,629 equity.

The SBA loan will be secured by a second lien on the equipment being purchased behind ESL's first lien in the amount of $391,621.50. The loan will be additionally secured by an assignment of life insurance on the life of Seth Eshelman in the amount of at least $323,000. The loan will be personally guaranteed by Seth Eshelman.

Dana Miller motioned to approve the resolution, seconded by Kate Washington. Keith Cleary abstained from voting. The resolution was unanimously approved.

IV. Resolution – Intellimetal Inc. - David Balestiere presented this resolution. The Directors reviewed a request for a $1,060,000 SBA 504 loan and $300,000 REDCO loan.

The project consists of the purchase of the building located at 100 Holleder Parkway which consists of a 165,000 sq. ft. building situated on 6.5 acres currently owned by AJL Manufacturing (AJL). The project also consists of the purchase of assets of AJL with the intent to combine AJL and Intellimetal into one manufacturing business.

The real estate purchase price is $4,400,000, the equipment/machinery purchase price is $2,650,000, and the additional asset, inventory, goodwill, moving and closing costs are $4,950,000 for a total investment of $12,000,000.

The financing structure for the project for the real estate purchase consist of: Bank loan for $2,200,000; County SBA 504 loan for $1,760,000 and owner equity of $440,000. The financing structure for the asset purchase and project financing is as follows: Bank loan for $1,325,000; REDCO SBA 504 loan for $1,060,000 and equity of $265,000. The company asset purchase financing structure will be: Bank line of credit of $2,500,000, Bank loan for $1,000,000, sellers note for $1,000,000; REDCO Loan for $300,000 and City Loan for $150,000.
The SBA 504 loan will be secured by a second lien on equipment. The loan will also be secured by an assignment of like insurance on the life of Kimberly Lazzara Zapiach in the amount of $1,060,000. The SBA 504 loan will be guaranteed by Kimberly Lazzara Zapiach and Intellimetal, Inc.

The REDCO loan will be secured by a Commercial Bank Letter of Credit in the amount of $300,000.

Charlie Benincasa motioned to approve the resolution, seconded by Dana Miller, and the resolution was unanimously approved.

V. Resolution – SBA 504 job reporting requirement - Thad Schofield presented a policy for reporting job creation for the SBA 504 loan program administered by REDCO. Within this policy, REDCO will provide details of each project financed with an SBA 504 loan in its annual report: Name, loan number, loan issuance date, 504 approved amount, date jobs verified, created jobs, retained jobs and any subsequent difference between the two.

REDCO will ensure accurate data is reported, and make every effort to obtain the employment reports from borrowers.

Loretta Scott motioned to approve the resolution, seconded by Julio Vasquez, and the resolution was unanimously approved.

VI. Resolution – REDCO creating an accounting line for expenses and revenue incurred at Bulls Head Plaza located at 835-855 West Main Street – Thad Schofield presented this resolution and discussed the need to create an accounting line to pay all expenses and input revenue from rents received at Bulls Head Plaza.

Richard Mueller motioned to approve the resolution, seconded by Julio Vasquez, and the resolution was unanimously approved.

VII. Resolution - Law Department fee proposal - Tim Curtin presented the resolution for the City of Rochester's Law Department to receive one half of one percent of loans in excess of $50,000. This model was recently approved by City Council with respect to loans of City funds.

Gary Bonadonna motioned to approve the resolution, seconded by Loretta Scott, and the resolution was unanimously approved.
VIII. Discussion on Melles Griott - Thad Schofield discussed with the Board that Melles Griot will be leaving 55 Science Parkway at the end of their lease. REDCO currently leases the building to Melles Griot. The Board agreed to discuss options for the building after further research was provided.

IX. Other Business - Thad Schofield discussed REDCO programs status/balances.

The meeting was adjourned at 1:22 pm.

ATTEST: 
Thaddeus S. Schofield, REDCO Secretary