

**STATEWIDE LOCAL DEVELOPMENT CORPORATION**

at the offices of the  
New York State Urban Development Corporation  
d/b/a Empire State Development  
633 Third Avenue  
New York, New York 10017

Meeting of the Directors

Friday

January 30, 2015 – 10:00 a.m.

**AGENDA**

**I. CORPORATE ACTIONS**

- A. Approval of the Minutes of the October 6, 2014 Director's Meetings
- B. Officers of the Statewide Local Development Corporation (the "Corporation") – Removal and Appointment of Officers

**II. FOR CONSIDERATION**

- A. Buffalo and Wyoming (Western New York Region – Erie and Wyoming Counties) – JDA Loans for the benefit of TMP Acquisitions, Inc. – Authorization to Make Loans with New York Job Development Authority Proceeds and Take Related Actions
- B. Latham (Capital Region – Albany County) – JDA Loan for the benefit of Upstate Veterinary Specialties, PLLC – Authorization to Make a Real Estate Loan with New York Job Development Authority Proceeds and Take Related Actions

**DRAFT – SUBJECT TO REVIEW AND REVISION**

**STATEWIDE LOCAL DEVELOPMENT CORPORATION**

Meeting of the Directors  
Held at the New York City Regional Office  
633 Third Avenue  
New York, New York 10017

October 6, 2014

**MINUTES**

**In Attendance  
Directors:**

Mehul Patel (Acting Chair)  
Susan Shaffer, Vice President - Loans and Grants

**Present for Statewide:**

Eileen McEvoy, Secretary  
Antovk Pidedjian, Assistant Secretary (via telephone)  
Ray Salaberrios, Senior Vice President

The meeting of the Statewide Local Development Corporation, a local development corporation created under the New York State law, was called to order at 3:15 p.m. by Acting Chair Patel. It was noted for the record that notices 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.

Acting Chair Patel noted that the public is free to comment on any matters on the Agenda.

**DRAFT – SUBJECT TO REVIEW AND REVISION**

The Acting Chair then called for a motion to approve the Minutes of the July 31, 2014 Directors' meeting.

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE JULY 31, 2014 MEETING OF THE DIRECTORS OF THE STATEWIDE LOCAL DEVELOPMENT CORPORATION

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RESOLVED, that the Minutes of the meeting of the Corporation held on July 31, 2014, as presented to this meeting, are hereby approved and all actions taken by the Directors presented at such meeting as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Corporation.

\* \* \*

Acting Chair Patel then asked Mr. Salaberrios to present an item relating to two JDA loans, one in the amount of \$2,196,000 and one in the amount of \$1,398,300 for the benefit of the Empire Farmstead Brewery.

Mr. Salaberrios explained that the real estate portion of the \$2.1 million loan will be used to take out 60 percent of an interest-only loan provided by Oneida Savings Bank for the construction of a facility located in Cazenovia, New York. The \$1.3 million loan, Mr. Salaberrios further explained, will be used to take out 60 percent of an interest-only loan provided by Oneida Savings Bank for the acquisition of brewing equipment.

Mr. Salaberrios then provided background information on the Company as well as on the proposed project. He noted, among other things, that the objective of the Empire Farmstead Brewery is to expand the existing brewing facility including the agricultural component of the Empire Brewing Company into a stand-alone manufacturing and agritourist

**DRAFT – SUBJECT TO REVIEW AND REVISION**

facility.

The \$8.3 million project, Mr. Salaberrios noted, expects to support 20 construction jobs and create 35 permanent jobs in year one and a total of 75 jobs five years after the loan disbursement.

Mr. Salaberrios then noted that ESD staff and the JDA Finance Committee acknowledge that the financial analysis is based on projections and therefore riskier than most JDA loans.

Mr. Salaberrios then outlined the compelling factors that led ESD staff and the JDA Finance Committee to recommend approval.

Among those factors cited by Mr. Salaberrios were the fact that there is tremendous potential for the Company to create jobs in New York State and that the community at large will derive measurable benefit from the approval of the project.

Following the presentation, Director Shaffer asked if the budget and the jobs are in sync with the grant and the timing of the grant.

Director Shaffer noted that the materials refer to grant funding and asked if that reference is to the ESD grant and the HCR grant and Mr. Salaberrios said that those grants are part of the funding source.

**DRAFT – SUBJECT TO REVIEW AND REVISION**

Director Shaffer then asked if more jobs will be created than are required by the ESD grant and Mr. Salaberrios stated that that was the case.

Director Shaffer then asked what the other sources were. Mr. Salaberrios stated that the Oneida Savings Bank bridge loan and funding from the Madison County IDA made up the other funding sources.

The Acting Chair then called for any further questions or comments. Hearing none, and upon motion duly made and seconded, the following resolution was unanimously adopted:

Cazenovia (Madison County - Central New York Region) – Empire Farmstead Brewery, Inc. – Authorization to Act and Perform as LDC on JDA Real Estate and Machinery and Equipment Loans for the benefit of Empire Farmstead Brewery, Inc. and to Take Related Action

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RESOLVED, that the Chairman of the Corporation, or his designee(s) be, and each of them hereby, authorizes a real estate loan from the New York Job Development Authority for the benefit of Empire Farmstead Brewery, Inc. representing 60% of eligible real estate project costs, not to exceed \$2,196,000, and representing 60% of eligible project cost for machinery and equipment, not to exceed \$1,398,300, 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 and subsequently to the JDA Board, with such changes as the Chief Executive Officer of the JDA or his designee(s) may deem appropriate; and be it further

RESOLVED, that the Chairman of the Corporation, 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 resolution; and be it further

**DRAFT – SUBJECT TO REVIEW AND REVISION**

RESOLVED, that the provision of financial assistance by the Corporation is expressly contingent upon: (1) JDA receipt of the approval of the Public Authorities Control Board, as applicable (2) receipt of funds from JDA and (3) the receipt of all other necessary approvals.

\* \* \*

Central New York (Cazenovia) – Empire Farmstead Brewery, Inc. – New York Job Development Authority Special Purpose Fund Direct Loan Project – Real Estate Loan and Machinery and Equipment Loan – Determination of No Significant Effect on the Environment

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RESOLVED, that based on the materials submitted to the JDA with respect to the Empire Farmstead Brewery, Inc., the JDA hereby determines that the proposed action will not have a significant effect on the environment.

\* \* \*

There being no further business, the meeting was adjourned at 3:24 p.m.

Respectfully submitted,

Eileen McEvoy  
Corporate Secretary

FOR CONSIDERATION

January 30, 2015

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Officers of Statewide Local Development Corporation (the "Corporation")

REQUEST FOR: Removal and Appointment of Officers

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I. Background

In order to permit the Corporation to perform its role in furtherance of JDA projects and otherwise conduct its corporate duties, the removal of officers no longer employed by ESD and the appointment of new replacement officers is necessary.

