

FOR CONSIDERATION

August 27, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Bronx (New York City Region – Bronx County) – Fresh Direct Capital – Urban and Community Development Program – Urban and Community Project Development Assistance (Capital Grant) and Metropolitan Economic Revitalization Fund (Capital Loan)

REQUEST FOR: Findings and Determinations Pursuant to Sections 5(4), 16-d and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Loan and a Grant and to Take Related Actions; Determination of No Significant Effect on the Environment

General Project Plan

I. Project Summary

Borrower/Grantee: Fresh Direct, LLC (“Fresh Direct” or the “Company”)

ESD* Investment: ESD grant and loan assistance totaling \$10 million as follows:

A grant of up to \$9,000,000 to be used for a portion of the cost of construction of a new distribution facility.

A loan of up to \$1,000,000 to be used for a portion of the cost of construction of a new distribution facility.

* The New York State Urban Development Corporation doing business as Empire State Development (“ESD” or the “Corporation”)

Project Location: 2 St. Anns Avenue, Bronx, Bronx County**
23-30 Borden Avenue, Long Island City, Queens County

**Project activity site; other is job-retention site

Proposed Project: Construction of a new distribution facility, corporate headquarters, and purchase of machinery and equipment to allow for consolidation.

Project Type: Business consolidation involving job retention

Regional Council: The New York City Regional Council has been made aware of this item. The Project is consistent with the New York City Regional Plan as the Project will redevelop long-vacant land within one of the fifteen economically distressed or underdeveloped areas of New York City that the New York City Regional Council had identified in its initial 2011 five-year plan.

Employment: Initial employment at time of ESD Incentive Proposal: 1,949
 Current employment level: 2,754
 Minimum employment through January 1, 2025: 1,949*

*ESD's grant and loan requires retention of 1,949 jobs through January 1, 2025. In order to obtain all of the Excelsior tax credits, Fresh Direct will be required to retain 1,949 jobs and create 946 new jobs.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction	\$113,643,000
Machinery & Equipment	35,525,000
Soft Costs	<u>17,087,000</u>
 Total Project Costs	 <u>\$166,255,000</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD – Loan	\$1,000,000	0.6%	5%/7 yrs./*
ESD – Grant	\$9,000,000	5.4%	
EB-5 Loan	84,168,000	50.6%	4.5%/5 yrs./**
Brightwood Loan	15,500,000	9.3%	10%/6 yrs./ ***
NYC IDA Grant	10,500,000	6.3%	
NYS DOT Grant	1,000,000	0.6%	
New Markets Tax Credit Equity	5,000,000	3.0%	
Company Equity	<u>40,087,000</u>	<u>24.1%</u>	
 Total Project Financing	 <u>\$166,255,000</u>	 <u>100.0%</u>	

*1st lien on \$1.5 million of machinery and equipment.

** 1st lien on the assets of Fresh Property Bronx, LLC. There is also an option for Borrower to extend the term another 2 years with a potential additional extension of 3.5 years.

*** 1st lien on assets of Fresh Direct, LLC

III. Project Description

A. Company

Industry: Fresh Direct is a direct-to-consumer internet grocer, delivering a full line of competitively priced grocery products to its customers' door. The Company is the largest full service independent internet grocer in the United States.

Company History: Fresh Direct traces its origins to the late 1990s and the desire of its co-founder and current CEO, Jason Ackerman, and his then partner to find the most effective way to satisfy New York City consumers' growing desire for high-quality fresh foods at affordable prices. The Company started with a single employee in 1999 and having made its first delivery in 2002, Fresh Direct has outgrown its physical and capacity constrained facility through consistent company growth and hiring of over 2400 employees.

Ownership: Fresh Direct is privately owned.

Size: The Company currently fulfills orders out of three warehouses in Long Island City, Queens, and operates a fleet of over 250 delivery trucks. In addition, Fresh Direct operates two cross-docks in Philadelphia, PA and Hackensack, NJ to service its Philadelphia-area and New Jersey based customers.

Market: Fresh Direct uses a direct-to-consumer internet grocery model, which provides for customer convenience and the ability to customize the grocery shopping experience through the online channel. The Company has 70,000 weekly customers throughout the New York and Philadelphia metropolitan regions. Fresh Direct's main competitors include grocery stores in these areas.

ESD Involvement: Fresh Direct has experienced significant and rapid growth since it acquired its current Long Island City headquarters in 1999, leasing a second Long Island City warehouse in 2007 and a third Long Island City warehouse in 2011 as well as a number of parking lots for its fleet. By 2011, balancing continued strong growth within increasingly tight facilities, the Company determined that it needed to find a long-term solution to capacity needs and inefficiencies resulting from operating multiple facilities. Fresh Direct, in order to satisfy customer demand and grow and increase employment required by continued growth, decided to consolidate in one facility and identified sites in Jersey City, New Jersey, and the Bronx as suitable options for consolidation. The New Jersey Economic Development Authority offered Fresh Direct substantial

incentives to choose the Jersey City location for consolidation. In order to make the Bronx location more economically feasible and to induce Fresh Direct to proceed with the project at the Bronx location, in February 2012, ESD issued an Incentive Proposal for a \$9 million grant, a \$1 million loan and \$18.2 million in Excelsior Tax Credits. The Company accepted the Incentive Proposal in February 2012.

