



ECONOMIC DEVELOPMENT CORPORATION

FINANCE COMMITTEE

Meeting Minutes

Thursday, September 8, 2022 – 4:00 p.m.

Board Members Present	Staff/Others Present
Karen Parkhurst, Chair	Michael Wojcik, CFO
Rob Sollenne, Vice Chair (via Zoom)	Sue Vary, Economic Development Specialist
	Brigitte Larson, Staff
	Ryan Davis, Economic Developer
Board Members Excused	
Walt Matyjas	Guests

Call to Order: Chair Karen Parkhurst called the meeting to order at 3:02 p.m. A quorum was present.

GENERAL BUSINESS:

Approval of August 4, 2022 Minutes: Karen Parkhurst presented the August 4, 2022 minutes for approval.

Rob Sollenne made a motion to approve the minutes of the August 4, 2022 meeting as presented, seconded by Karen Parkhurst. Motion carried.

Assured Edge Solutions Request:

At the last Committee meeting it was asked that Staff request additional materials from Dan Rao, including updated personal financial statements and to speak to him about a second mortgage. Since the original request, the Company has decided to remain at their current space at the Tech Farm. It was also discussed that significant revenue from Wegmans was lost due to kitchen certifications expiring at a different vendor.

Michael Wojcik explained that the Company has asked for assistance in a decreased amount, \$50,000 compared to their original request of \$184,000. Michael presented the projections, also noting that the current loan, with a balance of \$78,000 would be amended to add the \$50,000, and then be amortized for the remaining term.

Rob Sollenne made a motion to recommend approval of the request to the full Board, 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.*
- *Reporting: financial statements due 90 days following the year-end close of Assured Edge Solutions, LLC. Internally prepared financial statements (balance sheet and income statement) as of June 30 of each year are also due with employment reporting only if the year-end financial statements are not audited or reviewed.*
- *Copy of the federal tax return for Assured Edge Solutions, LLC, 120 days after the close of the fiscal year only if the Company has internally prepared financial statements at year-end.*
- *New York employment reporting as of June 30 and December 31 of each year the loan is outstanding. Due 20 days following the close of the six-month period.*

Karen Parkhurst seconded the motion. Unanimously carried.

Construction Robotics:

Sue Vary stated that the Company has identified a new location in Victor and have requested a \$400,000 loan to assist with moving and as working capital. The Company plans to retain 29 FTEs and create 4 more over the next three years.

Michael Wojcik presented the projections, noting that the Company had requested 24 months of interest only payments. Michael also stated that the Company plans to act as only a manufacturer of their MULE products in the future.

Rob Sollenne made a motion to recommend approval of the request to the full Board, 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. No projections or calculations were made with these terms. The projections have the loan closing 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. Currently the prime rate is 5.5%.*
- *Third position security interest in all assets of Construction Robotics, LLC behind M&T Bank and US SBA.*
- *Continues 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.

- *Reporting – reviewed financial statements of Construction Robotics, LLC 120 days following the close of the year. Internally prepared six-month financial statements by July 31 of each year.*
- *Employment reporting as of June 30 and December 31 of each year the loan is outstanding. Reports are due 30 days following June 30 and December 31.*
- *The loan will be funded from unrestricted fund balance held by Ontario County Economic Development Corporation (\$400,000).*

Karen Parkhurst seconded the motion. Unanimously carried.

Sweet Acres Creamery:

Suzanne Vary stated that the loan was scheduled to close but the Company has one request before moving forward. 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.

Karen Parkhurst made a motion to recommend approval of the request to the full Board. Rob Sollenne seconded the motion. Unanimously approved. Motion carried.

Vertex Optics:

Michael Wojcik shared that the interest only period ends for Vertex in October. Initially there was an agreement for a lump sum payment, however; given the circumstances it is unclear if that will take place. Michael clarified that the first normal payment will be billed on October 1st.

Vertex had also requested a forgivable loan to assist with obtaining ISO certifications, training and software improvements. The total for the project is estimated at \$104,418, of which \$40,000 is for training. Staff recommends

Rob Sollenne made a motion to recommend approval of the request to the full Board, forgivable contingent on the following milestones to be completed:

- *20 employees to be trained*
- *19 FTEs to be retained, and 2 FTEs added within two years*
- *Gain ISO 9001:2015 certification and CMMC certification by December 31, 2022*

Karen Parkhurst seconded the motion. Unanimously approved. Motion carried.

Real Eats:

Last month, Ryan Davis, Suzanne Vary and Michael Wojcik met with Dan Wise to discuss Real Eats. Dan indicated that the Company has only raised \$4 million instead of the goal of \$7 million, however; Dan feels confident that the goal will be reached by year end. The Company would like to lower their capital burn rate, resulting in a request for deferral of principal and interest payments for August through December of 2022.

Rob Sollenne made a motion to refer approval of the request to the full Board. Karen Parkhurst seconded the motion. Unanimously carried.

Adjournment: *Rob Sollenne moved to adjourn at 4:27 p.m., seconded by Karen Parkhurst. Unanimously approved. Motion carried.*

Respectfully submitted,

Brigitte Larson