NEW YORK JOB DEVELOPMENT AUTHORITY
d/b/a Empire State Development Corporation
Meeting of the Members
Empire State Development Corporation
30 South Pearl Street
Albany, New York 12245

and

633 Third Avenue
New York, New York 10017

and

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

May 8, 2012

MINUTES

Members Present:

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

JDA Staff:

Eileen McEvoy, Secretary
Kathleen Mize, Controller
Frances A. Walton, Senior Vice President and Chief Financial Officer

Present for ESD:

Jonathan Beyer, Senior Counsel
Maria Cassidy, Deputy General Counsel
Justin Ginsburgh, Chief of Staff
Robert Kwon, Assistant Vice President
Antovk Pidedjian, Senior Counsel
Sheila Robinson, Deputy to CFO
Ray Salaberrios, Senior Director – Economic Revitalization
Susan Shaffer, Vice President – Loans and Grants
Kenneth Tompkins, Director – Mohawk Regional Office
Kevin Younis, Deputy Commissioner and Senior Vice President

Also Present:

The Press
The Public

The meeting was called to order at 2:05 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 October 28, 2011 Members' meeting.

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

APPROVAL OF MINUTES AND RATIFICATIONS OF ACTIONS TAKEN AT OCTOBER 28, 2011 MEMBERS' MEETING OF THE NEW YORK JOB DEVELOPMENT AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on October 28, 2011 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. Salaberrios then presented the Authority's Mission Statement and Revised Performance Measurements for re-adoption by the Members.

Mr. Salaberrios explained that in January of 2011, the Members adopted the Mission Statement and related Performance Measurements to assist the Authority in determining how well it carries out its mission.

Mr. Salaberrios then read the Mission Statement into the record and explained that in a meeting subsequent to January 2011, JDA's Governance Committee discussed the Mission Statement and determined that the current statement articulates the purpose, goals and values of the organization and provides the guiding vision that is the purpose of the Mission Statement.

The Governance Committee, Mr. Salaberrios continued, recommended the current Mission Statement be re-adopted by the full Board.

Mr. Salaberrios went on to explain with regard to the Performance Measurements that they were also adopted by the JDA Members in January 2011. Those Performance Measurements, Mr. Salaberrios noted, included the number of transactions closed, the aggregate value of bonds issued, the number of jobs associated with each investment transaction, the amount of private capital investment leveraged and the number of transactions in default.

Member Youssouf stated that Mr. Salaberrios missed one – the number of transactions delinquent.

In the brief discussion that followed, it was established that the measurement was added by the Governance Committee in their March 2012 meeting and was now a part of the revised measurements to be voted on by the full Board.

The Chairman then called for questions or comments and Member Youssouf stated that the Governance Committee also recommended a change with regard to point 3, number of jobs retained and created because there is a difference with that since a number of the projects will be for retention of jobs.

The Chair asked Mr. Salaberrios if that is how the revised text would read and Mr. Salaberrios said that it would. The Chair stated that that was important as a measurement as it is similar to how ESD evaluates regular economic development projects.

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

NEW YORK JOB DEVELOPMENT AUTHORITY-Re-adoption of the Mission Statement and Adoption of Revised Performance Measures; and Authorization to Take Related Actions

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BE IT RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is order filed with the records of the Authority (the "Materials"), the following Mission Statement, adopted by the Authority in January 2011 be and it hereby is re-adopted:

The New York Job Development Authority spurs job growth and capital investment in New York State by using the authority granted to it and by leveraging State-guaranteed bonds to support low-interest loans to manufacturers and other targeted industries throughout New York State.

And be it further

RESOLVED, that based on the Materials, the following revised Performance Measurements be and the same hereby are adopted:

- **Annual Number of transactions closed**
- **Aggregate value of bonds issued**
- **Number of jobs retained and created with each investment transaction**
- **Amount of private capital investment leveraged**
- **Number of transactions delinquent**
- **Number of transactions in default**

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 and directed to post all of the above-referenced documents on the website of the Authority, to file such documents with the Authorities Budget Office in accordance with the requirements of the Public Authorities Law, as amended, and to take any and all such other actions as may be necessary or proper in connection with the foregoing.

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The Chairman then called upon Mr. Salaberrios to present the Inland Paper Products, JDA loan item for the Members' consideration.

Mr. Salaberrios explained that the Board is being asked to approve a $840,000 JDA loan for the purchase of printing equipment for the Company. Mr. Salaberrios added that this piece of machinery will make the Company much more efficient and allow it to compete on an equal playing field with other similar companies.

Mr. Salaberrios further noted that the total project cost is $1.5 million and that the term of the loan will be seven years and will fully amortize over said term. The interest rate, he continued, will be the tax exempt rate at the time of closing.

