



ECONOMIC DEVELOPMENT CORPORATION

Tuesday, September 13, 2022

Board Members Present	Board Members Excused
Joseph Bridgeford	Robert Solenne, Chair
Karen Parkhurst	Erica Wright, Vice Chair
David Linger	Kevin Hill, Treasurer
Lynn Freid	Supervisor Peter Ingalsbe
Supervisor Fred Lightfoote	Walt Matyjas
Supervisor Fred Wille	
	<b>Guests</b>
	Alissa Bub, Deputy County Administrator
	Thomas Harvey, Ontario County Planning
	Dan Wise, Real Eats
<b>Non-Board Members Present</b>	
Ryan Davis, Executive Director	
Suzanne Vary, Staff	
Jessica Kazmark, Staff	
Brigitte Larson, Secretary	<b>Contract Staff</b>
Bob Mincer, Staff (via Zoom)	Ed Russell, Underberg & Kessler
	Mike Manikowski, Consultant

**CALL TO ORDER:** Joe Bridgeford called the meeting to order at 8:32 a.m. A quorum was present.

**NEW BUSINESS:**

**Real Eats:**

Suzanne Vary informed the Board that Staff had a conference call with Dan Wise on August 11<sup>th</sup>. She explained that while the Company was hoping to raise \$7 million, they have only raised \$4 million but are confident to raise the remainder by year end. The Finance Committee met last week to discuss the Company’s request of deferred principal and interest payments from August to December of 2022.

Dan Wise gave a brief update and indicated that the request had changed to extend to February’s payment. Dan explained that the Company is asking for six-month deferments from all lenders. The original request was discussed, and approval was recommended to the full Board. The Board asked Dan a few questions, including headcount to which Dan explained that some senior positions have left the Company. Dan shared that the Real Eats is processing about 7000 orders a week and also indicated that the Company has been moving away from online marketing and implementing direct mailers.

*Supervisor Fred Wille made a motion to authorize a six-month deferment of principal and interest for Real Eats, from August 2022 through February 2023. Supervisor Fred Lightfoote seconded the motion. Unanimously approved. Motion carried.*

**Construction Robotics:**

Karen Parkhurst explained that the Finance Committee met to discuss this request. The Company would like to add \$400,000 to their existing loan, which was funded in 2017. The Company is moving to a larger space in Victor and is looking for EDC assistance for moving expenses and working capital. It was discussed that the Company already has personal guarantees and life insurance as both were required by the EDC. Life insurance policies will need to be updated to reflect the additional amount of \$400,000. The Company had requested two years of interest only payments, which was discussed by the Finance Committee. It was determined that an 18-month period of interest only payments would be recommended to the full Board.

*Supervisor Fred Lightfoote made a motion to authorize approval of the loan request, contingent on the following:*

- *This will be an amendment to the existing loan documents dated October 24, 2017. The current loan has 19 payments remaining as of the date of this letter at an interest rate of 4.25%.*
- *The Company requested a loan for \$400,000 with interest only payments for the first two years followed by a 7-year amortization. Staff recommended to have the loan close in November 2022 with interest only payments until April 2024 (18 months) followed by a 5-year amortization. April 2024 is the final payment of EDC's first loan. This affords the Company an approximate extra \$60,000 in 2023 and repays the loan 6 months earlier than a straight 7-year amortization. Interest on the new portion of the loan will fixed at 3% or 75% of prime as published in the Wall Street Journal, whichever is higher at time of closing.*
- *Third position security interest in all assets of Construction Robotics, LLC behind a M&T Bank and US SBA.*
- *Continued personal guarantees of both Scott Peters and Nathan Podkaminer.*
- *Continued life insurance in the aggregate for the loan amount on either Nathan Podkaminer or Scott Peters or a combination of both with borrower responsible for all premiums and ensuring that the policy remains in force for the life of the loan. Insurance may be reduced to the outstanding debt balance during the term of the loan.*

*Lynn Freid seconded the motion. Unanimously approved. Motion carried.*

**Vertex Optics:**

Suzanne Vary reminded the Board of the request from Vertex Optics. The Company has requested a forgivable loan to assist with training. The Finance Committee met and discussed different milestones to consider. The total cost of training is estimated to equal \$40,000 and the EDC would be able to fund half, \$20,000. The EDC has not yet funded a forgivable loan for 2022.

Lynn Freid made a motion to authorize funding of the forgivable loan request for Vertex Optics, contingent on the following milestones being met:

- Obtain ISO 9001:2015 certification, CMMC certification, and proprietary software, all to be completed not later than October 1, 2024
- Training 20 employees on ISO, CMMC and proprietary software
- Retain 19 FTEs and add 2 FTEs by completion date
- The Company shall contribute a minimum of \$20,000 from its own funds toward the Training and provide written evidence of its contribution

Dave Linger seconded the motion. Unanimously approved. Motion carried.

#### **Sweet Acres Creamery:**

Karen Parkhurst stated that this request was discussed at the Finance Committee and that the business is thriving.

As collateral for the loan, the EDC required first mortgage on the parcel of land. In addition, that an existing first mortgage held by Abram and Grace Martin to be subordinated to the EDC's mortgage. A typical and standard practice is an agreement for the borrower to not pay off any debt earlier than the current schedules without notifying and obtaining approval from the OCEDC.

