



ECONOMIC DEVELOPMENT CORPORATION

Tuesday, October 16, 2018

| Board Members Present | Board Members Excused |
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| David Bunnell, Secretary | Kevin Hill, Treasurer |
| Karen Parkhurst | Jodi Earle |
| Robert Solenne, Chair | Walt Matyjas |
| Karen Springmeier | |
| Joseph Bridgeford, Vice Chair | |
| Supervisor Daniel Marshall | |
| Supervisor Fred Lightfoote | Guests |
| Supervisor Robert Green, Jr. | Joseph Serio, Vertex Optics |
| | Jayson Tierson, Vertex Optics |
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| Non-Board Members Present | |
| Suzanne Vary, Econ. Dev. Specialist | |
| Michael Wojcik, CFO | |
| Jessica Kazmark, Staff | Contract Staff |
| Brigitte Larson, Staff | Jim Coniglio, Underberg & Kessler, Local Counsel |
| Bob Mincer, Staff | |
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CALL TO ORDER: Robert Solenne called the meeting to order at 8:30 am. A quorum was present.

NEW BUSINESS:

Vertex Optics:

Sue Vary introduced Jayson Tierson, President, and Joseph Serio, Vice President, of Vertex Optics, a precision manufacturing company specializing in component manufacturing. Vertex Optics is a startup company and is applying for Start Up NY status, and the Company will be leasing a building in Victor near the FLCC campus. Jayson and Joseph gave a brief history on their professional backgrounds and what has brought them to Vertex Optics. A few of their industry partners are OptiPro, Corning, AGI and Photon Gear. The Company plans to create eight jobs over three years. Vertex Optics would also work with FLCC for possible internships. Jayson and Joseph stated that they plan to open the 8300 sq. ft. facility in December of 2018. They are asking for \$300,000 from the OCEDC. These funds would help the Company to purchase necessary equipment to compete in various fields including aerospace, medical, and research industries. Jayson and Joseph will both be making personal investments into the Company as well.

Karen Parkhurst made a motion to refer the Vertex Optics loan request to the Finance Committee. Karen Springmeier seconded the motion. Unanimously approved. Motion carried.

Real Eats America:

Sue Vary reminded the Board of Real Eats America, an online subscription based meal service specializing in sous vide. The Company is located at the Geneva Enterprise Development Center (GEDC) in the City of Geneva, and currently employs 25 people. As part of a \$3 million project, Real Eats would like to expand and renovate the kitchen, and also create additional positions, including a customer service call center. \$1.2 million would be used for kitchen expansion and renovations, \$300,000 for equipment, \$200,000 on product development, and \$1.3 million would be used as working capital. Real Eats has requested a \$200,000 loan from the OCEDC, as well as asking that Ontario County apply for a \$750,000 CDBG grant from the NYS Homes and Community Renewal (HCR) on behalf of the OCEDC. The OCEDC would then lend the funds to Real Eats, and as the funds are paid back they would be de-federalized and become OCEDC revolving loan funds. Empire State Development has agreed to a \$600,000 grant to Real Eats, and the City of Geneva has agreed to a \$200,000 loan, contingent on the County applying for the \$750,000 OCR grant. Michael Wojcik explained that Real Eats participates in digital marketing and that there has been sufficient data collected showing direct correlation between advertising and website activity, resulting in consistent orders. The Company collects their own data and has a solid year of information. Real Eats presented to Excell Partners in Rochester, requesting \$3.5 million. As of yet, the request has not been approved. Seasonal availabilities of food and possible weather impacts, as well as if alternative sources have been considered, were discussed. Karen Parkhurst explained that there was a lengthy discussion at the Finance Committee meeting on how the Company would need to generate the other funding in order to receive the loan from the OCEDC. Rob Sollene verified Karen's remarks on the Finance Committee's concerns, stating that if the County applies and is approved for the grant, the money would expand the OCEDC's funding as the loan is paid back. It was also discussed that Real Eats would receive the funds in increments, and the funds will be allocated as job are created. Level of quality with growth was a concern along with competition, and how Real Eats differentiates itself. Karen Parkhurst commented on how much of the senior community subscribes to a meal service similar to Real Eats and how it is much easier than the competitors, Hello Fresh and Blue Apron, where the consumer is sent the necessary raw ingredients and prepares the selected meals themselves.

