



ECONOMIC DEVELOPMENT CORPORATION

**FINANCE COMMITTEE**  
**Meeting Minutes**

**Friday, April 15, 2016 - 3:30 p.m.**

<b>Board Members Present</b>	<b>Staff/Others Present</b>
Karen Parkhurst, Chair	Michael Wojcik, CFO
Rob Solenne, Vice Chair	Sue Vary, Economic Development Specialist
Walt Matyjas	Mike Manikowski, Executive Director
<b>Board Members Excused</b>	

Chairman Karen Parkhurst called the meeting to order at 3:33 p.m. A quorum was present.

**Approval of February 3, 2016:** *Rob Solenne made a motion to approve the February 3, 2016 minutes. Walt Matyjas seconded the motion. Unanimously approved.*

**Lantek Communications NY, Inc.:** Sue Vary introduced the project indicating the loan is for town required maintenance work on a building just purchased and to a lesser extent, a few pieces of needed equipment. She further indicated that the Companies had grown substantially over the past few years and that Lantek Communication NY, Inc. and Lantek Fiber Optic Services, Inc. were operating inefficiently out of two separate buildings. The purchased building is large enough to house both Companies and all materials/equipment they currently have in separate storage facilities around the area. Michael proceeded to review the financial analysis completed for both Lantek Communication and Lantek Fiber and indicated that he did not see any potential issues with the requested loan being paid back. All financial ratios were and are projected to be in good shape and there is enough permanent working capital in both Companies to support further anticipated growth. He indicated that the Companies books were kept in a very organized manner as well as the information requested as part of the financial review. Michael said the original sources and uses suggested a loan request of \$228,234.68 but recent discussions with owner, Lance Papke, indicated that the loan request would be reduced slightly to an even \$225,000 and that the loan would be to a newly created Landyhand Properties, LLC. For terms of the loan, staff suggested a 10 year term, interest rate the greater of 75% of prime or 3% and reviewed at the 3 and 6 year marks, personal guarantee of the owner and spouse, an aggregate of life insurance on the life of the sole shareholder to cover the loan amount with all costs to be borne by the borrower, third security interest in all assets of all Companies and cross corporate guarantees by Lantek Communication and Lantek Fiber. A short discussion ensued regarding the filing a third mortgage behind CNB and the SBA and a consensus was reached not to require the mortgage. *Walt Matyjas made a motion to recommend approval of the loan to Lantek Communication NY, Inc., Lantek Fiber Optic Services, Inc. or Landyhand Properties, Inc. subject to the terms listed above. Rob Solenne seconded the motion. Unanimously approved.*

**SIMADEx, LLC:** Sue Vary introduced the project indicating that the project was a start-up venture requiring \$167,420 in capital investment. This amount is comprised of three items immediately needed to get

the Company going; an electrical generator (\$74,300), two lateral hook ups to the County's optical fiber ring (\$38,523), and computer rack stations (\$54,567). Michael Wojcik reviewed two financial projections; one created by the Company and the other internally generated by staff. Michael indicated that the business in the beginning would essentially be a rental company. Its customers are companies looking for a secure offsite data storage location and would lease a 'rack' that offered redundant power sources and fiber connectivity. The customers are responsible for purchasing their own computer equipment. He further indicated and that the Company's plans are to offer more lucrative computer services and these services are not included in either of the projections. Initially, the main expense to SIMADDEX will be power. Michael said he attempted to verify the kilowatt hour (Kwh) rate used in the submitted projections by reviewing County bills and found the rate used by SIMADDEX a little lower than what the County was paying. This was adjusted for in the staff projections. He also spoke with a local information services manager to determine if the rental rate for a rack was reasonable and was told it was reasonable. A lengthy discussion ensued regarding the project. It was decided that while the project was risky, the project was worth pursuing if proper collateral could be obtained. Terms for the loan would be 4% interest for the first two (2) years with a reduction to 3% if loan payments 1 through 24 were made timely, combined life insurance on both shareholders to cover the loan amount with all costs to be borne by the borrower, first security interest in the equipment except the leased generator and a cross- corporate guarantee by SIMCO Capital, Inc. Michael will further research and report on collateral sources by the next full board. *Walt Matyjas made a motion to recommend approval of the loan to SIMADDEX, LLC subject to the terms listed above. Rob Sollenne seconded the motion. Unanimously approved.*

**Adjournment:** *Karen Parkhurst moved to adjourn at 4:40 pm, seconded by Rob Sollenne. Unanimously approved.*

Respectfully submitted,

Michael Wojcik