II. Proposed Action

In accordance with Section 15 of the By-Laws, it is proposed that Susan Shaffer be removed from the office of Senior Vice President; Frances A. Walton be removed from the office of Vice President; and Lawrence Jacobs be removed from the office of General Counsel.

Additionally, it is proposed that Margaret Tobin be appointed to the office of Senior Vice President; Edwin Lee be appointed to the office of Vice President; and Elizabeth R. Fine be appointed to the office of General Counsel.

III. Requested Action

The Directors are requested to remove and appoint the above-referenced individuals in accordance with the Corporation's By-Laws.

IV. Attachment

Resolution

January 30, 2015

STATEWIDE LOCAL DEVELOPMENT CORPORATION – Officers of Statewide Local  
Development Corporation (The “Corporation”) - Removal and Appointment

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RESOLVED, that Susan Shaffer is hereby removed from the office of Senior Vice President of the Corporation;

RESOLVED, that Margaret Tobin is hereby appointed to hold the office of Senior Vice President of the Corporation in the manner as provided in the By-Laws.

RESOLVED, that Frances A. Walton is hereby removed from the office of Vice President of the Corporation;

RESOLVED, that Edwin Lee is hereby appointed to hold the office of Vice President of the Corporation in the manner as provided in the By-Laws.

RESOLVED, that Lawrence Jacobs is hereby removed from the office of General Counsel of the Corporation;

RESOLVED, that Elizabeth R. Fine is hereby appointed to hold the office of General Counsel of the Corporation in the manner as provided in the By-Laws.

The current officers of the Corporation are as follows:

President . . . . .	Mehul Patel
Senior Vice President . . . . .	Margaret Tobin
Senior Vice President . . . . .	Rafael Salaberrios
Vice President . . . . .	Edwin Lee
Vice President . . . . .	Carlos Otero
General Counsel . . . . .	Elizabeth R. Fine
Treasurer . . . . .	Robert Godley
Assistant Treasurer . . . . .	Kathleen Mize
Secretary . . . . .	Eileen McEvoy
Assistant Secretary . . . . .	Antovk Pidedjian

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FOR CONSIDERATION

Date: January 30, 2015

TO: The Members

FROM: Kenneth Adams

Subject: Buffalo and Wyoming (Western NY Region - Erie and Wyoming Counties) – JDA Loans for the benefit of TMP Acquisitions, Inc.

RE: Authorization to Make Loans with New York Job Development Authority Proceeds and Take Related Actions

<b>JDA Loan Terms (Real Estate)</b>	
<b>Borrower:</b>	TMP Acquisitions, Inc.
<b>Economic Region:</b>	Western NY
<b>Loan Amount Requested:</b>	\$2,160,000
<b>Rate:</b>	3.27% (fixed)
<b>Term:</b>	5 years
<b>Classification:</b>	IA-
<b>Distressed Area:</b>	Yes
<b>Initial Payment:</b>	\$39,072.08

<b>JDA Loan Terms (Machinery &amp; Equipment)</b>	
<b>Borrower:</b>	TMP Acquisitions, Inc.
<b>Economic Region:</b>	Western NY
<b>Loan Amount Requested:</b>	\$840,000
<b>Rate:</b>	3.27% (fixed)
<b>Term:</b>	5 years
<b>Classification:</b>	IA-
<b>Distressed Area:</b>	Yes
<b>Initial Payment:</b>	\$15,194.70

<b>JDA Project Budget</b>					
<u>Uses</u>			<u>Sources</u>		
Machinery & Equipment	\$4,320,000	55%	Bank of America Loans	\$4,128,000	52%
Real Estate	3,600,000	45%	JDA Loans	3,000,000	38%
			Equity	792,000	10%
<b>Total JDA Project Cost</b>	<b>\$7,920,000</b>		<b>Total JDA Project Financing</b>	<b>\$7,920,000</b>	

Total Project Budget					
Uses			Sources		
Acquisition of Time Release Sciences*	\$20,700,000	75%	Bank of America Loans	\$13,250,000	48%
Acquisition of TMP Technologies*	6,800,000	25%	Seller Loan	6,250,000	23%
			Equity	3,000,000	11%
			<b>JDA Loans</b>	3,000,000	11%
			Erie County IDA Loan	2,000,000	7%
<b>Total Project Cost</b>	<b>\$27,500,000</b>		<b>Total Project Financing</b>	<b>\$27,500,000</b>	
* Includes Real Estate, M&E, Inventory, Accounts Receivables, and Goodwill					

**Security:** The JDA Loans shall be secured by second liens and security interests on and in all of the properties located at: 1200 Northland Ave., Buffalo, NY, 195 - 205 Dingsen Street, Buffalo, NY, and 6110 Lamb Road, Wyoming, NY. The JDA Loans will also be secured by a co-equal first lien on the machinery and equipment purchased with the M&E loan and second liens on all of the Borrower's present and future property and assets, including, but not limited to, inventory and other goods, accounts receivable (excluding accounts receivable pledged for the existing vendor payable programs), and all proceeds and products thereof.

**Guarantors:** Repayment of the Loans shall be guaranteed by TMP Technologies, Inc., Time Release Sciences, Inc., and personal guarantees will be provided by Robert J. Laughlin and Kirk Dorn.

**Job Information (at project sites):**

**Existing:** 124 full-time

**New Jobs Projected:** 6 full-time by three years after loans disbursement

**Average Salary:** The average salary (not including owners) is \$41,000. Additional employee benefits equal approximately 35% of salaries. According to US Census Data, Median Household Income in Buffalo in 2013 was \$30,942.

**JDA Loan Amount per job:** \$23,077

**Project Summary:**

**Borrower:** TMP Acquisitions, Inc.  
1200 Northland Avenue  
Buffalo, NY 14215

**Contact:** Robert J. Laughlin, President  
Phone: 716-895-6100 x253  
RLaughlin@tmpotech.com

**Ownership:** TMP Acquisitions, Inc. is 66.67 % owned by Robert J. Laughlin and 33.33% owned by Kirk C. Dorn. The Company was formed to acquire Time Release Sciences, Inc. and TMP Technologies, Inc.

Nature of Business: The Companies design and manufacture components and assemblies using foam, rubber, plastic and other urethane products.

