



August 29, 2018 REDCO Board of Directors Meeting Minutes

Directors Present: Barbara Jones, Michelle Hutchinson, Julio Vasquez, Dana Miller, Dale Trott, Sergio Esteban, Richard Mueller, Baye Muhammad, Willie Lightfoot, Rosiland Brooks-Harris, Lovely Warren, Jennifer Berrios

Staff Present: Alex Yudelso, Tim Curtin, Stephanie Pierce, Patrick Flanigan, Amy Ventura, Charis Phelps, Lomax Campbell, Eric Van Dusen, Henry Fitts, Horace Allen, Brad Willows, Corinne Palermo, Matt McCarthy and Aubrey Gubrey.

Guests Present: Mary Coffee and Dorothy Parin.

Secretary Present: Thaddeus S. Schofield

Baye' Muhammad called the meeting to order at 12:03 pm

- I. Baye Muhammad presented minutes from June 28, 2018 Board of Directors meeting. Sergio Esteban motioned to approve the minutes, seconded by Dale Trott, and the minutes were unanimously approved.
- II. Lovely Warren, presented the REDCO Catalytic Predevelopment Loan Fund. She discussed the lack of lending to small businesses in neighborhood commercial corridors and the effort of a City of Rochester and Bank partnership to collaborate and attract investment to commercial corridors and businesses. Other intended outcomes include building a larger pipeline of qualified businesses, enhancing small business technical assistance and build a stronger ongoing partnership with banks.

The collaboration includes ten banking institutions from the Greater Rochester region. The initiative is being led through the City of Rochester's Innovation Team and Business Development Department working together to coordinate efforts. The City's Commercial Corridor Study, led by Eric Van Dusen from the City's Business Development Department, will be utilized to collect data which will be utilized to further the loan fund and is anticipated to be completed in December 2018.



The proposed loan fund will be held and administered by REDCO and may be used by private and nonprofit developers and building owners. Loans will be rolled into long term project financing. Anticipated average loan size is \$250,000., with repayment terms up to 48 months and anticipated 4-5% interest rate. a loan loss reserve is being explored to mitigate risk. An advisory committee with bank participation is also being explored.

- II. Resolution – Approval of extension between REDCO and KIVA Rochester through August 31, 2019. KIVA loans to businesses may be between \$1,000 to \$10,000 per applicant. As of August 29, 2018, KIVA disbursed \$76,700 through REDCO and \$20,810 has been repaid. Current loans include \$55,889 and \$44,100 currently exist in the bank account. Of the loans made, none are in default, however, 9 are delinquent.

Modifications to the programs have been made to include businesses being in operation for two years. This will assist in decreasing risk associated with loan funds to start-up organizations.

KIVA has proposed a one year agreement extension following the first year of August 31, 2018. The extension would last until August 31, 2019. Julio Vasquez motioned to approve the resolution, seconded by Sergio Esteban, and the resolution was unanimously approved.

- III. Resolution - Appoint Rosiland Brooks-Harris as a REDCO Board member and REDCO Treasurer. Following Charles Benincasa's retired, Rosiland Brooks-Harris was promoted to the position of Finance Director for the City of Rochester. The position of Finance Director for the City, fills the role as Treasurer for REDCO.

Dana Miller motioned to approve the resolution, seconded by Keith Cleary, and the resolution was unanimously approved.

- IV. Resolution – Solada, LLC – Horace Allen presented this resolution. The Directors reviewed a resolution to approve a \$89,000 loan from the REDCO revolving loan fund and a \$30,000 grant from the Philip J. Banks program.

The project consists of the building acquisition, renovation and FF&E purchases for the property at 815-819 S. Clinton Avenue. The development project consists of a mixed used building with three residential units. An incoming commercial

development will be occupied by African Authentic Cuisines after leasehold improvements are completed. The economic development benefits of the development project include the retention of 2 employees and the three year projected job creation of 6 individuals.

The total project is \$314,000. The financing structure for the project will be: (1) REDCO: \$89,000 loan (2) REDCO Philip J. Banks grant in the amount of \$30,000 (3) Visions FCU loan in the amount of \$95,000 4) Equity of \$100,000. The REDCO loan will be secured by a second collateral mortgage lien on the subject property at 819 South Clinton Avenue for \$89,000 behind a first mortgage lien held by Visions Federal Credit Union in the amount of \$95,000. Personal guarantees will be provided by Himicael Gebre and Zeray Iname.

Sergio Esteban motioned to approve the resolution, seconded by Michelle Hutchinson, and the resolution was unanimously approved.

- V. Resolution – 550 East Main Street, LLC (Envative). Matthew McCarthy presented this resolution. The Directors reviewed a resolution to approve a \$360,000 SBA 504 loan and \$15,000 City of Rochester Business Development Financial Assistance Program grant.

The project consists of the purchase of a building by a to-be-formed real estate holding company, 550 East Main, LLC, for the acquisition of the property. Envative, a software development and support company, will occupy the space and retain its current 22 employees, and projects to create an additional 6 employees within the next 3 years.

The total project is \$900,000. The financing structure for the project will be: 1) Genesee Regional Bank loan for \$450,000 2) REDCO/SBA 504 Loan for \$360,000 3) City of Rochester Business Development Financial Assistance Program grant in the amount of \$15,000 4) Equity in the amount of \$75,000. The REDCO/SBA loan will be secured by a second collateral position on the facility at 550 East Main Street, and be personally guaranteed by Craig Lamb and David Mastrella.

Sergio Esteban motioned to approve the resolution, seconded by Keith Cleary, and the resolution was unanimously approved.

- VI. Resolution - Botana Realty, LLC (Gentle Dental Care of Rochester, PC). Horace Allen presented this resolution. The Directors reviewed a resolution to approve a \$82,000 REDCO Revolving loan and a \$40,000 Philip J. Banks grant.

The project consists of renovations to the facility at the property found at 295-299 Monroe Avenue for a dentistry office. The economic development benefits include the retention of 12 positions and the three year projected job creation of 2 additional employees.

The total project is \$556,400. The financing structure will be: 1) Bank of America Loan in the amount of \$250,760 2) REDCO Revolving Loan for \$82,000 3) REDCO Philip J. Banks grant in the amount of \$40,000 4) Equity in the amount of \$183,640. The REDCO loan will be secured by a second mortgage lien on the subject property at 295 Monroe Avenue behind a first mortgage lien held by Bank of America in the amount of \$656,000. The REDCO loan will be personally guaranteed by Manuel Botana.

Dale Trott motioned to approve the resolution, seconded by Michelle Hutchinson, and the resolution was unanimously approved.

- VII. Presentation of Potential Development Project involving Vigneri Chocolate, Inc. Matthew McCarthy discussed his work with Vigneri Chocolate and how the development may include a potential SBA 504 loan. The company is a long time city business whom the City/REDCO are trying to assist.

- VIII. Financial Overview/Next Meeting - Thad Schofield discussed updates of current REDCO programs.

The board was informed the next meeting will be held in October with a date to be announced soon.

The meeting was adjourned on 1:36.

ATTEST: _____


Thaddeus S. Schofield, REDCO Secretary