

**NEW YORK JOB DEVELOPMENT AUTHORITY**  
d/b/a Empire State Development Corporation  
Meeting of the Members  
Empire State Development Corporation  
633 Third Avenue  
New York, New York 10017

and

NYS Department of Labor  
State Campus  
Building 12, Room 500  
Albany, New York 12240

and

New York State Department of Financial Services  
1 State Street  
New York, NY 10006

January 31, 2013

MINUTES

**Members Present:**

Kenneth Adams, Commissioner of DED – Chairman  
Adam Barsky  
Andrew J. Maniglia  
Anthony Albanese – Designee – New York State  
Department of Financial Services  
Stephen McGrattan, Designee – NYS Superintendent of  
Agriculture and Markets  
Mario Musolino, Designee – NYS Department of Labor

**JDA Staff:**

Maria Cassidy, Deputy General Counsel  
Eileen McEvoy, Corporate Secretary  
Kathleen Mize, Controller  
Frances A. Walton, Senior Vice President and Chief  
Financial Officer

**Present for ESD:**

Joseph Chan, Executive Vice President – Business Development  
Andrew Flamm, Economic Development Specialist  
Amit Nahalani, Financial Analyst  
Maxwell Padden, Asset Manager  
Antovk Pidedjian, Senior Counsel  
Paula Roy, Vice President – Portfolio Management  
Ray Salaberrios, Senior Director – Economic Revitalization  
Susan Shaffer, Vice President – Loans and Grants

**Also Present:**

The Press  
The Public

The meeting was called to order at 12:36 p.m. by Chairman Adams. It was noted for the record that notice to the public and news media of the time and place of the meeting had been given in compliance with the New York State Open Meetings Law.

Chairman Adams then set forth the guidelines regarding comments by the public on matters on the Agenda.

Chairman Adams then entertained a motion to approve the Minutes of the November 16, 2012 Members' meeting.

Upon motion duly made and seconded, the following resolution was unanimously adopted:

APPROVAL OF MINUTES AND RATIFICATIONS OF ACTIONS TAKEN AT NOVEMBER 16,  
2012 MEMBERS' MEETING OF THE NEW YORK JOB DEVELOPMENT AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on November 16, 2012 as presented to this meeting, are hereby approved and all actions taken by the Members present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

\* \* \*

Mr. Pidedjian then asked the Members to approve the proposed rate structure for maximum compensation for outside legal counsel.

Among other things, Mr. Pidedjian explained that on occasion where an outside firm possesses a specialized expertise but has a higher rate than what is represented here, it is advisable that that firm be paid at a blended rate whereby all attorneys will be paid the same rate per hour regardless of status.

Mr. Pidedjian further explained that where a third party has agreed to reimburse JDA's expenses, it is proposed that JDA pay an outside law firm's full-on discounted rates.

Mr. Pidedjian added that these rates are in lock step with ESD's current compensation rates for outside counsel.

Mr. Pidedjian further stated that the rates may seem a little low right now and that is because they were set in 2005. If they are adjusted upward, Mr. Pidedjian stated, the Board will be advised of that adjustment.

Following the full presentation, the Chair called for questions or comments. Hearing none, and upon motion duly made and seconded, the following resolution was unanimously adopted:

NEW YORK STATE JOB DEVELOPMENT AUTHORITY-- Approval of Compensation Rates for Outside Counsel

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BE IT RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered to be filed with the records of the New York Job Development Authority ("JDA"), JDA is hereby authorized to compensate outside legal counsel as follows:

Maximum Rate Structure for Outside Counsel

Partner/Of Counsel	\$400/hr
Senior Associate (5 <sup>th</sup> year and up)	\$375/hr
Mid-level Associate (3 <sup>rd</sup> -4 <sup>th</sup> year)	\$350/hr
Junior Associate (passed bar exam – 2 <sup>nd</sup> year)	\$300/hr
Law Clerk (law student interns; first year associates pre-bar exam passage)	\$220/hr
Legal Assistants	\$90/hr; and be it further

RESOLVED, that the Chief Executive Officer and General Counsel or, in the General Counsel's absence, the Deputy General Counsel or their designee(s), and each of them hereby is, further authorized, as determined to be necessary in their discretion, to enter into alternate compensation arrangements with outside legal counsel at blended rates of up to \$400.00 per hour for all attorneys (excluding Law Clerks and Legal Assistants); and be it further

RESOLVED, that that the Chief Executive Officer and General Counsel or, in the General Counsel's absence, the Deputy General Counsel or their designee(s), and each of them hereby is, further authorized to amend JDA's maximum compensation rate schedule for outside counsel to permit a firm to charge its normal rates for legal services and expenses in those instances in which JDA will be fully reimbursed for such costs by a third party.