This report concerns two proposed New York Job Development Authority (“JDA”) loans for the amount of \$2,160,000 and \$840,000, respectively (collectively, the “JDA Loans”). The Real Estate portion of \$2,160,000 is to be used to take out a portion of a loan to be provided by Bank of America for the acquisition of facilities located in Buffalo and Wyoming, New York (the “Real Estate Project”). The \$840,000 loan is to be used to take out a portion of a loan to be provided by Bank of America for the acquisition of machinery and equipment (the “M&E Loan”). The total amount of the JDA Loans is \$3,000,000. The total cost of the Project is \$27,500,000 (the “Project Cost”).

Project locations: 1200 Northland Avenue, Buffalo, NY  
195-205 Dingens Street, Buffalo, NY  
6110 Lamb Road, Wyoming, NY

Project Completion: First Quarter 2015

## 1) PROJECT OVERVIEW AND RECOMMENDATION

### Background

Time Release Sciences, Inc. (TRS) was started in 2004 for the sole purpose of manufacturing the Mr. Clean Magic Eraser consumer product line for Proctor & Gamble (P&G). The company began at 2495 Main St. in Buffalo, NY leasing 25,000 square feet. TRS quickly outgrew that space and acquired a 100,000 square foot warehouse at its current location of 205 Dingens St., Buffalo, NY. In 2012, a 20,000 square foot expansion of the facilities was undertaken.

TMP Technologies, Inc. (TMP) was founded in 1954. At that time, its sole product was a patented clothesline pulley system and after 60 years, the company has evolved into a multinational manufacturer of specialty foam, rubber, plastic, and metal fabrication. TMP's entry into the foam fabrication business began in 1956 with the fabrication and assembly of a patented floor mop. During the 1970's operations were expanded by acquiring Hallmark Plastics and the purchase of a single press injection rubber molder which has grown into an Advanced Rubber Products Division. Currently, TMP is a specialty contract designer and manufacturer of components and assemblies, manufactured using foam, rubber, plastic, and metal.

The Companies operate in “Distressed Areas”<sup>1</sup> of the Western New York Region. Like many formerly industrial cities in NYS, Buffalo has experienced economic hardship brought about by the loss of its manufacturing base and the thousands of industrial-type jobs over the last 30 years. In 2013, 30.7% of Buffalo's residents lived below the poverty level, more than twice the national average. The median household income is \$30,942, just 53% of the \$58,003 statewide

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<sup>1</sup> “Distressed Areas” are defined by the US Department of Treasury as census tracts that, based on the 2010 US Census, either (a) have a poverty rate of at least 20%, or (b) have 80% or less of the area’s median household income.

median. TRS and TMP both offer steady average worker salaries of \$41,000 plus benefits (the average excludes owners). These are for high school graduate level jobs.

JDA staff performed a site visit to both the TMP and TRS locations in Buffalo on December 22, 2014, accompanied by the president of the companies. Photos follow this loan report.

### **Project Description**

The project is the complete purchase of both Time Release Sciences, Inc. and TMP Technologies, Inc. from the majority owner Jeffrey T. Dorn, who is retiring. The purchasers are Robert J. Laughlin, the current president of the companies (since 1996), and the corporate VP, Kirk Dorn (son of the current owner). Included in the purchase will be land and buildings at the three addresses identified above, various used equipment that is currently being used at each of these locations as well as all the other assets of each of these companies. All liabilities of each of these entities will also be assumed.

The total financing need of the project is \$27.5 million for the actual purchase of the two Companies. Although the after tax cash flow (EBITDA) from these companies will support \$27.5 million of debt, the collateral does not. Bank of America will finance \$13.25 million of the total need. The buyers will finance an additional \$3 million through equity. The Erie County IDA will fund \$2 million. The current majority owner will hold a \$5 million, 5 year note, but will not hold any additional loan as his health is not good and he is looking to get his estate in order. However, the remaining owners (who collectively own 8.33% of the Companies) will be paid over a three year period, receiving one-third down with one-third being paid at the end of the next two years. This would defer another \$1.25 million. Therefore the remaining shortfall that JDA is considering financing through the Real Estate and M&E Loans would be \$3.0 million. Bank of America has agreed that should the JDA loans be approved, it would provide bridge financing.

If the transaction cannot get financed by Robert Laughlin and Kirk Dorn, the majority owner has indicated that he will need to go to outside interests. The most logical outside interests would be its current competitors, all of which are located outside the state of New York. Several outside companies have expressed interest in buying the TRS/TMP to gain access to the largest customer, P&G. If the Companies are purchased by any of the outside interests, they would most likely consolidate the facilities into their current (out of NYS) plants. This would result in the loss of 124 current jobs, future job growth, as well as all the ancillary business TMP & TRS brings to the area.

### **Conclusions**

- Based on the IA- rating, the Companies currently generate sufficient cash flow from operations to service all the projected project debt, and staff believes that both Companies are fiscally strong. However, Bank of America will have first position on all collateral, and there will be insufficient security for JDA to be completed collateralized.

- Time Release Sciences, Inc. and TMP Technologies, Inc. are financially strong with a history of being profitable and combined sales, EBITDA, and pre-tax profit all increasing over the 3-year historical period.
- With the approval of the project, JDA would facilitate the maintenance 124 manufacturing jobs in distressed areas of Buffalo as well as the continuation of the purchase of over \$10 million in goods and services from local New York suppliers. In addition, the Companies are expected to grow at a combined annual rate of approximately 5%.

### **Market Analysis**

For this particular product category, P&G estimates that it has captured 95% of the North American market.

TMP has two divisions and two locations, 1200 Northland Ave, Buffalo, NY and the Advanced Rubber Products division located in Wyoming, NY. The Buffalo division also houses the corporate headquarters. The Buffalo division manufactures high precision foam assemblies and applicators. These are products that will be part of a consumer product that will dispense a liquid in a measured format (ie shoe polish foam applicators).

These products are very diverse and the market position they share is difficult to estimate, but would be below 1% of the entire market.

The Advanced Rubber Products (ARP) division is a rubber injection molding plant. It has a range of production machinery including presses from 200 to 800 tons. Its products include rubber components used in electrical distribution, such as dead ends, elbows, and various connectors, and the rubber components for various safety masks.

Again, its market share within these industries would be less than 1%.

## **2) COVENANTS AND CONDITIONS**

### The JDA Loans are predicated upon the following financial conditions:

- The Company must obtain firm commitments satisfactory to JDA from responsible financial sources for the total project cost exclusive of any loan requested from JDA.
- The Company must maintain a minimum debt service coverage ratio of 1.20 throughout the term of the loans.
- The Company must meet all other standard JDA requirements as follows:
  - a. Completion of the Real Estate Project to the satisfaction of JDA, as evidenced by a certificate of occupancy and such other certification (including environmental approvals) required for the Facility to be used for the purposes intended.