Competition: Jersey City, New Jersey

Past ESD Support: In 2002, ESD Directors' approved a \$500,000 training grant to Fresh Direct. The grant was fully disbursed and Fresh Direct satisfied all requirements.

B. The Project

Completion: December 2016 (anticipated)

Activity: The project entails land preparation, site preparation, construction of the core and shell that will not exceed 500,000-square-foot facility, procurement and installation of food manufacturing and material handling equipment, development and implementation of advanced supply chain management software, facility commissioning, and transition of operations from the Company's Long Island City facilities to its new Bronx home. The new facility will be situated on a currently vacant 12.6-acre plot of land located at the Harlem River Yards.

The new facility will include:

- (1) dry, refrigerated and freezer storage and order fulfillment areas,
- (2) food production facilities, including meat, seafood, deli, prepared meal and bakery product production areas,
- (3) receiving, shipping and customer order staging and
- (4) operations, transportation and corporate offices.

The 45-foot tall core and shell of the building will support a multi-story/multi-level mezzanine facility built to food-grade specifications, including refrigeration of the facility to support several different temperature zones, insulated paneling to prevent loss of temperature and drainage to allow for wash down of all food production areas. Fresh Direct is working closely with the New York State Energy Research & Development Authority to ensure that the facility's structural design will provide for an energy-efficient operation.

Results: The project will allow Fresh Direct to consolidate into one larger facility, which will provide greater operating capacity and will provide substantial operating efficiencies. The new facility will double Fresh Direct's

capacity, allowing the company to service growth for the next seven to 10 years and add more than 3,500 new products to its current offerings. It will also bring new jobs to the community and help fulfill the desire of local governments to make the South Bronx an attractive area for business development. ESD's grant and loan assistance will allow the Company to retain 1,949 jobs. In addition, Fresh Direct expects the new facility to bring up to 1,000 new jobs to the community over the next 10 years. The new facility represents a significant investment by all parties to help stimulate the local economy, encourage private sector growth, create new jobs for New Yorkers and ensure that Fresh Direct remains a New York-based company.

Business Investment

Project:

Benefit-Costs Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment, and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits not captured in the period of analysis and may involve no permanent job commitments, the estimated benefits typically reflect only construction-related activity.

Evaluated over a 10-year period, the following are anticipated project impacts (dollar values are present value):

- Fiscal benefits to NYS government from the project are estimated at \$96,399,844;
- Fiscal cost to NYS government is estimated at \$24,843,045;
- Project cost to NYS government per direct job is \$14,671;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$7,951;
- Ratio of project fiscal benefits to costs to NYS government is 3.88:1;
- Fiscal benefits to all governments (state and local) are estimated at \$173,448,667;
- Fiscal cost to all governments is \$35,843,045;
- All government cost per direct job is \$21,167;
- All government cost per total job is \$11,472;
- The fiscal benefit to cost ratio for all governments is 4.84:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$751,375,573, or \$240,486 per job (direct and indirect);
- The economic benefit to cost ratio is 20.96:1;

- Project construction cost is \$130,073,000, which is expected to generate 649 direct job years and 351 indirect job years of employment;
- For every permanent direct job generated by this project, an additional 0.84 indirect job is anticipated in the state's economy;
- The payback period for NYS costs is three years.

See Project Summary Benefit-Cost Evaluation (attached) for detail and definitions.

The project benefit cost analysis includes the creation of 946 new jobs in addition to the 1,949 jobs to be retained. The total incentive offered to the company included the Excelsior Jobs Program tax credits based on the new job creation and eligible investments in addition to the UCDP grant and MERF loan.

Borrower/Grantee

Contact: Jason Ackerman, Chief Executive Officer and Co Founder
 23-30 Borden Avenue
 Long Island City, NY 11101
 Phone: (718) 928-1000

ESD Project No's.: X655, X656

Project Team:	Origination	Brenda Grober
	Project Management	Brendan Healey
	Legal	Simon Wynn
	Contractor & Supplier Diversity	Denise Ross
	Finance	Jonevan Hornsby
	Design & Construction	Peter Topor
	Environmental	Soo Kang

C. Financial Terms and Conditions – Grant

1. Upon execution of the grant disbursement agreement, the Company shall pay a commitment fee of 1% of the \$9,000,000 capital grant (\$90,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. Fresh Direct Holdings, Inc., and Fresh Direct Property Holding, Inc., will guarantee the grant repayment obligation of its subsidiary, Fresh Direct, LLC, in the event of an Employment Shortfall or other default, as defined in these materials or the Grant Disbursement Agreement.