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Mr. Pidedjian then asked the Members to adopt the Guidelines for the Use, Awarding, Monitoring and Reporting of Procurement Contracts.

Mr. Pidedjian provided the relevant background information with regard to this request noting, in part, that said guidelines are mandated by the Public Authorities Law and they oversee the contracting for goods and services by JDA.

Member Barsky asked if the State will be adding Veteran owned companies to the MWBE requirements. He stated that he is aware that the federal government is doing this. Mr. Pidedjian stated that he knows that it is currently under discussion. Ms. Walton stated that a determination has not yet been made on this issue.

Following the full presentation, the Chair called for questions or comments. Hearing none, and upon motion duly made and seconded, the following resolution was unanimously adopted:

NEW YORK JOB DEVELOPMENT AUTHORITY – Adoption of Revised Guidelines for the Use, Awarding, Monitoring and Reporting of Procurement Contracts

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BE IT RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered to be filed with the records of the New York Job Development Authority, the proposed Guidelines for the Use, Awarding, Monitoring and Reporting of Procurement Contracts, a copy of which is attached to the materials, be and hereby is approved and adopted as of the date hereof, and the Chief Executive Officer or his designee is authorized to promulgate the said Guidelines in electronic form and other media for the use of the staff of the JDA and the New York Urban Development Corporation d/b/a Empire State Development, and to take such other and further action as may be deemed necessary or appropriate to

effectuate the foregoing Resolution.

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Next, Mr. Kwon presented an information item on changes to the JDA Loan Underwriting Classification System.

Among other things, Mr. Kwon explained, the new system makes loans easier to identify and it helps JDA manage risk better. Mr. Kwon further explained that there are three easily identifiable characters to the system: (1) whether the borrower has sufficient cash flow to pay back the loan, (2) the probability of default and (3) in case of default, whether there is enough collateral and personal guarantee to pay back the loan.

Once the loans are classified this way, Mr. Kwon continued, it is easier to allocate each loan to its respective risk pool. In this risk pool, Mr. Kwon further noted, JDA has allocated 80 percent in dollar terms for good, low risk loans, ten percent for moderate risk loans and the remaining ten percent for high risk loans.

The Chairman stated that the staff had spent a considerable amount of time on this and asked if the Members had any questions or comments. Member Albanese stated that it looks good. Member Maniglia stated that he is familiar with this because it was covered in the Finance Committee meeting and therefore, he does not have any questions on it.

Member Barsky also commented favorably with regard to the classification system.

The Chair noted that no action is required by the board as the presentation was only informational.

The Chair then called upon Mr. Salaberrios to present the Giumenta Corp. d/b/a Architectural Grille JDA Loan item for the Members' consideration.

Mr. Salaberrios then explained that the Members were being asked to approve a \$1,491,000 JDA loan to assist in the purchase and installation of machinery and equipment in the Company's Brooklyn facility. Mr. Salaberrios went on to note that the company's business focuses on ornamental handcrafted metal work that stresses the importance of quality.

Among other things, Mr. Salaberrios explained that there is a proposed Bank of America loan of \$745,500 and Borrower Equity in the amount of \$248,500.

Mr. Salaberrios further noted that the Company was greatly impacted by Hurricane Sandy incurring over \$6,000,000 in damages, with 85 percent of the Company's machinery and equipment rendered useless by the corrosive effects of the Gowanus Canal saltwater.

Mr. Salaberrios explained that despite having filed insurance claims in the amount of \$6,000,000, the only money the Company received was \$250,000 for flood insurance.

To cover the insurance shortfall, Mr. Salaberrios continued, the Company plans to make it up with JDA proceeds, an SBA loan and income and cash with its business operations.

The Company, he noted, has been working feverishly to restore its operations back to normal.

Mr. Nihalani then provided information with regard to the Company's financial status explaining, in part, that prior to Hurricane Sandy, Architectural Grille was a very financially sound company.

Among other things, Mr. Nihalani added that the pre-tax income and net income have all been increasing and its pre-tax profit margin is 11 percent, which is above the industry medium.

Mr. Nihalani then noted that there are concerns with regard to the Company as follows: (1) can it be as profitable as it was prior to Sandy and (2) can it retain its customer base.

The Company, Mr. Nihalani continued, informed JDA that they have kept their customers apprised of Sandy's impact and how they plan to restore operations. The Company, he added, plans to be fully operational by June 1<sup>st</sup>.

JDA, Mr. Nihalani explained, also reached out to two of Architectural Grille's customers and the customers confirmed that Architectural Grille is the market leader in that industry. Furthermore, Mr. Nihalani added, these customers order 90 to 100 percent of their grills from the Company and plan to do so in the future.

Mr. Nihalani stated that there are \$950,000 worth of projects currently in production by the Company and another \$290,000 in projects that are pending approval.