- b. Execution and delivery of the Note, the Security Agreement, the Mortgage and Loan and Use Agreement (furnished by JDA), and related documents by the Company, all satisfactory to JDA.
- c. Procurement by the Company of funds which shall be used at or prior to the closing to pay the Real Estate Project Cost, exclusive of the proceeds of the Loan.
- d. Receipt by JDA of policies of insurance, including flood insurance if required, in amount, form and substance and issued by companies satisfactory to JDA.
- e. Receipt by JDA of an itemized statement of Real Estate Project Cost, satisfactory to JDA.
- f. Receipt by JDA of financing documents of other lender(s) satisfactory to JDA.
- g. Satisfaction of such other conditions as JDA, with advice of counsel, deems necessary or advisable to effectuate the Loan, secure the interest of JDA and insure compliance with the JDA Statute and applicable provisions of the Internal Revenue Code.
- h. Execution of documents to permit monthly electronic debit of the Company's checking account to repay the Loan.
- i. Compliance with ADDITIONAL REQUIREMENTS stipulated in all Schedules, Exhibits and Riders, attached hereto and made a part hereof.
- j. Compliance with any other terms and conditions deemed to be necessary and appropriate in the opinion of the General Counsel of JDA.
- k. The Company or the Company's owners will contribute at least 10% in equity to the Real Estate Project. Equity is defined as any non-debt source of capital and should be auditable through the Company's financial statements or accounts, if so requested by JDA.
- l. Subordination of any loans to the Company from those certain officers and members of the Company stipulated herein in a manner satisfactory to JDA.
- m. The Company shall not enter into any agreement by which the terms of payment of any principal or interest under any other bank loan are waived, modified, deferred, delayed, increased or reduced in rate or amount, without the prior written consent of JDA.
- n. Collateralization of the Loan with insurance of the life of Robert J. Laughlin in an amount sufficient to pay the outstanding principal balance of the JDA Loans at any time.
- o. All certifications and permits for the operating purposes of the Facility to be in full force and effect prior to closing the Loan.
- p. Subordination of any leases which may affect the Facility to the Mortgage.

**3) ENVIRONMENTAL REVIEW**

ESD staff on behalf of the JDA has determined that the project constitutes a Type II action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required in connection with the project. Due to the JDA's mortgage position on the loan, a Phase I Environmental Site Assessment must be submitted to the JDA for review and approval prior to closing on the loan.

**4) NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY**

Pursuant to New York State Executive Law Article 15-A, ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise ("MWBES") for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an Minority Business Enterprise goal of 25% and the Women Business Enterprise participation goal of 15%, related to the eligible categories totaling approximately \$500,000. As such, the total overall New York State Certified Minority and Women Business Enterprise participation requirement shall be no less than \$200,000.

**5) ADDITIONAL SUBMISSIONS TO MEMBERS**

New York State Map  
JDA Loan Underwriting Classification System  
Photos

January 30, 2015

Buffalo and Wyoming (Western New York Region – Erie County) – TMP Acquisitions, Inc. – New York Job Development Authority Special Purpose Fund Direct Loan Project – Real Estate Loan and Machinery and Equipment Loan -- Authorization to Make Loans 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 Real Estate Loan to Statewide Local Development Corporation for the benefit of TMP Acquisitions, Inc. for an amount not to exceed \$2,160,000 or 60% of the total real estate project cost, whichever is less, and \$840,000 for machinery and equipment or 60% of the total machinery and equipment project cost, 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

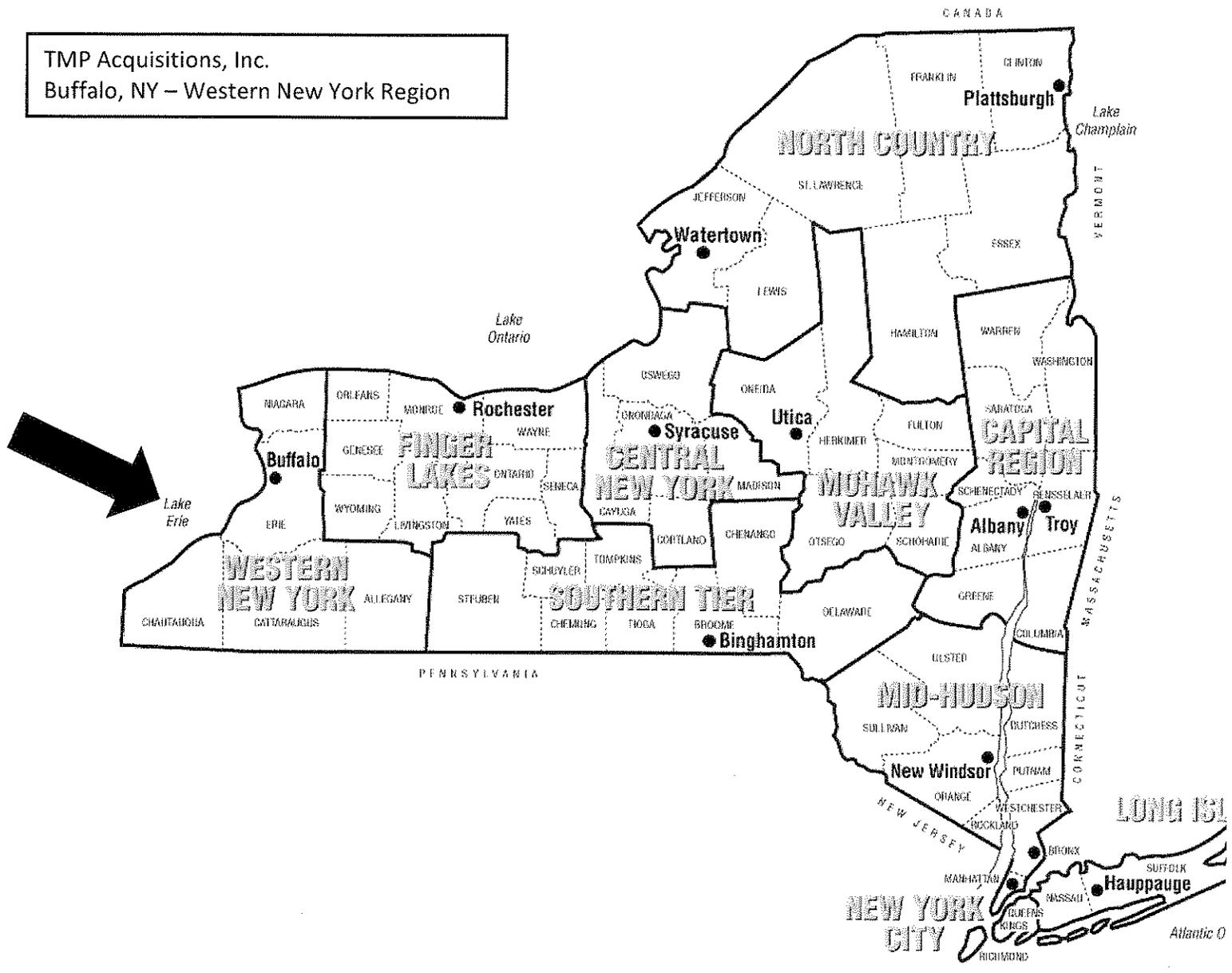
RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, subsequent to the making of the Loans, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the Loans as he or she may deem appropriate in the administration of the Loans; 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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TMP Acquisitions, Inc.  
Buffalo, NY – Western New York Region