Mr. Salaberrios distributed photos of the actual piece of machinery to be financed.

Following the full presentation, the Chairman called for questions or comments. Member Barsky asked if the machinery was movable and Mr. Salaberrios stated that it will be installed. Member Barsky then asked what impact this will have on using this machinery as collateral.

Mr. Salaberrios stated that if there is default, the Borrower's net assets are sufficient and JDA would go after them at the same time the Authority go after the equipment.

Mr. Salaberrios added that going after equipment that has been installed may not be the cleanest way of getting things done but it is doable.

The Chairman asked if the project was located in the East New York Empire Zone at Liberty Avenue and Mr. Salaberrios stated that that is where it is located.

Member Barsky then noted that a major component of considering this loan involves the salaries of the owners.

Member Barsky then asked if any consideration has been given to having the owners' subordinate part of their salaries to the debt service. Mr. Salaberrios stated that that is what will happen as debt service has to get paid before they can take a certain amount of money out as salary. Mr. Salaberrios added, among other things, that the Company is very profitable.

Following a further brief discussion regarding the debt service, Member Youssouf asked if JDA knows the terms of the J.P. Morgan Chase loan.

Mr. Salaberrios stated that Chase is in the process of sending him the term sheet and it is anticipated that it will be similar to what JDA is doing.

Member Youssouf then asked if Chase will require the same 1.2 debt service coverage

as JDA. Mr. Salaberrios said that it would be the same.

Next, Member Barsky asked if JDA was Pari passu with Chase and Mr. Salaberrios stated that JDA was co-equal first on this transaction.

Member Maniglia asked if JDA was secured for the larger part of the Pari passu and Ms. Walton answered in the affirmative.

Chairman Adams then asked if the Company has been located at Liberty Avenue for all of these years and Mr. Salaberrios said that it has been. Mr. Salaberrios added that some renovation will be required in anticipation of installing the equipment.

Member Youssouf asked if the other debt showing on their balance sheet was the mortgage and Mr. Salaberrios said that it was.

Chairman Adams called for any further questions or comments and a brief discussion ensued with regard to the machinery itself. Member Youssouf also mentioned that it would be great to publicize this project locally and Mr. Ginsburgh said he will look into having that done.

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 - New York (New York City Region-Kings County) –

Inland Paper Products Corp. – Finding and Considerations for Eligibility for Loan Involving Companies in Need of Special Assistance Pursuant to Section §1823. 7. (a) (ii) and §1823. 7. (b) *et seq.* of the New York Job Development Authority Act (the "Act"); Authorization to Make a Loan and to Take Related Actions

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RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Authority (the "Materials), relating to the loan to Inland Paper Products Corp. (the "Company"), the Members of the Authority hereby find that the company is unable to obtain a sufficient amount of financing at prevailing market rates of interest for businesses of similar size in the same industry in New York State, and the Members confirm that in making such finding they have considered:

the applicant's potential for creating jobs in New York State;

the benefits derived from the project in the community in which the project is or will be located;

the interaction of the project with economic development programs administered by the Department of Economic Development and the New York State Urban Development Corporation.

the meaningful participation of minority and women-owned business enterprises and minority group members and women in a project;

the degree to which the project will support apprenticeship training;

compliance with the provisions of section eighteen hundred twenty-six of the Act with regard to the Project Occupant; and

in consultation with the Department of Economic Development, the eligibility of the applicant for assistance under the Industrial Effectiveness Program pursuant to article seven of the Economic Development Law; and be it further

RESOLVED, that the Chairman of the Authority or his designee(s), be and each them hereby is, authorized to make a loan in an amount not to exceed $840,000 (the "Loan") for the purposes and substantially on the terms set forth in the Materials, with such changes as the Chairman of the Authority or his designee(s) may deem appropriate; and be it further

RESOLVED, that Chairman 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 Chairman 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 and proper to effectuate the foregoing resolutions; and be it further

RESOLVED, that the provision by the Authority of financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable; (2) receipt of all other necessary approvals; and (3) the availability of funds and the approval of the State Division of the Budget, if applicable:

* * *

Next, Mr. Tompkins, the Director of ESD's Mohawk Valley Regional Office, presented an item relating to the Harza Building in the City of Utica.

Mr. Tompkins provided the historical background information with regard to the Harza Building and to JDA's involvement therewith.

Among other things, Mr. Tompkins noted that JDA had previously guaranteed a loan for the renovation of the building in the amount of $5,208,000. The loan, he continued, was made by Norstar Bank.

Mr. Tompkins further explained that by the mid-90's, Harza had fallen on hard times and left the building in the possession of the IDA, which was the deed holder.

JDA, Mr. Tompkins further explained, came in and exercised the guarantee, taking the bank out.