Mr. Salaberrios ended the presentation by noting that with JDA's assistance, it is believed that this loan will go a long way in helping the Company get back to its position of prominence and rehire 20 of the full-time employees that were laid off due to Sandy.

Following the full presentation, Chair Adams called for questions or comments. Members Maniglia and Albanese commented favorably with regard to the loan. Member Musolino asked for the total number of employees. Mr. Salaberrios stated that at one point the company employed over 50 people but had to lay off 20 full time employees. He added that with the approval of the credit and the purchasing and repairing of existing machinery, the company expects to be up and running by June 2013.

The Chair added that the Company currently has eight full-time and 16 part-time employees in this interim recovery period and expects to add 20 full-time employees by early Summer.

The Chair then asked Mr. Salaberrios how Architectural Grille connected with JDA.

Mr. Salaberrios stated that he and Andrew Flamm have been working in the New York City area and have spoken with organizations affected by Sandy. He went on to note that Mr. Flamm met with individuals at Architectural Grille and JDA also received a referral from one of the investor providers in New York City who was working with the Company.

There being no further questions or comments, and upon motion duly made and seconded, the following resolution was unanimously adopted:

Brooklyn (New York City Region – Kings County) – Giumenta Corp., D/B/A Architectural Grille – New York Job Development Authority Special Purpose Fund Direct Loan Project – Machinery & Equipment Loan -- Authorization to Make Loan and to Take Related Action

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RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, and each of them hereby is, authorized to make a Special Purpose Fund Machinery & Equipment Loan to Statewide Local Development Corporation for the benefit of Giumenta Corp D/B/A Architectural Grille for an amount not to exceed \$1,491,000 or 57% of total Project costs, whichever is less, to be funded from the proceeds of New York State Guaranteed Special Purpose Fund bonds or notes, for the purposes and substantially on the terms and conditions set forth in the materials presented at this meeting, with such changes as the Chief Executive Officer of the Authority or his designee(s) may deem appropriate; and be it further

RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, subsequent to the making of the Loan, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the Loan as he or she may deem appropriate in the administration of the Loan; and be it further

RESOLVED, that the Chief Executive Officer of the Authority, or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Authority to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions; and be it further

RESOLVED, that the provision of financial assistance by the Authority is expressly contingent upon: (1) the approval of the Public Authorities Control Board, as applicable, and (2) the receipt of all other necessary approvals.

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Mr. Salaberrios then asked the Members to authorize JDA to apply as a non-traditional lender under the USDA B&I Loan Guarantee Program.

Mr. Salaberrios set forth the background information with regard to this request noting, in part, that the purpose of the United States Department of Agriculture's Business and Industry Loan Guarantee Program is to improve, develop or finance businesses, industry employment and improve the economic and environmental climate in rural communities.

Mr. Salaberrios went on to explain, among other things, that projects presented for approval under the Business and Industrial Guarantee Program must be engaged in a business that will provide employment and improve the economic or environmental climate of the community in which the applicant is located.

Following the full presentation, the Chair called for questions or comments. Member McGrattan, speaking on behalf of Commissioner Aubertine, lent his support for JDA's application to the B&I program adding that it is a great program.

Member McGrattan further stated that many of the agricultural businesses and food processing businesses rely heavily on the B&I program to provide loan guarantees and the fact that JDA will now have the ability to participate in this program is great.

There being no further questions or comments, and upon motion duly made and seconded, the following resolution was unanimously adopted:

NEW YORK JOB DEVELOPMENT AUTHORITY – Approval for JDA to Apply as a Non Traditional Lender under the USDA B&I Loan Guarantee Program

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BE IT RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered to be filed with the records of the New York Job Development Authority, the proposed application by JDA as a Non Traditional Lender under the USDA B&I Loan Guarantee Program, be and hereby is approved and as of the date hereof, and the Chief Executive Officer or his designee is authorized to take such other and further action as may be deemed necessary or appropriate to effectuate this Resolution.

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Next, Mr. Padden presented a preliminary report for the Members' information on damages and losses incurred by businesses in the JDA portfolio as a result of Hurricane Sandy.

Mr. Padden noted that fortunately most of the JDA businesses escaped any significant damage that would call into question their moving forward. Each JDA business had nevertheless been apprised of the availability of State assistance programs and provided with contact information should they wish to seek additional assistance in the future.

Mr. Flamm then presented a report on Hurricane Sandy resources for Business Recovery and Mitigation for the Members' information. Mr. Flamm outlined the funding currently available through the New York City Economic Development Corporation as well as the funding available from the Small Business Administration's Disaster Loan Program. He also addressed smaller resources including the Mayor's Fund and the Downtown Alliance. Mr. Flamm also spoke to issues surrounding insurance and proposed programs once the federal funding is made available.

There being no further business, the meeting was adjourned at 1:17 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Eileen McEvoy".

Eileen McEvoy  
Secretary