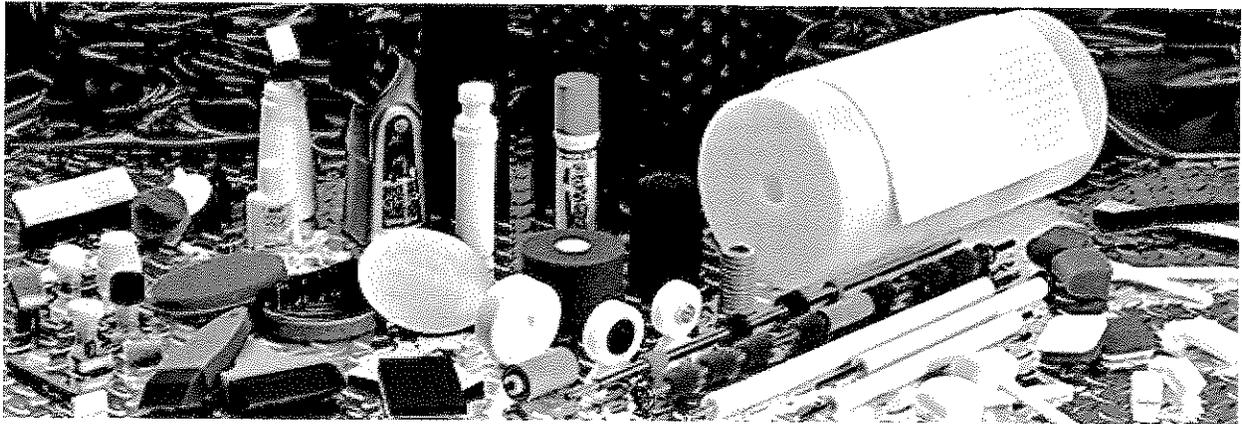


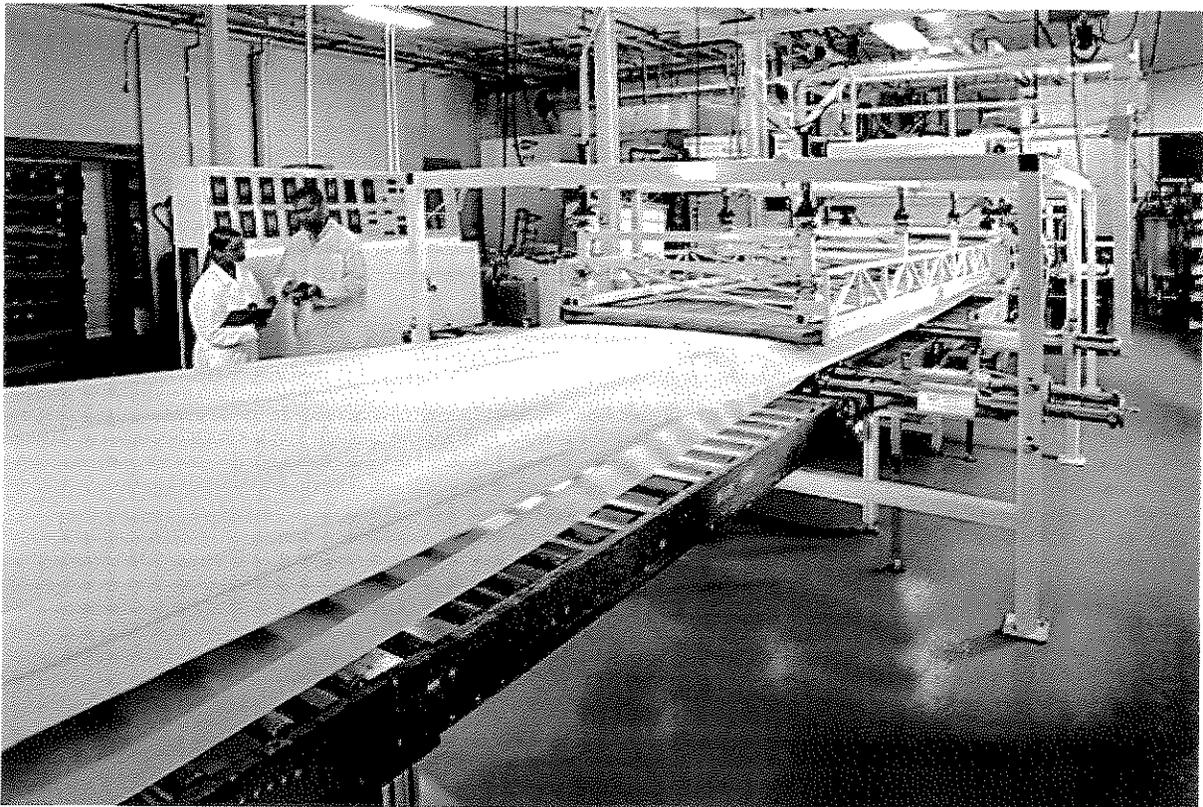
**JDA Underwriting Classification Chart**