Supervisor Robert Green Jr. made a motion to accept the Finance Committee's recommendation to fund the \$200,000 Real Eats loan, contingent on:

- *Loan subject to Ontario County's Board of Supervisors approval of the \$750,000 grant to the OCEDC to be funded by the New York State Office of Community Renewal (OCR) to assist in the financing of the project.*
- *Loan subject to securing seed capital in the minimum amount of 20% of total project costs.*
- *\$200,000 of the loan will be from the OCEDC's unrestricted general fund balance.*
- *Five year (60 months) with interest at 75% of the Prime Rate as published in the Wall Street Journal at the time of closing.*
- *Shared second position security interest with Geneva in all assets of the Company behind future developed banking relationships.*
- *Personal guaranty of Dan Wise.*
- *Life insurance in the aggregate for the loan amount of \$200,000 on Dan Wise.*

Supervisor Dan Marshall seconded the motion.

Supervisor Robert Green, Jr. asked James Coniglio if he had any concerns. James Coniglio explained that the terms being proposed are cautious enough to protect the OCEDC. There was concern about the ownership of the Company because the loan from the OCEDC would be to Real Eats America, which is owned by 10024864 Canada, Inc. 10024864 Canada, Inc. is a company in which Dan Wise is 50% shareholder and the other 50% of ownership is held by a Trust. James Coniglio stated that the OCEDC would be making a loan to a company that is owned by a series of companies. Cross guarantees were discussed and recommended by Counsel.

Supervisor Robert Green, Jr. amended his motion to include Counsel's recommendation to include Dan's companies CroJack Holding Company and 10024864 Canada, Inc. for cross guaranty. Supervisor Dan Marshall seconded the amendment.

Supervisor Robert Green, Jr. made the full motion. Supervisor Dan Marshall seconded the full motion. Unanimously approved. Motion carried.

Rob Sollene stated that the Board may want to have the Governance Committee meet to discuss limits, if found necessary, for startup companies in the OCEDC portfolio.

ADMINISTRATION:

Harry Sicherman Contract:

Sue Vary explained that through the County there is a contract with Harry Sicherman, who is putting in a lot of time in for Real Eats in applying for the OCR grant. Currently the contract is not to exceed \$6000, but will exceed this limit with the time Harry has been putting in for the Real Eats project. Sue is asking the OCEDC to pick up the additional cost to include around \$5000 for pre application effort and also filing the application with OCR, as well as up to \$2500 for the necessary environmental review. Sue also stated that we will be aware ahead of time if the application will be successful and that the cost for Harry's contract will not incur if the County is not invited to submit the final application. It was also discussed that the OCEDC can require Real Eats to pay back these funds, and that \$16,000 of the \$750,000 OCR grant may be used for administrative purposes.

Karen Springmeier made a motion to approve the contract with Harry Sicherman, contingent on reimbursement by Real Eats if the OCR application is successful, and not to exceed \$7500. Supervisor Dan Marshall seconded the motion. Unanimously approved. Motion carried.

September 11, 2018 Minutes:

Rob Sollene presented the September 11, 2018 minutes for approval as presented.

Supervisor Fred Lightfoote made a motion to approve the September 11, 2018 minutes as presented. Joseph Bridgeford seconded the motion. Motion unanimously carried.

2019 Budget:

Michael Wojcik presented the 2019 budget, noting it is similar to this year's. Michael also stated that the budget pertaining to the Foreign Trade Zone has been push backed a year now that Robert Mincer is involved. Michael also explained that the Finance Committee made a recommendation to allocate \$50,000 for workforce development instead of \$40,000, as was originally planned.

Supervisor Fred Lightfoote made a motion to approve the 2019 budget as presented. Karen Springmeier seconded the motion. Unanimously approved. Motion carried.

Invoices for payment:

Michael Wojcik reviewed and submitted the invoices for payment for approval, which included 5 invoices totaling \$6249.43.

Supervisor Dan Marshall made a motion to approve the invoices for payment. Joseph Bridgeford seconded the motion. Motion unanimously carried.

September 2018 Financial Statements:

Michael Wojcik reviewed the OCEDC's financial statements as of September 30, 2018.

Supervisor Fred Lightfoote made a motion to accept the September 2018 financial statements as presented, seconded by Supervisor Robert Green, Jr. Motion unanimously carried.

QuickBooks Contacts:

Michael Wojcik explained that the contacts for QuickBooks need to be updated. Michael suggested adding himself and Jessica Kazmark as contacts.

Supervisor Fred Lightfoote made a motion to approve the addition of Michael Wojcik and Jessica Kazmark as QuickBook contacts. Karen Parkhurst seconded the motion. Unanimously approved. Motion carried.

ADJOURNMENT:

Supervisor Fred Lightfoote made the motion to adjourn the meeting at 10:02 am. Dave Bunnell seconded the motion. Motion unanimously carried.

Respectfully submitted,

Brigitte Larson, Staff