4. The Company will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Company's acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
5. Prior to disbursement, the Company must employ at least the number of Full-time Permanent Employees set forth as the Baseline Employment in the table below. A Full-time Permanent Employee shall mean (a) a full-time, permanent, private-sector employee on the Grantee's payroll, who has worked at the Project Location for a minimum of thirty-five hours per week for not less than four consecutive weeks and who is entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties; or (b) two part-time, permanent, private-sector employees on Grantee's payroll, who have worked at the Project Location for a combined minimum of thirty-five hours per week for not less than four consecutive weeks and who are entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties.
6. Up to \$9,000,000 will be disbursed to the Grantee in four installments as follows:
 - a) an Initial Disbursement of an amount of \$2,000,000 as an advance upon execution of a Grant Disbursement Agreement, upon compliance with ESD's Design and Construction requirements, and the employment of at least 1,949 Full-time Permanent Employees at the Project Locations assuming that all project approvals have been completed and funds are available;
 - b) a Second Disbursement of an amount equal to \$3,000,000 will be disbursed upon documentation of 30% construction completion in compliance with ESD's Design and Construction requirements and the employment of at least 1,949 Full-time Permanent Employees at the Project Locations, provided Grantee is otherwise in compliance with program requirements;
 - c) a Third Disbursement of an amount equal to \$3,000,000 will be disbursed upon documentation of 75% construction completion in compliance with ESD's Design and Construction requirements and the employment of at least 1,949 Full-time Permanent Employees at the Project Locations, provided Grantee is otherwise in compliance with program requirements.
 - d) a Fourth Disbursement of an amount equal to \$1,000,000 will be disbursed upon documentation of 90% construction completion in compliance with ESD's Design and Construction requirements and the employment of at least 1,949 Full-time Permanent Employees at the Project Locations, provided Grantee is otherwise in compliance with program requirements.

Within a year after the Fourth Disbursement, Grantee shall be required to submit documentation showing project completion in compliance with ESD's Design and

Construction requirements, including a Certificate of Occupancy.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after February 3, 2012, to be considered eligible project costs. All disbursements must be requested by April 1, 2017.

7. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$9,000,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.
8. In consideration for the making of the Grant, Grantee will achieve the Employment Goals set forth in Column B of the table below. If the Full-time Permanent Employee Count for the year prior to the reporting date set forth in Column A of the table below is less than eighty-five percent (85%) of the Employment Goal set forth in Column B (an "Employment Shortfall"), then upon demand by ESD, Grantee shall be obligated to repay to ESD a portion of each disbursement of the Grant, as follows:

The Recapture Amount is based on the time that has lapsed between when the Grant funds were disbursed and when the Employment Shortfall occurred. The Recapture Amount shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:

- (i) 100% of the disbursed amount if the Employment Shortfall occurred in the calendar year that the disbursement was made, or in the first full calendar year after the disbursement was made;
- (ii) 100% of the disbursed amount if the Employment Shortfall occurred in the second full calendar year after the disbursement was made;
- (iii) 90% of the disbursed amount if the Employment Shortfall occurred in the third full calendar year after the disbursement was made;
- (iv) 80% of the disbursed amount if the Employment Shortfall occurred in the fourth full calendar year after the disbursement was made;
- (v) 70% of the disbursed amount if the Employment Shortfall occurred in the fifth full calendar year after the disbursement was made.
- (vi) 60% of the disbursed amount if the Employment Shortfall occurred in the sixth full calendar year after the disbursement was made;
- (vii) 50% of the disbursed amount if the Employment Shortfall occurred in the seventh full calendar year after the disbursement was made;
- (viii) 40% of the disbursed amount if the Employment Shortfall occurred in the eighth full calendar year after the disbursement was made;
- (ix) 30% of the disbursed amount if the Employment Shortfall occurred in the ninth full calendar year after the disbursement was made.
- (x) 20% of the disbursed amount if the Employment Shortfall occurred in the tenth

full calendar year after the disbursement was made.

- (xi) 10% of the disbursed amount if the Employment Shortfall occurred in the eleventh full calendar year after the disbursement was made.

The Grantee's number of Full-time Permanent Employees shall be deemed to be the greater of the number as of the last payroll date in the month of December for such year or the average employment for the 12 month period computed by quarter.

Baseline Employment	1,949
---------------------	-------

A	B
Date	Employment Goals
February 1, 2015	1,949
February 1, 2016	1,949
February 1, 2017	1,949
February 1, 2018	1,949
February 1, 2019	1,949
February 1, 2020	1,949
February 1, 2021	1,949
February 1, 2022	1,949
February 1, 2023	1,949
February 1, 2024	1,949
February 1, 2025	1,949

D. Financial Terms and Conditions - Loan

1. The Borrower shall pay a commitment fee of 1% of the \$1,000,000 loan (\$10,000). In addition, at the time of closing, the Borrower will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Borrower will demonstrate no materially adverse changes in its financial condition prior to closing.
3. Guarantees: Corporate Guarantees are required from any entity or commonly controlled entities together owning 50% or more of the Borrower including Fresh Direct Holdings, Inc., and Fresh Direct Property Holding, Inc.
4. The Borrower will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Company's written acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money

secured by the assets in the project.