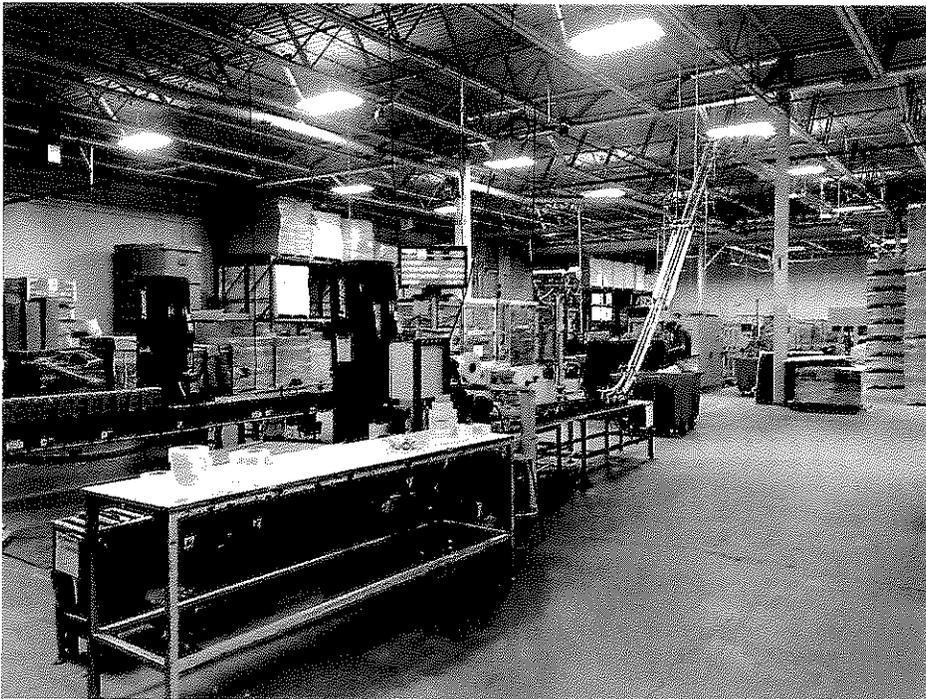
Level I: Cash Flow	Level II: Default Risk	Level III: Collateral Value
I Actual or Adjusted Debt Service Coverage $\geq$ 1.2:1	A Score of $\geq$ 4 on the Default Risk Model Low Risk	+ Liquid value of collateral + adjusted value of personal guarantee $\geq$ total loan value
II Actual or Adjusted Debt Service Coverage $<$ 1.2:1, but with Projected Debt Service Coverage $\geq$ 1.2:1	B Score of 3 on the Default Risk Model Moderate Risk	- Liquid value of collateral+ adjusted value of personal guarantee $<$ total loan value
	C Score of $\leq$ 2 on the Default Risk Model Higher Risk	

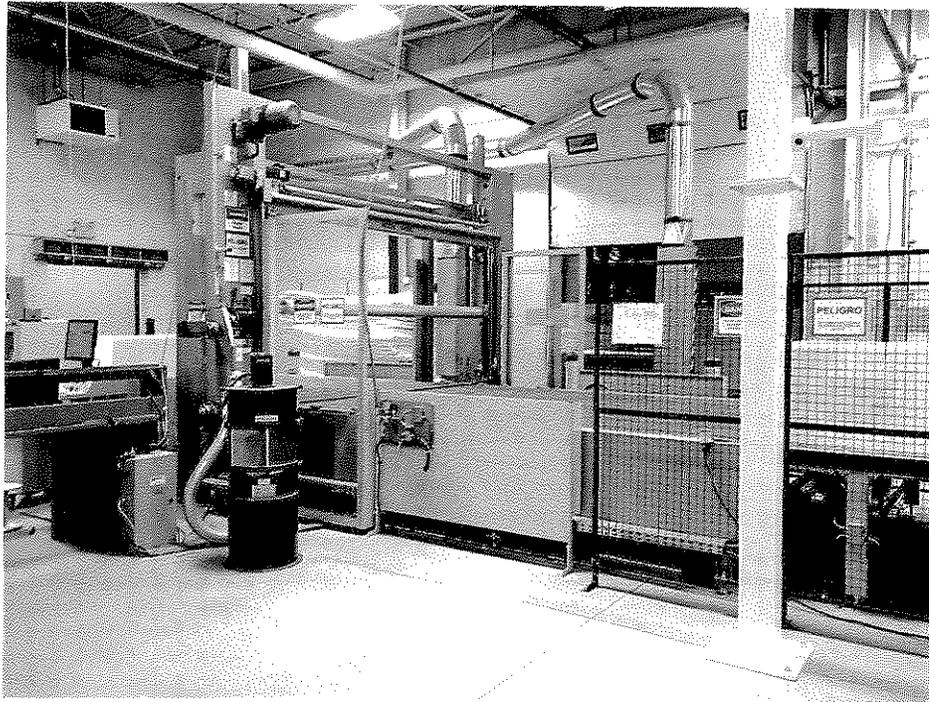
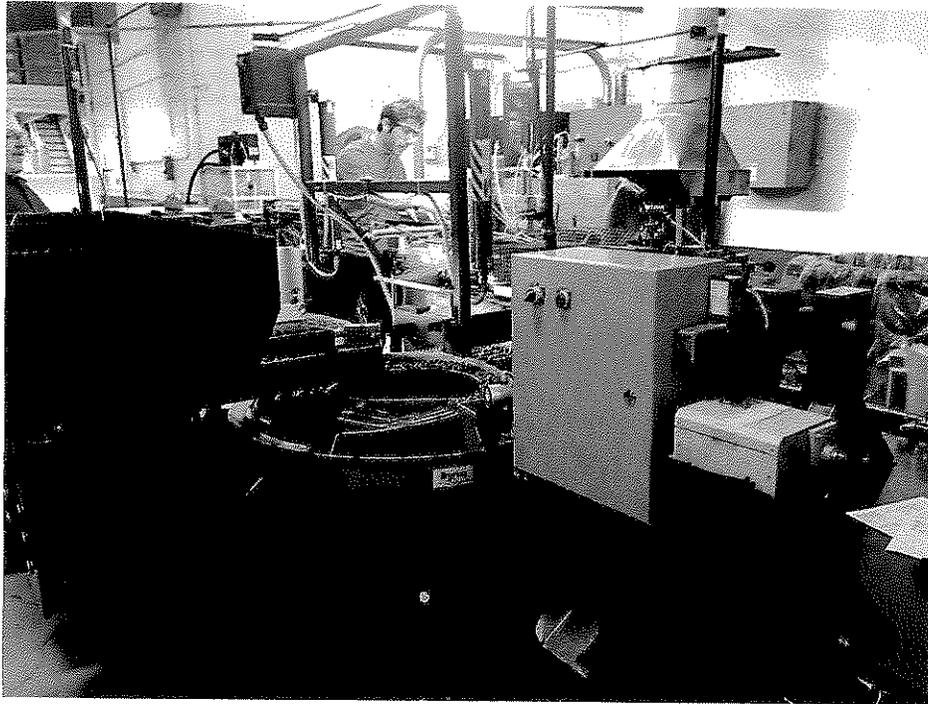
Photos











FOR CONSIDERATION

DATE: January 30, 2015

TO: The Members

FROM: Kenneth Adams

Subject: Latham (Capital Region – Albany County) – JDA Loan for the benefit of Upstate Veterinary Specialties, PLLC

RE: Authorization to Make a Real Estate Loan with New York Job Development Authority Proceeds and Take Related Actions

