



December 20, 2013 REDCO Board of Directors Meetings Minutes

Directors Present: Gary Bonadonna; David Brooks; Carlos Carballada; Sergio Esteban; Barbara Jones; Richard Mueller; David Rodriguez; Brian Roulin; Ruth Scott; Dale Trott; David Young;

Staff Present: Daisy Algarin; Karen Altman; Don Crumb; Esq; Sue Holt; Thad Schofield;

Guests Present: Thomas Bonadio-The Bonadio Group; Theresa Mazzullo-Excell Partners, Inc; Patrick Clancy-Freed Maxick & Battaglia CPA's; Joe Finicchia- Freed,Maxick & Battaglia CPA's

Secretary Present: David J. Balestiere

Carlos Carballada called the meeting to order at 3:05 p.m.

Prior to the commencement of the meeting, David Balestiere advised the Board that this meeting would be Carlos Carballada's last Board meeting. Mr. Balestiere presented Mr. Carballada with a plaque recognizing Mr. Carballada for his seven years of service to the Board.

I. Presentation: Impact Capital Fund – Excell Partners, Inc/Bonadio Group

Carlos Carballada introduced Theresa Mazzullo (Excell Partners) and Thomas Bonadio (The Bonadio Group). Mr. Carballada stated that he had been contacted by Ms. Mazullo about the possibility of REDCO becoming an investor in the Impact Capital Fund as a way to provide economic development funding to early-stage companies.

Ms. Mazullo and Mr. Bonadio made a presentation to the Board on the Impact Capital Fund. Excell Partners is a regional economic development venture capital firm established in partnership with the University of Rochester and New York State. The Bonadio Group is a regional accounting and consulting firm located in Rochester NY. Impact Capital is a new fund being established to be managed by both firms. The \$50 million fund will be focused on early-revenue and seed-stage companies in Upstate NY. The fund will help to offset the general lack of available venture capital money for businesses in Upstate New York.

Mr. Carballada suggested that the Board engage in further review and study of the Impact Capital Fund to determine if REDCO should make an investment.

II. Approval of Minutes: November 22, 2013 Board of Directors Meeting

Dave Young motioned to approve the November 22, 2013 REDCO Board of Directors minutes, seconded by Ruth Scott, and the minutes were unanimously approved.

III. Resolution: Accurate Tool & Die, LLC – SBA 504 Loan

Thad Schofield presented this resolution. The Directors reviewed a request for a \$238,700 SBA 504 loan (\$246,000 debenture amount).

Accurate Tool & Die (ATD), established in 2010, is a job shop specializing in high-speed machining, fabrication and assembly of component parts. The company is acquiring the assets of AAA Welding and Fabrication of Rochester (AAA) and real estate affiliate 1085 Lyell Ave, LLC. AAA is a well-established business specializing in welding and fabrication of steel and aluminum products for commercial businesses. AAA was founded in 1983, and the current owners are retiring and selling the business. The owners of ATD are Steve Drewiega, Mark Drewiega, and Sam Dinch. AAA will complement ATD existing business by adding welding and fabrication services, allowing ATD to offer a greater array of services to existing and new customers.

The loan request is for \$238,700. The total project cost is \$1,200,000. The \$682,000 in total SBA 504 project financing will provide financing for the acquisition of equipment and real estate. In addition to the SBA 504 financing, additional funding in the amount of \$518,000 will be provided through new bank financing, seller debt, and equity. The SBA 504 financing structure for the project will be: (1) ESL Federal Credit Union: \$341,000 first mortgage loan; \$228,700 SBA 504 loan and \$102,300 in equity. The SBA 504 loan will be secured by (a) \$228,700 second mortgage on the real estate located at 1085 Lyell Avenue (b) second lien (behind ESL Federal Credit Union) on the equipment being acquired with the loan proceeds (c) three separate second position (behind ESL Federal Credit Union) collateral security mortgages on the personal residences of Mark Drewiega, Sam Dinch, and Gene Lippa (d) assignment of a total of \$246,000 in life insurance on the lives of Steven Drewiega, Mark Drewiega, Sam Dinch, and Gene Lippa (e) joint and several personal guarantees of Steven Drewiega, Mark Drewiega, Sam Dinch, and Gene Lippa.

Ruth Scott motioned to approve the resolution, seconded by Sergio Esteban, and the resolution was approved by 10 of the Directors present. David Brooks abstained from voting as he is an employee of ESL Federal Credit Union.

IV. Resolution: American Specialty Company, Inc. – SBA 504 Loan

Daisy Algarin presented this resolution. The Directors reviewed a request for a \$120,000 SBA 504 loan (\$124,000 debenture amount).

American Specialty Company, Inc. (ASC) is a specialty sauce producer founded in 1983 by Eddie L. Harris, Jr. The company's primary product is called Boss Sauce and is distributed to retail stores in Rochester, with limited distribution in Buffalo and Syracuse. The sauce was a home-developed recipe that Mr. Harris began serving at a restaurant he owned. Due to the demand for the sauce, Mr. Harris formed ASC to produce and market the sauce for sale in retail stores.

ASC is seeking to broaden the distribution of its product and requires new production equipment which will be more efficient than its existing equipment and which will also allow for specialized product offerings. This equipment will consist of new bottling and labeling equipment. The new equipment will allow ASC to better penetrate retail markets including supermarkets, mass retailers, and membership warehouse retail stores.

The loan request is for \$120,000. The total project cost is \$300,000. The financing structure for the project will be: (1) First Niagara Bank: \$150,000 term loan; \$120,000 SBA 504 loan, and \$30,000 in equity. The SBA 504 loan will be secured by (a) second lien on specific equipment being purchased (b) assignment of \$124,000 in life insurance on the life of Eddie L. Harris, Jr. (c) personal guarantee of Eddie L. Harris, Jr.

Sergio Esteban motioned to approve the resolution, seconded by David Young, and the resolution was unanimously approved. NOTE: Dale Trott was not present for this vote.

V. Presentation: REDCO FYE 9/30/13 Audited Financial Statements/Report to the Board – Freed Maxick & Battaglia, CPA's

Patrick Clancy and Joe Fennichia of Freed Maxick & Battaglia, CPA's presented the FYE 9/30/13 audited financial statements and related management reports to the Board.

The audited statements have a full audit opinion. Mr. Clancy noted that REDCO has a strong financial condition, with ample net fund balances. The Report to The Board of Directors noted that there were no issues with internal controls, accounting practices, adjustments to the financial statements, etc. FMB also reviewed REDCO's investment policy and practices and found these to be in compliance with the NYS Public Authorities Reform Act. Mr. Clancy complimented REDCO staff and the Board for the quality of REDCO's overall financial management.

VI. Report: REDCO FYE 9/30/13 NYS Authority Budget Office Reports

David Balestiere presented and reviewed these reports with the Directors.

Under the NYS Public Authorities Reform Act, REDCO is required to file certain reports each year within 90 days of its fiscal year-end. These reports are submitted to the NYS Authority Budget Office (ABO), and include the following reports: Annual Report, Budget Report, Procurement Report, Investment Report, Certified Audit Report. The reports are submitted electronically and are maintained on the ABO website

They are also available for viewing on the REDCO webpage on the City of Rochester's website. Before being submitted to the ABO, the reports need to be discussed with, reviewed by, and accepted by the Board.

Sergio Esteban motioned to accept the FYE 9/30/13 REDCO ABO reports, seconded by David Brooks, and the Board unanimously voted in favor of accepting the reports.

VII. Other Business

None

The meeting was adjourned at 4:45 p.m.

ATTEST:


David J. Balestiere, REDCO Secretary