5. Up to \$1,000,000 will be disbursed to the Borrower upon completion of the project substantially as described in these materials including documentation of \$166,000,000 in building acquisition/construction/renovations/machinery and equipment project costs, a certificate of occupancy and documentation of the employment of at least 1,949 Full-time Permanent Employees at the Project Location, assuming that all project approvals have been completed and funds are available. Expenses must be incurred on or after February 3, 2012, to be considered eligible project costs. Disbursement of the loan must be requested by April 1, 2017.
6. Prior to disbursement, the Borrower must employ at least the number of Full-time Permanent Employees set forth as the Baseline Employment in the table below. A Full-time Permanent Employee shall mean (a) a full-time, permanent, private-sector employee on the Borrower's payroll, who has worked at the Project Location for a minimum of thirty-five hours per week for not less than four consecutive weeks and who is entitled to receive the usual and customary fringe benefits extended by Borrower to other employees with comparable rank and duties; or (b) two part-time, permanent, private-sector employees on Borrower's payroll, who have worked at the Project Location for a combined minimum of thirty-five hours per week for not less than four consecutive weeks and who are entitled to receive the usual and customary fringe benefits extended by Borrower to other employees with comparable rank and duties.
7. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$1,000,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.
8. Rate/Term: 5% interest rate over 7 years (84 months). The interest rate may be adjusted if the Borrower does not meet the Job Commitments. Loan becomes immediately due and payable if Borrower sells or closes the Project Location.
9. Repayment Term: 84 monthly interest payments beginning after disbursement of the loan, with outstanding principal due in full on the 84th month.

10. Job Commitments:

Baseline Employment	1,949
A	B
Reporting Date	Employment Goals
Anniversary Date of Loan Closing 2015	1,949
Anniversary Date of Loan Closing 2016	1,949
Anniversary Date of Loan Closing 2017	1,949
Anniversary Date of Loan Closing 2018	1,949
Anniversary Date of Loan Closing 2019	1,949
Anniversary Date of Loan Closing 2020	1,949
Anniversary Date of Loan Closing 2021	1,949
Anniversary Date of Loan Closing 2022	1,949
Anniversary Date of Loan Closing 2023	1,949
Anniversary Date of Loan Closing 2024	1,949
Anniversary Date of Loan Closing 2025	1,949

- 11. The Borrower will submit to ESD annual reviewed financial statements and quarterly internal financial statements certified by an officer of the Borrower.
- 12. Financial Disclosure: Updated financial disclosure on Borrower and all guarantors acceptable to ESD must be provided prior to closing.
- 13. Lien/Collateral: First lien position on \$1.5 million machinery & equipment.

IV. Statutory Basis - Urban and Community Development Program

This project is authorized under Sections 5(4) and 16-d of the New York State Urban Development Corporation Act (the "Act") and satisfies the eligibility criteria for an Urban and Community Development Program grant as set forth in the Act and the rules and regulations for the Urban and Community Development Program. No residential relocation is required as there are no families or individuals residing on the site.

V. Design and Construction

Fresh Direct is building a not to exceed 500,000 square foot distribution facility at Harlem River Yards, Bronx. The projected total construction cost is \$113,643,000. ESD's grant will reimburse construction expenditure up to \$9,000,000. For the ESD grant, the construction documents will be reviewed and payments will be made when design and construction ("D&C") requirements have been met.

VI. Environmental Review

The New York City Industrial Development Agency, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project to be a Type I Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on February 14, 2012. As an involved agency in the SEQRA review, ESD is bound by the lead agency's Determination. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

VII. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-discrimination & Contractor and Supplier Diversity policy will apply to the Project. Fresh Direct shall be required to use good faith efforts to achieve an overall Minority and Women Business Enterprise ("MWBE") participation goal of 40%, Minority Business Enterprise ("MBE") participation goal of 30% and a Women Business Enterprise ("WBE") participation goal of 10% related to the total value of ESD's funding and to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project. MBE participation requirements may not be substituted for WBE participation, or the reverse.

VIII. ESD Financial Assistance Subject to Availability of Funds and Additional Approval

The provision of ESD financial assistance is contingent upon the availability of funds and the approval of the State Division of the Budget.

IX. Additional Submissions to Directors

Resolutions
New York State Map
Project Renderings/Site Map
Project Finance Memorandums
Benefit-Cost Analysis

August 27, 2014

Bronx (New York City Region – Bronx County) – Fresh Direct Capital – Urban and Community Development Program – Urban and Community Project Development Assistance (Capital Grant) – Findings and Determinations Pursuant to Sections 5(4), 16-6 and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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 Corporation, relating to the Fresh Direct Capital - Urban and Community Development Program – Urban and Community Project Development Assistance (Capital Grant) Project (the “Project”), the Corporation hereby determines pursuant to Section 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that there are no families or individuals to be displaced from the project area; and be it further

RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plan (the “Plan”) for the Project submitted to this meeting, together with such changes therein as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Fresh Direct, LLC a grant for a total amount not to exceed Nine Million Dollars (\$9,000,000) from the Urban and Community Development Program fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them

hereby is, authorized in the name and on behalf of the Corporation 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.

* * *

August 27, 2014

Bronx (New York City Region – Bronx County) – Fresh Direct Capital – Metropolitan Economic Revitalization Fund (Capital Loan) – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Loan and to Take Related Actions

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 Corporation, relating to the Fresh Direct Capital – Metropolitan Economic Revitalization Fund (Capital Loan) Project (the “Project”), the Corporation hereby determines pursuant to Section 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that there are no families or individuals to be displaced from the project area; and be it further

RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plan (the “Plan”) for the Project submitted to this meeting, together with such changes therein as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Fresh Direct, LLC a loan for a total amount not to exceed One Million Dollars (\$1,000,000) from the Metropolitan Economic Revitalization Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them

hereby is, authorized in the name and on behalf of the Corporation 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.