JDA Loan Terms	
<b>Borrower:</b>	Upstate Specialty Properties, LLC (for the benefit of Upstate Veterinary Specialties, PLLC)
<b>Economic Region:</b>	Capital Region (Albany County)
<b>Loan Amount Requested:</b>	\$2,160,180
<b>Rate:</b>	4.29% (fixed)
<b>Term:</b>	20 years
<b>Classification:</b>	IA-
<b>Distressed Area:</b>	No
<b>Initial Payment:</b>	\$13,422.71

JDA Budget					
<u>Uses</u>			<u>Sources</u>		
Construction	\$ 4,310,450	80%	Saratoga National Bank*	\$ 2,700,225	50%
Real Estate Purchase	970,000	18%	JDA**	2,160,180	40%
Closing & Soft Costs	120,000	2%	Equity	540,045	10%
<b>Total Project Costs</b>	<b>\$ 5,400,450</b>	<b>100%</b>	<b>Total Project Financing</b>	<b>\$ 5,400,450</b>	<b>100%</b>
* 25-year-term at 4.25% (fixed)					
** 20-year term at 4.29% (fixed)					

**Security:** A second lien on the real estate located at 152 Sparrowbush Road in Latham, NY. The expected appraised value of the collateral is \$5,400,450.

**Guarantors:** Repayment of the loan shall be guaranteed by Upstate Veterinary Specialties, PLLC, and personal guarantees will be provided by Aaron and Jodi Wey.

**Job Information (at project site):**

**Existing:** 44 full-time

**New Jobs Projected:** 28 full-time by three years after loan disbursement

**JDA Loan Amount per job:** \$30,000

**Project Summary:**

**Borrower:** Upstate Specialty Properties, LLC (for the benefit of Upstate Veterinary Specialties, PLLC)  
222 Troy Schenectady Road, Suite B  
Latham, NY 12110

**Contact:** Aaron Wey, Managing Member  
Phone: 518-783-3198  
Email: [awey@uvsonline.com](mailto:awey@uvsonline.com)

**Ownership:** Upstate Veterinary Specialties, PLLC is owned 100% by Aaron Wey. Upstate Specialty Properties, LLC (the real estate holding company) is owned 50% by Aaron and Jodi Wey, 14% by Joe W. Novak, 9% by Christa and Max Corbett, 9% by Cassidy Sedacca, 8% by M. Faulkner Besancon, 5% by Kristin Kesnowski, and 5% by Todd Bishop and Laura Perez.

**Nature of Business:** The company provides specialty veterinary services.

This report concerns a proposed New York Job Development Authority ("JDA") loan for the amount of \$2,160,180 (the "JDA Loan"). The \$2,160,180 loan is to be used towards the purchase of real estate and the construction of a new facility (the "Facility") located in Latham, New York. The total cost of the Project is \$5,400,450 (the "JDA Project Cost").

**Project location:** 152 Sparrowbush Road  
Latham, NY 12110

**Project Completion:** 4th Quarter 2015

**1) PROJECT OVERVIEW AND RECOMMENDATION**

**Background**

Upstate Specialty Properties, LLC ("Upstate Specialty Properties") is a real estate holding company established by Aaron Wey to purchase real estate and construct a new facility in Latham, NY for the benefit of Upstate Veterinary Specialties, PLLC. Upstate Veterinary Specialties, PLLC will be the sole tenant of the new facility and pay rent to Upstate Specialty Properties.

Upstate Veterinary Specialties, PLLC ("Upstate Veterinary Specialties" or the "Company") currently provides specialty veterinary services on a referral only basis for small animal (primarily dog and cat) patients that require advanced medical care in one of several American Veterinary

Medical Association (AVMA) recognized veterinary specialties. The business is currently a tenant in a night/weekend veterinary emergency facility that provides overnight care for hospitalized patients of the specialty services. Physical constraints within the current leased space, which is approximately 14,000 SF, have limited the ability of the practice to add services to meet the demands of the local veterinary referral community, prompting investigation of a new business location. Dr. Aaron Wey, managing member of Upstate Specialty Properties, has a contract to purchase 3.33 acres at 152 Sparrowbush Road, Latham, NY 12110 as the site for expansion. The site is a vacant parcel bounded by a vacant lot to the north, Old Sparrowbush Road to the east, Sparrowbush Road to the south, and I-87 Northway to the west.

The site will be developed for Upstate Veterinary Specialties with a new two-story building that consists of a 18,986 SF first floor, a 3,000± SF second floor, and future provisions to expand the first floor by 8,322 SF for an ultimate total of 30,308 SF. The proposed new facility will be open 24 hours a day, seven days a week, with veterinary staff overnight for emergency receiving and inpatient care. The expansion will allow Upstate Veterinary Specialties to add new services (Oncology and Emergency/Critical Care) and expand existing services (Cardiology, Surgery, Neurology/Neurosurgery, and Internal Medicine). A mobile Magnetic Resonance Imaging (MRI) trailer will be onsite, and the proposed expansion will also accommodate other advanced imaging services that currently require travel to facilities outside of the Capital Region (>30 miles away). The practice currently employs 44 individuals, and the expansion will create 14 new jobs for skilled workers in the existing specialty services and at least 14 new jobs for the new Oncology and Emergency services. Competitive financing for this project is required for the land purchase and construction to be feasible, and previous offers have had interest rates or fees that are prohibitive and have made the project too expensive to move forward.

Emergency services and overnight care currently provided by Capital District Animal Emergency Clinic, P.C. ("CDAEC"), lessor of the space currently leased by Upstate Veterinary Specialties, will now be provided through a new Emergency/Critical Care service within Upstate Veterinary Specialties. This will capture fees for overnight care that are currently paid to CDAEC, and will also accommodate medical referrals that are currently funneled through CDAEC after hours or on weekends. The proposed new facility will offer better visibility and accessibility for new emergent cases as well. When combined with the other specialty services at Upstate Veterinary Specialties, the 24 hour emergency facility will offer the most comprehensive veterinary referral practice in upstate New York and western New England.

ESD staff performed a site visit on December 22, 2014 to tour existing operations and the location of the proposed new facility, and to talk with the Dr. Aaron Wey about the JDA loan request and expansion project. Photos from that visit are attached to the end of this loan report.

### **Market Analysis**

The practice of veterinary medicine includes the diagnosis and treatment (including prescriptions and surgery) of all animal disease. "Animal" includes every living creature except humans.

The practice of veterinary technology includes the performance of services within the field of veterinary medicine by a person (called a veterinary technician) who carries out medical orders prescribed by a supervising veterinarian.

A New York licensed veterinarian has a doctoral degree in veterinary medicine. Most practitioners also have an undergraduate degree with an emphasis in the basic and life sciences. In addition, all New York veterinarians have passed comprehensive written and clinical national examinations.