Mr. Tompkins went on to note that the last payment was made in 2004 and that there has been no activity there resulting in a decline in the value of the building.

Mr. Tompkins further explained that the State, through ESD, has tried unsuccessfully to find a buyer for the building. In 2007, he continued, the appraisal value was approximately $750,000.

This past Spring, Mr. Tompkins noted, the City had the building appraised and the value had decreased to approximately $350,000.

Mr. Tompkins explained that ESD, in its efforts to resolve this issue and find a private sector buyer, had undertaken a marketing program with the local development enterprise.

The bid process, Mr. Tompkins continued, only identified one proposal and the value of that purchase offer to the IDA is $250,000.

Member Youssouf asked for a time frame on the initial $5,000,000 loan and the history that led to JDA only receiving $250,000 in connection with that loan.

Ms. Walton noted that the loan pre-dated her tenure so while she did not have the specific date of the loan, she did know that it was part of a group of JDA loan guarantees that went bad. It was, she explained, a systemic problem that existed at the time these deals were

done.

Chairman Adams spoke to his efforts and the efforts of others to market this property. He noted that part of the problem stemmed from the fact that there is no adjacent parking.

Member Youssouf asked if this $5 million loan plus the operating money has been written down. Mr. Kwon explained that the loan was paid down from $5.2 million to $3.7 million. Ms. Walton added that the loan has not been written down but that $3.5 million is reserved against it.

Member Youssouf then asked about the amount of operating money that has been put into the building and Mr. Kwon stated that the amount was approximately $41,000.

The Chair asked if that money went to the IDA or to the Mohawk Valley Edge. Mr. Kwon stated that it went to the IDA. Mr. Kwon further noted that JDA has hired Mohawk Valley Edge as well and that a servicing fee will be forthcoming from that entity.

The Chair then asked about the proposed buyer and Mr. Tompkins stated that it is Thomas Clark, the Chairman of Adirondack Bank which is located in the adjacent building.

Mr. Tompkins stated that Mr. Clark renovated the Adirondack Bank building and has been a very good main street tenant.

The Chairman asked how this resolution will be viewed by the Mayor and other local officials in the community.

Mr. Younis noted that he had met with the Mayor earlier in the day and the Mayor is very much in support of Mr. Clark buying the building. Other local officials – Assembly and Senate are also on board, Mr. Younis further noted.

Mr. Younis further stated that while it is certainly not an ideal situation to be in, it is a fact that JDA will not get the $3.7 million back and selling the building to a successful tenant is the best outcome for the community.

Ms. Walton voiced her agreement with this assessment and added that this loan has been worked on for the last 15 years and this is the closest the Authority has come to resolving the matter.

Member Youssouf asked if this is the last of these loans or are there more to deal with. Mr. Kwon stated that this is the last bad loan in JDA's portfolio and the remainder are performing and doing fairly well.

Member Youssouf asked if Adirondack Bank was in good shape and whether or not it was State Chartered. Mr. Younis stated that to the best of his knowledge, the bank is in good

shape. Chair Adams suggested that Member Albanese look into whether or not it was State Chartered and he said he would do so.

Member Maniglia suggested that a letter of support from local officials be obtained for the file and Mr. Younis stated that that may already exist and that he would check his records for same.

Member Barksy asked if there had been any personal guarantees on the loan. Mr. Kwon stated that there were no personal guarantees as the IDA was the owner and the IDA did not guarantee the loan. Mr. Kwon added that it was a lease interest with Stetson-Harza and they left. In answer to a further question by Member Barsky, Mr. Kwon stated that Stetson-Harza was not obligated on the loan.

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

Utica (Oneida County) - Authorization to (i) Extend JDA's Agreement with the City of Utica IDA for a Period of Up To Four Additional Months, (ii) Allocate Corporate Funds in an Amount Not to Exceed $77,500 for Payment of Operating Expenses For the Harza Building to City of Utica IDA, and (iii) Take All Related Actions.

RESOLVED, that on the basis of the materials presented to this meeting (the "Materials"), a copy of which is hereby ordered filed with the records of the Corporation, relating to the extension of the stipulation agreement between the New York Job Development Authority, the Corporation be, and is hereby authorized to extend the said stipulation agreement for a period of up to four months and allocate an amount not to exceed $77,500 from Corporate funds, for payment of the Harza Building's operating expense, and be it further

RESOLVED, that the Chairman and Chief Executive Officer-Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to take such action and execute such documents as may be necessary or appropriate to carry out the foregoing resolution.

* * *

The Chairman then noted that the last two items were informational and that no presentation would be made on them. He added that staff was available to answer any questions that the Members had with regard to those items.

There being no further business, the meeting was adjourned at 2:51 p.m.

Respectfully submitted,

Eileen McEvoy
Secretary