* * *

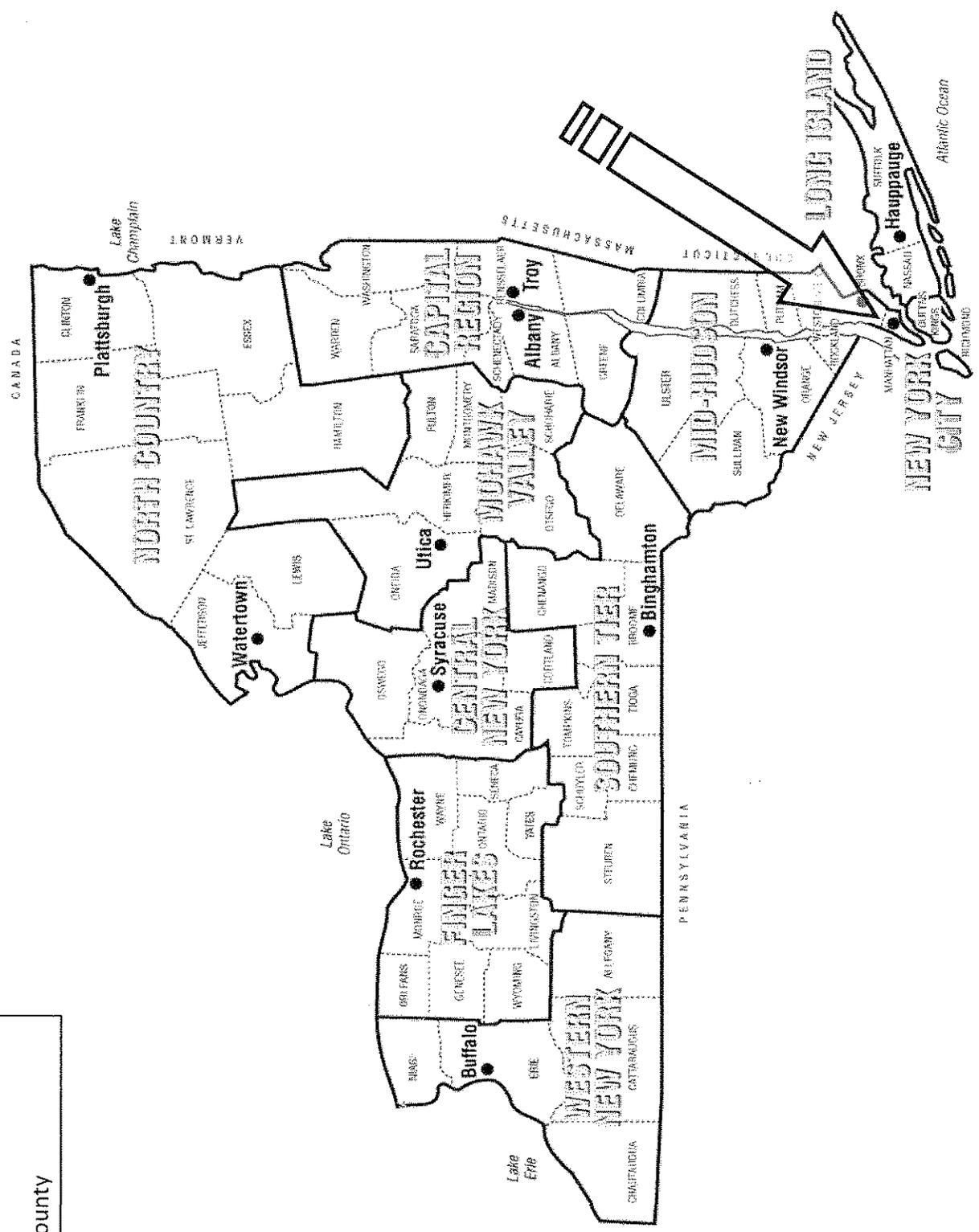
August 27, 2014

Bronx (New York City Region – Bronx County) – Fresh Direct Capital – Urban and Community Development Program – Urban and Community Project Development Assistance (Capital Grant) and Metropolitan Economic Revitalization Fund (Capital Loan) – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Fresh Direct Capital Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

Fresh Direct Capital
 Bronx
 Bronx County



Project Summary Benefit-Cost Evaluation¹

Fresh Direct – Business Investment

Benefit-Costs Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment, and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits reported in the table below typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits not captured in the period of analysis and may involve no permanent job commitments, the table typically reflects only construction-related activity. Benchmarks for each type of project are noted in the footnotes.

Initial Jobs: 1,949
Retained Jobs: 1,949*

Construction Job Years (Direct): 649
Construction Job Years (Indirect): 1,000

Evaluation Statistics	Project Results NYS Gov't.	NYS Gov't. Benchmarks ²	Project Results State & Local Government	State & Local Government Benchmarks
Fiscal Costs ³	\$24,843,045	\$794,250	\$35,843,045	\$1,020,500
Fiscal Benefits ⁴	\$96,399,844	\$2,085,600	\$173,448,667	\$4,271,980
Fiscal Cost /Direct Job	\$14,671	\$3,000	\$21,167	\$4,110
Fiscal Cost/Total Jobs	\$7,951	\$1,424	\$11,472	\$1,964
Fiscal B/C Ratio	3.88	7.00	4.84	10.60
	Project Results	Benchmarks		
Economic Benefits ⁵	\$751,375,573	\$119,468,000		
Econ. Benefits/Total Jobs	\$240,486	\$147,600		
Economic B/C Ratio	20.96	50.00		

*See the description of project employment noted in the bulleted summary of project performance.

