



November 13, 2012 REDCO Board of Directors Meetings Minutes

Directors Present: David Brooks; Carlos Carballada; Sergio Esteban; Michelle Hutchinson; Barbara Jones; Dana Miller; Richard Mueller; David Rodriguez; Dale Trott; Julio Vazquez;

Staff Present: Karen Altman; Thad Schofield

Secretary Present: David J. Balestiere

Carlos Carballada called the meeting to order at 3:05 p.m. Mr. Carballada welcomed new Director David Brooks to his first board meeting.

I. Approval of Minutes:

Dana Miller motioned to approve the August 23, 2012 REDCO Board of Directors minutes, seconded by Dale Trott, and the minutes were unanimously approved.

II. September 24, 2012 Executive Committee Report

David Balestiere presented this report.

On September 24, 2012, the REDCO Executive Committee approved a resolution which authorizes REDCO approve an increase in a previously approved SBA 504 loan and debenture for Premier Sign Systems, LLC. The Board approved a \$314,000 504 loan and related \$314,000 debenture for "an entity to be formed" at the September 26, 2011 Board of Directors meeting. The project, consisting of the acquisition/renovation of an existing industrial building at 10 Excel Drive, was completed in 2012. The company decided not to form a real estate holding company and have the operating company be the loan borrower. Since the 504 application was approved for "an entity to be formed", the SBA asked that the application be corrected to reflect the new borrowing entity. Additionally, the level of SBA fees associated with the 504 program were increased since the original loan approval, necessitating an increase in the debenture amount.

III. November 2, 2012 Executive Committee Report

David Balestiere presented this report.

On November 2, 2012, the REDCO Executive Committee approved a resolution which authorizes REDCO to increase in a previously approved SBA 504 loan and debenture for El Pilon Criollo Corp. The Board approved a \$100,000 504 loan and related \$103,000 debenture for El Pilon Criollo Corp. at the March 22, 2012 Board of Directors meeting. The project consisted of the construction of a new restaurant building to be located on N Clinton Avenue. Following the loan approval, new construction cost estimates were done which increase the cost of the project, necessitating an increase in the project financing. To accommodate the higher project costs, the 504 loan amount and associated debenture needed to be increased to \$113,720 and \$117,000 respectively.

III. Resolution – Lease Extension: CVI Laser, LLC- 55 Science Parkway

Thad Schofield presented this resolution. The Directors reviewed a resolution authorizing REDCO to amend an existing lease agreement with CVI Laser, LLC for a manufacturing facility owned by REDCO located at 55 Science Parkway.

In 1989, REDCO built a 31,878 square foot manufacturing facility on 3.6 acres of land owned by the City of Rochester at 55 Science Parkway. The facility is located in the City's Rochester Science Park, a 55-acre technology manufacturing park located in the southwest quadrant of the city of Rochester. The facility was built specifically for Melles Griot, predecessor to CVI Laser, LLC. REDCO utilized COMIDA industrial revenue bond financing for the construction, leased the facility from COMIDA, and subleased the facility on a 20-year agreement with Melles Griot. With the retirement of the COMIDA debt in 2009, the facility ownership reverted to REDCO. CVI Laser, LLC, which had purchased Melles Griot in 2007, became the building tenant. In June 2011, CVI Laser, LLC was acquired by IDEX Corporation.

The original sub-lease between REDCO and Melles Griot was for a 10-year term, expiring on 11/20/2000, at a rate of \$8.50/ sq ft triple net. The sub-lease also contained two 5-year extension options. In November 2010, REDCO agreed to modify and extend the sub-lease with CVI Laser, LLC for two years at a reduced rental rate of \$6.50/sq ft triple net. In 2012, CVI Laser, LLC requested an extension of the sub-lease at a reduced rental rate. After appropriate due diligence by City staff, REDCO offered to: (1) extend the sublease term to 11/30/13 (2) reduce the rental rate to \$6.00/ sq ft triple net (3) amend the sublease to allow for two additional 6-month extensions.

Barbara Jones suggested that REDCO staff work an action plan for re-marketing the building should CVI Laser, LLC ultimately decide not to renew their sublease with REDCO. Thad Schofield advised that he would work on this.

Sergio Esteban motioned to approve the resolution, seconded by Barbara Jones, and the resolution was unanimously approved.

IV. Report – Beth Ehmann Salary Adjustment

Karen Altman presented this report.

Beth Ehmann is an employee of REDCO. She was hired in 1995 and works on a part-time basis. In addition to her work as administrator of the city of Rochester's Empire Zones programs, Ms Ehmann also does project management work for the City's Bureau of Business and Housing Development. Ms Ehmann's compensation is tied to the city of Rochester ATP employee salary schedule. City ATP employees have received certain pay increases recently, so Ms. Ehmann's salary schedule needs to be adjusted.

This report was originally presented as a resolution for approval by the Board. However, several Directors argued that this matter is an administrative issue which should be handled by REDCO management staff and then subsequently reported to the Board. Therefore, at the suggestion of the Board, the resolution was not voted on and the Board accepted the information as a report.

V. Resolution- Re-Programming of Restricted Fund Accounts

David Balestiere presented this resolution. The Directors reviewed a resolution which authorizes the re-programming of certain net asset accounts which are no longer active and the closing of these net asset accounts.

REDCO's assets are distributed among 13 separate restricted and non-restricted net asset accounts. Three of these accounts are no longer active: Upper Falls Mall Operation; Business Ownership Training Program; Arts & Cultural Marketing. Chris Pragle, accountant for the City of Rochester who oversees REDCO accounting had suggested that these accounts be re-programmed to reduce the amount of accounting and reporting for REDCO.

The Upper Falls Shopping Center was sold by REDCO in 2008. Certain funds were retained for post-closing expenses, however, these expenses have been paid. The Business Ownership Training Program was a series of workshops run by third-party professionals designed to assist entrepreneurs interested in starting a business. One session was held, however, REDCO staff ultimately determined that there are enough other agencies currently offering these types of programs and that this negated the need for REDCO to offer this program. The Arts & Cultural Marketing program was established in 2008 to administer \$100,000 in funds to be paid to local marketing firms to promote the city of Rochester's arts and cultural assets. The funds have been expended at this point. The total of \$75,491.85 in cash balances in the three funds will be transferred to the REDCO Revolving Loan Fund account.

Dana Miller motioned to approve the resolution, seconded by Richard Mueller, and the resolution was unanimously approved.

VI. Other Business

None

The meeting was adjourned at 4:05 p.m.

ATTEST:


David J. Balestiere, REDCO Secretary