



ECONOMIC DEVELOPMENT CORPORATION

**FINANCE COMMITTEE**

**Meeting Minutes**

**Friday, November 2, 2018 – 8:00 a.m.  
20 Ontario St., Canandaigua, NY 14424  
Office of Economic Development’s Conference Room**

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

**Call to Order:** Chairperson Parkhurst called the meeting to order at 8:00 am. A quorum was present.

**GENERAL BUSINESS:**

**Approval of October 5, 2018 Minutes:** Karen Parkhurst presented the October 5, 2018 minutes for approval.

*Rob Sollene made a motion to approve the minutes of the October 5, 2018 meeting as presented, seconded by Walt Matyjas. Unanimously approved.*

**Vertex Optics:**

Sue Vary reminded the Board 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. The Company will be leasing a building in Victor, within walking distance of the FLCC campus. The Company currently consists of Jayson Tierson and Joseph Serio, each owning 50% of the Company. Both owners have worked in the optics industry for a combined total of 45 years, and will be starting the business to machine brittle materials. Vertex Optics has asked the OCEDC for a \$300,000 loan. The Company also has financing through Canandaigua National Bank and SBA financing through the New York Business Development Corporation (NYBDC), as well as a grant from RG&E to help them increase the power at their location in Victor. Michael Wojcik explained that they are currently registered as a DBA but will immediately register as a C corporation once all funding sources are approved. The SBA is waiting on commitment from the OCEDC. The owners are using the Roll Over Business Startup (ROBS) program, which allows the use of 401K funds to fund new start up business ventures, tax deferred. There will be no distributions and there are salary limits, mostly based on the debt ratio. Michael also stated that there is a lot of collateral. Canandaigua National Bank has first security position on all assets, including personal guarantees, life insurance, and mortgages against Jayson and Joseph’s homes. The OCEDC would be listed as third position on all assets, as the NYBDC would hold second position. Both Jayson and Joseph currently work for optic companies, OptiPro and OptiMax, both of which are aware of the business plan for Vertex Optics. The Company has written commitments to begin sales once machines are set up and running, including both OptiPro and OptiMax. Karen Parkhurst asked if they have procured the building. Sue Vary explained that there is a letter of

intent, and the Company plans to have access to the building in December. Sue also stated that the Company is aware that it will not be funded right away. Michael briefly went each owner's financial history. Sue Vary explained that both owners live in Monroe County and currently work in Wayne County. It was explained that the Company plans to create 8 jobs over the next three years, but will only start with Jayson and Joseph, however; Michael had asked the owners if they are able to work the machines and both are qualified to do so and can run the business as a pair. It was also discussed that the Company will need to receive specific ISO certifications to work in the medical and defense industries, both of which are difficult to break into but will not be a problem for the Company. One factor worth mentioning is that the banker requested that the first year of the OCEDC loan be interest only. Mike Manikowski said that he believes the gentlemen are very serious and very committed to this project. Equity is being pledged from their houses, as the owners are fully invested and at risk. Walt Matyjas asked if the OCEDC portfolio has any other optics industry projects, which there are none. *Rob Sollene made a motion to recommend approval of the Vertex Optics loan, in the amount of \$300,000, contingent on:*

- *Third security position, subordinate to Canandaigua National Bank and NYBDC, on general business assets.*
- *Personal guaranty of both Jayson Tierson and Joseph Serio.*
- *Life insurance on each of the principals in the amount of \$300,000 each, due to the buy/sell agreement.*
- *The first year will be interest only payments with monthly payment of principal and interest thereafter required.*

*Walt Matyjas seconded the motion. Unanimously approved. Motion carried.*

Karen Parkhurst asked if the staff could get a list together of companies that the OCEDC has supported and what industry each company is part of, stating that it would be nice to show the Board that all types of industries have been assisted by the OCEDC.

Mike Manikowski exited the meeting at 8:45 am.

### **Real Eats America:**

Sue Vary reminded the Board of Real Eats America, Geneva based meal subscription service, specializing in sous vides. The project that was formed as the CDBG project was a total of \$1.9 million and was quite a bit different than the original application that was received. The original term approved by the Board was raising \$3.5 million in equity and the new application is only a \$1.9 million with \$500,000 in equity raise. Our commitment letter has to be submitted to HCR as part of the whole application and our consultant has recommended that we don't send it in with such drastically different terms than what they have. Sue Vary explained that the reason the project is smaller is because if CDBG funds are used for construction, it falls under the Davis-Bacon Act of 1931, a federal law that mandates on-site workers be paid certain wages, benefits, and overtime on all government-funded construction, alteration, and repair projects. HCR application was done without the expansion. It was discussed on whether the Board would need to make a specification on the amount of the seed capital equity contribution as the letter states no limit or condition. The Board originally agreed to the larger project with multiple phases. Minimum of 20% of seed capital money was discussed.

*Karen Parkhurst made a motion to recommend to the Board to modify the commitment letter to state that the Borrower must provide proof of seed capital equity contribution in an amount of not less than 20% of the total project costs. Walt Matyjas seconded the motion. Unanimously approved. Motion carried.*

**Adjournment:** *Rob Sollene moved to adjourn at 9:04 am, seconded by Walt Matyjas. Unanimously approved.*

Respectfully submitted,  
*Brigitte Larson*