¹ Dollar values are present value calculated over a 10-year period. Separate evaluations are made and reported for New York State government assistance alone and for State and Local government.

² The current project evaluation results (both fiscal and economic) are compared to performance measure benchmarks based on results of a sample of ESD non-retail projects. Business Investment project benchmarks are 7.00 (Fiscal) and 50.00 (Economic). Infrastructure Investment (or Economic Growth Investment) project benchmarks are 3.00 (Fiscal) and 20.00 (Economic).

³ Fiscal cost includes the value of grants, loans and associated default risks, and discretionary subsidies (such as tax exemptions or abatements on sales, property, and interest income).

⁴ Fiscal benefits are the loan repayments and tax revenues to New York State and Local governments generated by project activity. This includes estimated taxes on personal incomes from project direct and indirect employment, corporate and business incomes, excise and user taxes, property taxes, and other taxes.

⁵ Economic benefits are estimated project benefits measuring fiscal flows to government plus net resident disposable income from project direct and indirect employment net of transfers, without adjusting for individual income earners' opportunity cost of employment.

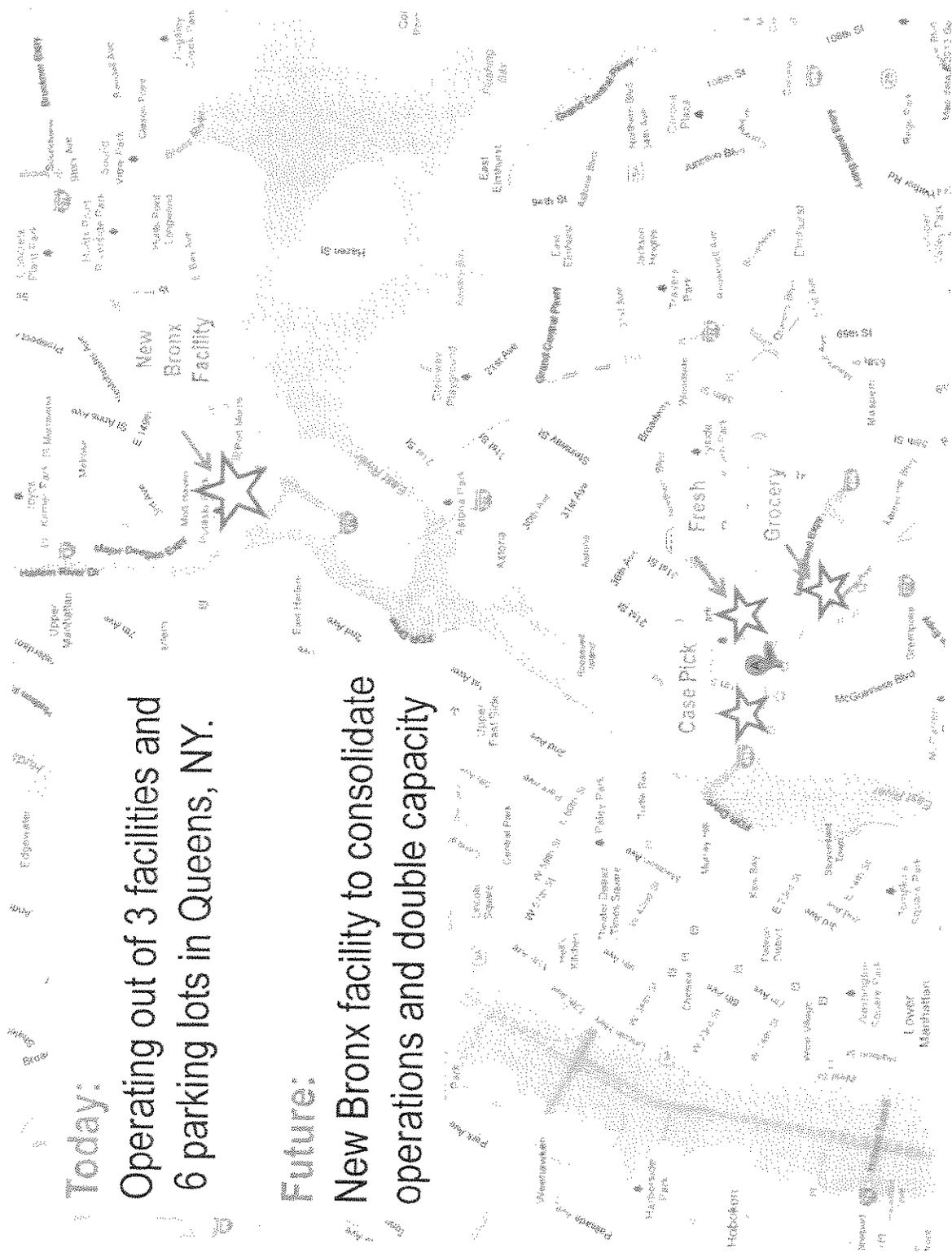
Mapping Company's Future

Today:

