



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

October 26, 2016 REDCO Board of Directors Meeting Minutes

Directors Present: Charles Benincasa; Gary Bonadonna; Barbara Jones; Sergio Esteban; Dave Young; Michelle Hutchinson; Kate Washington; Baye Muhammad; David Rodriguez; Richard Mueller; Loretta Scott

Staff Present: Dave Balestiere; Tim Curtin; Susan Holt, Anne Dasilva Tella and Raul Salinas

Guests Present: None

Secretary Present: Thaddeus S. Schofield

Baye' Muhammad called the meeting to order at 12:05 pm

- I. Thaddeus Schofield presented minutes from August 31, 2016 Board of Directors meeting. Michelle Hutchinson motioned to approve the minutes, seconded by Kate Washington, and the minutes were unanimously approved.
- II. Resolution – 183 East Main St LLC – Anne Dasilva Tella presented this resolution. The Directors reviewed a request for a \$2,000,000 REDCO Revolving Loan.

The project consists of the purchase and redevelopment of property located at 181-187 East Main Street (Alliance Building). In May, 2015, 183 East Man St, LLC acquired the real estate to rehabilitate the building into a residential mixed-use facility with 25,000 square feet of commercial space, and 130 one and two bedroom apartments. The apartment will consist of 79 one-bedroom units; 4 one-bedroom plus den units; 35 two-bedroom units; and 12 two-bedroom plus den units. Twenty percent of the residential units will be affordable to households with income under 120% of the medium family income (MFI) with half of those units to be rented to households with income under 80% MFI. The total estimated project cost is \$22,500,000.



The financing structure for the construction phase will consist of a \$13,900,000 loan from CPC Construction, \$1,310,000 from Federal and State HTC Equity; a City of Rochester loan for \$1,000,000, REDCO loan in the amount of \$2,000,000 and developer equity of \$4,290,000.

The permanent structure will involve a CPC permanent loan in the amount of \$13,900,000, Federal and State HTC equity for \$5,260,000; and developer equity in the amount of \$3,340,000.

The project consist of the acquisition of real estate for \$1,300,000, construction costs of \$19,600,000 and soft costs of \$1,600,000.

The \$2,000,000 REDCO loan will have a 30 month term and will be payable interest only monthly at 3.0%, with a closing Fee of 1.0% (\$20,000). The loan will be paid off with equity proceeds from the sale of HTCs and will be paid down first (before the City loan) with the HTC equity proceeds.

The REDCO loan will be secured with a first position assignment of \$2.0 million of the HTC equity that will be received by the developer for the project. A second mortgage and an assignment of rents and leases on the property located at 181-187 East Main Street behind the CPC first mortgage loan in the amount of \$13.9 million, with a maximum combined LRVR of 90% (including the CPC and REDCO RLF loans). The loan will not be restricted by the first lien holder with a subordination of payment, claim or prohibition on REDCO's ability to commence legal action in the case of a loan default. It will also be personally guaranteed, jointly and severally by DHD Ventures Capital, LLC., the Robert Morgan Limited Partnership IV, Thomas Masaschi, Jason Teller, and Robert C. Morgan.

Michelle Hutchinson motioned to approve the resolution, seconded by Kate Washington, and all approved. Dave Young abstained.

- III. Resolution – Ultra Tool and Manufacturing, Inc. (J.S. Enterprises, LLC is the real estate owner). David Balestiere presented the resolution. The Directors reviewed a request for a \$224,340 (net \$230,000 including gross debenture) SBA 504 loan.

Ultra Tool and Manufacturing, Inc., was started in 1989 by James Schmeer (50% owner) and Daniel Herzog (50% owner). Ultra Tool is a tool and die company with capabilities including: CNC milling and turning; surface and cylindrical grinding; welding; wire electrical discharge and sheet metal fabrication. Along

with machining services, Ultra Tool also provides product development capabilities consisting go concept drawings and prototype/model work.

The project consists of the purchase and renovation of the building located at 157-165 and 175-185 LaGrange Avenue which consists of a 22,000 sq. ft. building situated on 2.13 acres.

The financing structure for the project will be: M&T Bank first mortgage for \$280,245, SBA 504 loan in the amount of \$224,340 (\$230,000 net including gross debenture) and \$56,085 in equity.

The term of the \$224,340 SBA 504 loan will be 20 years, with principal and interest payment based upon an amortization schedule calculated by Wells Fargo at the time of debenture funding. The loan will be secured by a second mortgage and assignment of rents and leases on the real estate located at 157-165 and 175-185 LaGrange Avenue, Rochester, New York, behind the M&T Bank permanent first mortgage in the amount of \$280,425. The loan will be guaranteed by James M. Schmeer and Ultra Tool and Manufacturing, Inc. and also secured by an assignment of life insurance on the life of James M. Schmeer in the amount of \$230,000.

Michelle Hutchinson motioned to approve the resolution, seconded by Dana Miller and approved by all. Richard Mueller abstained.

- IV. Discussion regarding MWSDBE Goals – A dialog to determine if REDCO should utilize similar or the same minority, women, small and disadvantaged business enterprises as the City of Rochester.

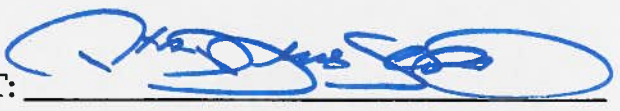
It was discussed that perhaps specific language for veterans also be included. The board felt MWSDBE goals should be considered and could be beneficial.

The board will further review at December's REDCO Board meeting.

- V. Other Business

It was discussed that a floor should be paced on REDCO's total investments towards development projects. Also, to potentially diversify the types of projects REDCO assists. Lastly, to possibly seek investment guidance.

The meeting was adjourned at 1:30 pm.

ATTEST: 
Thaddeus S. Schofield, REDCO Secretary