The Company has informed the Board that in order for the Martins to agree on the subordination, they have required their mortgage be paid down significantly after the closing of the loan. Specifically, \$150,000 in principal and around \$10,000 in interest is to be paid down.

Supervisor Fred Lightfoote made a motion to approve the pay down request. Dave Linger seconded the motion. Unanimously approved. Motion carried.

#### **OLD BUSINESS:**

##### **Manchester Rail Yard Phase III and Rail Corridor Phase II:**

Tom Harvey and Julie Barry from Ontario County's Planning Department spoke to the Board regarding the Manchester Rail Yard. There was a misunderstanding last year where there were actually two asks from Ontario County Planning, for two separate projects. One for \$10,000 for the Rail Corridor and the other for \$1,000 was for the Rail Yard. The \$1,000 request was already funded by the OCEDC.

Julie explained that Phase 3 will estimate the cost of remediation for the Manchester Railyard and that it is one of the final steps so that financial strategies can be determined. Julie also clarified that the property has been sitting since 1993.

Supervisor Fred Lightfoote made a motion to authorize a one-time \$10,000 payment to assist with the Manchester Roundhouse. Karen Parkhurst seconded the motion. Unanimously approved. Motion carried.

Tom Harvey and Julie Barry exited the meeting at 9:05 a.m.

#### **Assured Edge Solutions:**

Karen Parkhurst explained that the Finance Committee met to discuss this request. The Company is currently at the Tech Farm and now plans to remain there. The original request from Assured Edge Solutions was for \$186,500 and has now been reduced to \$50,000. Suzanne Vary shared that the Company had plans to move to the new building at the Tech Farm but that project is on hold.

*Dave Linger made a motion to approve the loan request from Assured Edge Solutions, contingent on the following:*

- *This will be an amendment to the existing loan documents dated July 19, 2019. The current loan has approximately 54 payments remaining as of the date of this letter at an interest rate of 4.125%. It is estimated that the new loan will be amortized over a 52-month period if closed in November 2022.*
- *The \$50,000 loan will be from the Ontario County Economic Development Corporation's unrestricted general fund balance.*
- *Loan payment terms – amend the current loan documents to include an additional \$50,000. Interest on the new loan amount will be at 75% of the Prime Rate as published in the Wall Street Journal or 3%, whichever is higher at time of closing. Currently prime is 5.5% yielding a 4.125% EDC rate.*
- *Second security interest in all assets of the Company.*
- *Personal guarantees of Daniel Rao, 100% shareholders of Assured Edge Solutions, LLC, and his spouse.*
- *Life insurance in the aggregate for the loan amount of \$125,000 on Daniel Rao. Borrower is responsible for all premiums and ensuring that the policy remains in force for the life of the loan. Insurance may be reduced to the outstanding debt balance during the term of the loan.*
- *The retention of at least 10 jobs or FTE's inclusive of the sole owner.*

*Supervisor Fred Lightfoote seconded the motion. Unanimously approved. Motion carried.*

#### **Zoetek Medical:**

Suzanne Vary informed the Board that Zoetek Medical has requested a one-year extension to complete their training, which is on track to be completed by the end of Q2 in 2023.

*Supervisor Fred Wille made a motion to authorize the extension until June 30, 2023. Lynn Freid seconded the motion. Unanimously approved. Motion carried.*

#### **Visit Ontario County Safely Grants/EDC Advance Grant funds:**

Suzanne Vary gave the Board a brief update and shared that the reporting deadline has been extended to December 9<sup>th</sup>. Currently the EDC has no funds advanced to any businesses.

#### **ADMINISTRATION:**

##### **August 9, 2022 Meeting Minutes:**

Joe Bridgeford presented the August 9, 2022 Meeting Minutes for approval.

*Karen Parkhurst made a motion to approve the August 9, 2022 Meeting Minutes as presented.*

*Supervisor Fred Lightfoote seconded the motion. Unanimously approved. Motion carried.*

##### **August Invoices for Payment:**

Joe Bridgeford reviewed and submitted the invoices for payment for approval, which included 4 invoices totaling \$8,274.02.

*Supervisor Fred Lightfoote made a motion to authorize and approve the above-mentioned invoices for payment. Dave Linger seconded the motion. Unanimously approved. Motion carried.*

**Ratify Electronic Vote:**

At the last EDC meeting a quorum was not present for administration matters, including approval of the July 12, 2022 Meeting Minutes and the July Invoices for Payment. After an electronic vote both matters were approved.

*Lynn Freid made a motion to authorize and approve the ratification of the electronic vote. Supervisor Fred Wille seconded the motion. Unanimously approved. Motion carried.*

**Open Discussion:**

Suzanne Vary reminded the Board of Mike Manikowski's retirement reception, to be held this Friday. Sue also asked if the EDC Board would be willing to fund \$200 towards Mike's party, matching the IDA's contribution.

*Supervisor Fred Lightfoote made a motion to authorize the EDC to fund \$200 for Mike Manikowski's retirement reception. Karen Parkhurst seconded the motion. Unanimously approved. Motion carried.*

**ADJOURNMENT:**

*Lynn Freid made a motion to adjourn at 9:19 a.m. Supervisor Fred Lightfoote seconded the motion. Unanimously carried.*

Respectfully submitted,

*Brigitte Larson*, Staff