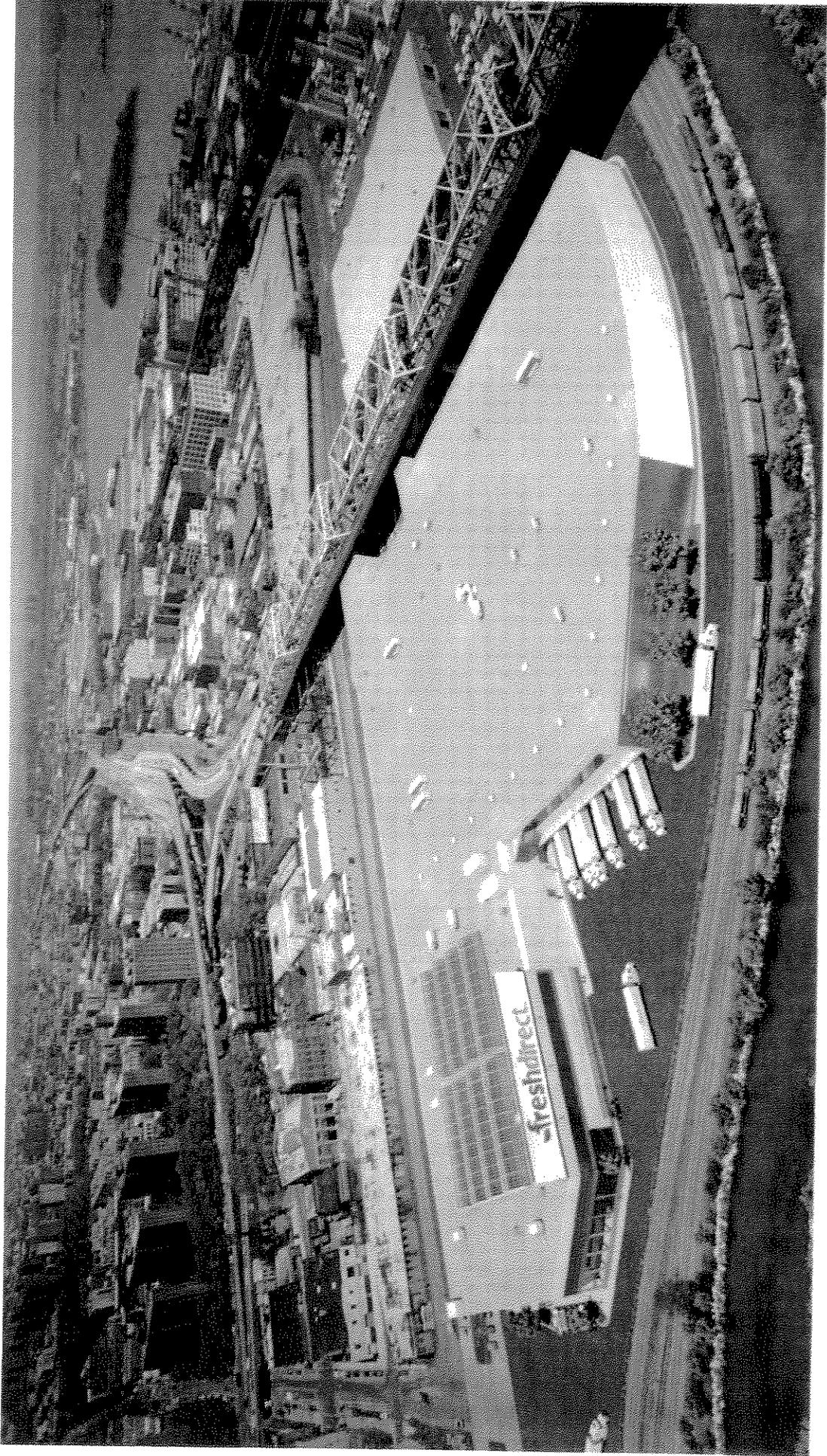
Operating out of 3 facilities and 6 parking lots in Queens, NY.

Future:

New Bronx facility to consolidate operations and double capacity

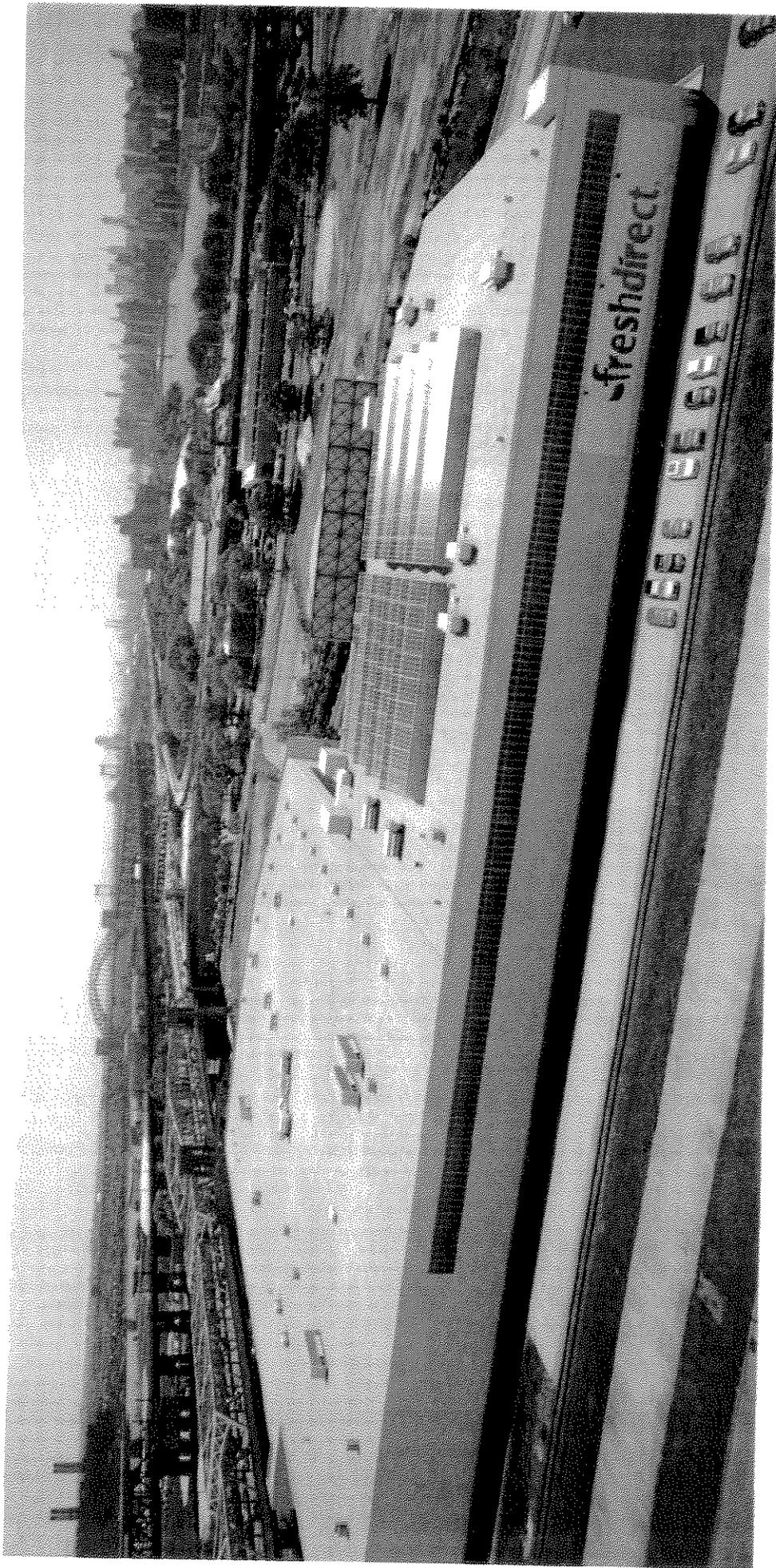


New Bronx Facility



freshdirect

New Bronx Facility



freshdirect

Empire State Development

FOR INFORMATION

October 16, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Bronx (New York City Region – Bronx County) – Fresh Direct Capital – Urban and Community Development Program – Urban and Community Project Development Assistance (Capital Grant) and Metropolitan Economic Revitalization Fund (Capital Loan)

I. Background

At a meeting held August 27, 2014, the ESD Directors adopted a General Project Plan (“GPP”) and authorized a \$9,000,000 grant (the “Grant”) and a \$1,000,000 loan (the “Loan”) to Fresh Direct, LLC, (“Fresh Direct”) for a portion of the project cost of \$166,255,000 for construction of a new distribution facility, corporate headquarters, and purchase of machinery and equipment to allow for consolidation. The GPP requires that Fresh Direct retain 1,949 Full-Time Permanent Employees from the initial disbursement of the Grant and Loan through January 1, 2025, in order for the full amount of the Grant and Loan to be disbursed and to avoid subsequent recapture of any part of the Grant or a default on the Loan. Initial disbursement of the Grant is anticipated to occur in the first quarter of 2015, assuming all necessary approvals are in place. Lump sum disbursement of the Loan is anticipated to occur after completion of the project.

II. Update

This memorandum is to inform the Directors of a miscalculation in the current employment level noted on page two of the GPP. (Current employment level is a data point routinely presented to the Directors for information purposes.) The current number of employees, 2,754, reflected in the GPP was a payroll based total (from June 2014) reflective of Fresh Direct’s entire employee base, including out-of-NY State and part-time employees. The correct number of Full-Time Permanent Employees as of October 5, 2014, was 2,454. It is important to note that this number, 2,454 Full-Time Permanent Employees, significantly exceeds the Full-Time Permanent Employee retention requirement of the Grant and Loan, which is 1,949 and is not required to be achieved until the initial disbursement of the Grant and Loan.

A public hearing is being scheduled to solicit public comment on the GPP. This memorandum will be made available to the public and entered into the record of the hearing together with the GPP presented to you on August 27, 2014. An updated GPP, together with modifications, if any, that may be recommended by staff as a result of comments received at the hearing, will be presented to the Directors after the hearing for your further action.