A New York licensed veterinary technician has completed a program approved by the New York State Education Department and has passed a national written examination.

A specialty veterinarian is a doctor of veterinary medicine who has advanced specialty training and is board certified in their respective specialties (Cardiology, Internal Medicine, Ophthalmology, Dermatology, Radiology, Surgery, Neurology, etc.).

Most veterinarians offer a full range of diagnostic, surgical, and radiological procedures. Many practices also provide animal boarding services for the convenience of their clients.

In private practice, demand for veterinarians will increase as more people are expected to take their pets for visits. Also, veterinary medicine has advanced considerably, and many of the veterinary services offered today are comparable to health care for humans, including cancer treatments and kidney transplants.

There also will be employment growth in fields related to food and animal safety, disease control, and public health. As the population grows, more veterinarians will be needed to inspect the food supply and to ensure animal and human health. However, due to overall slowing growth of the veterinary services industry, employment gains of veterinarians will be slower than in the past.<sup>1</sup>

### **Actual Sales within the U.S. Market in 2013**

In 2013, \$55.72 billion was spent on pets in the U.S.

#### *Breakdown:*

Food	\$21.57 billion
Supplies/OTC Medicine	\$13.14 billion
Veterinary Care	\$14.37 billion
Live Animal Purchases	\$2.23 billion
Pet Services: grooming & boarding	\$4.41 billion

*\*Source: American Pet Products Association, Inc.*

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<sup>1</sup> Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Outlook Handbook, 2014-15 Edition*, Veterinarians, on the Internet at <http://www.bls.gov/ooh/healthcare/veterinarians.htm>.

### Estimated 2014 Sales within the U.S. Market

For 2014, it is estimated that \$58.51 billion will be spent on pets in the U.S., with the amount spent on veterinary care estimated to increase by almost \$1 billion.

#### *Estimated Breakdown:*

Food	\$22.62 billion
Supplies/OTC Medicine	\$13.72 billion
Veterinary Care	\$15.25 billion
Live Animal Purchases	\$2.19 billion
Pet Services: grooming & boarding	\$4.73 billion

*\*Source: American Pet Products Association, Inc.*

### **Conclusions**

- Based on the IA- rating, Upstate Veterinary Specialties currently generates sufficient cash flow from operations to service all the projected project debt, and staff believes that the Company is in stable financial condition. However, Saratoga National Bank will have a first lien position on the collateral, and there will be insufficient security for JDA to be completely collateralized.
- Based on 2014 cash flow, the Company has the ability to repay the JDA loan with a projected Debt Service Coverage Ratio ("DSCR") that meets JDA's minimum standard of 1.20.
- Upstate Veterinary Specialties meets JDA's loan-to-value requirement of 90%; however, for classification purposes the collateral has been discounted which causes the rating to be IA-.
- With the project, Upstate Veterinary Specialties expects capacity to increase significantly from existing levels. The Company will also offer Emergency services with a fully staffed dedicated Emergency facility; this is projected to result in significantly increased revenue and profitability. At the completion of the project, 44 full-time jobs will be retained and 28 new jobs will be created over three years.

## 2) COVENANTS AND CONDITIONS

This Loan is predicated upon the following financial conditions:

- The Company must obtain firm commitments satisfactory to JDA from responsible financial sources for the total project cost exclusive of any loan requested from JDA.
- The Company must provide evidence of the subject property that indicates a loan to value not to exceed 90% at the time of closing.
- The Company must maintain a minimum debt service coverage ratio of 1.20 throughout the term of the loan.
- The Company must meet all other standard JDA requirements as follows:
  - a. Completion of the Project to the satisfaction of JDA.
  - c. Procurement by the Company of funds which shall be used at or prior to the closing to pay the Project Cost, exclusive of the proceeds of the Loan.
  - d. Receipt by JDA of policies of insurance, including flood insurance if required, in amount, form and substance and issued by companies satisfactory to JDA.
  - e. Receipt by JDA of an itemized statement of Project Cost, satisfactory to JDA.
  - f. Receipt by JDA of financing documents of other lender(s) satisfactory to JDA.
  - g. Satisfaction of such other conditions as JDA, with advice of counsel, deems necessary or advisable to effectuate the Loan, secure the interest of JDA and insure compliance with the JDA Statute and applicable provisions of the Internal Revenue Code.
  - h. Execution of documents to permit monthly electronic debit of the Company's checking account to repay the Loan.
  - i. Compliance with ADDITIONAL REQUIREMENTS stipulated in all Schedules, Exhibits and Riders, attached hereto and made a part hereof.
  - j. Compliance with any other terms and conditions deemed to be necessary and appropriate in the opinion of the General Counsel of JDA.
  - k. The Company or the Company's owners will contribute at least 10% in equity to the Real Estate Project. Equity is defined as any non-debt source of capital and should be auditable through the Company's financial statements or bank accounts, if so requested by JDA.
  - l. Subordination of any loans to the Company from those certain officers and members of the Company stipulated herein in a manner satisfactory to JDA.
  - m. The Company shall not enter into any agreement by which the terms of payment of any principal or interest under any other bank

- loan are waived, modified, deferred, delayed, increased or reduced in rate or amount, without the prior written consent of JDA.
- n. Collateralization of the Loan with insurance of the life of Richard Osofsky in an amount sufficient to pay the outstanding principal balance of the JDA Loan at any time.
  - o. All certifications and permits for the operating purposes of the Facility to be in full force and effect prior to closing the Loan.

### **3) ENVIRONMENTAL REVIEW**

ESD staff on behalf of the JDA has determined that the project constitutes a Type II action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required in connection with the project.

### **4) NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY**

Pursuant to New York State Executive Law Article 15-A, ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise ("MWBES") for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an Minority Business Enterprise goal of 25% and the Women Business Enterprise participation goal of 15%, related to the eligible categories totaling approximately \$500,000. As such, the total overall New York State Certified Minority and Women Business Enterprise participation requirement shall be no less than \$200,000.

### **5) ADDITIONAL SUBMISSIONS TO MEMBERS**

New York State Map  
JDA Loan Underwriting Classification System  
Financial Projections  
Diagrams and Photos

January 30, 2015

Latham (Capital Region – Albany County) – Upstate Specialty Properties, LLC (Upstate Veterinary Specialties, PLLC) – New York Job Development Authority Special Purpose Fund Direct Loan Project – Real Estate Loan – Authorization to Make Loans 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 Loan to Statewide Local Development Corporation for the benefit of Upstate Specialty Properties, LLC (Upstate Veterinary Specialties, PLLC) for an amount not to exceed \$2,160,180 or 40% of the total project cost, 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

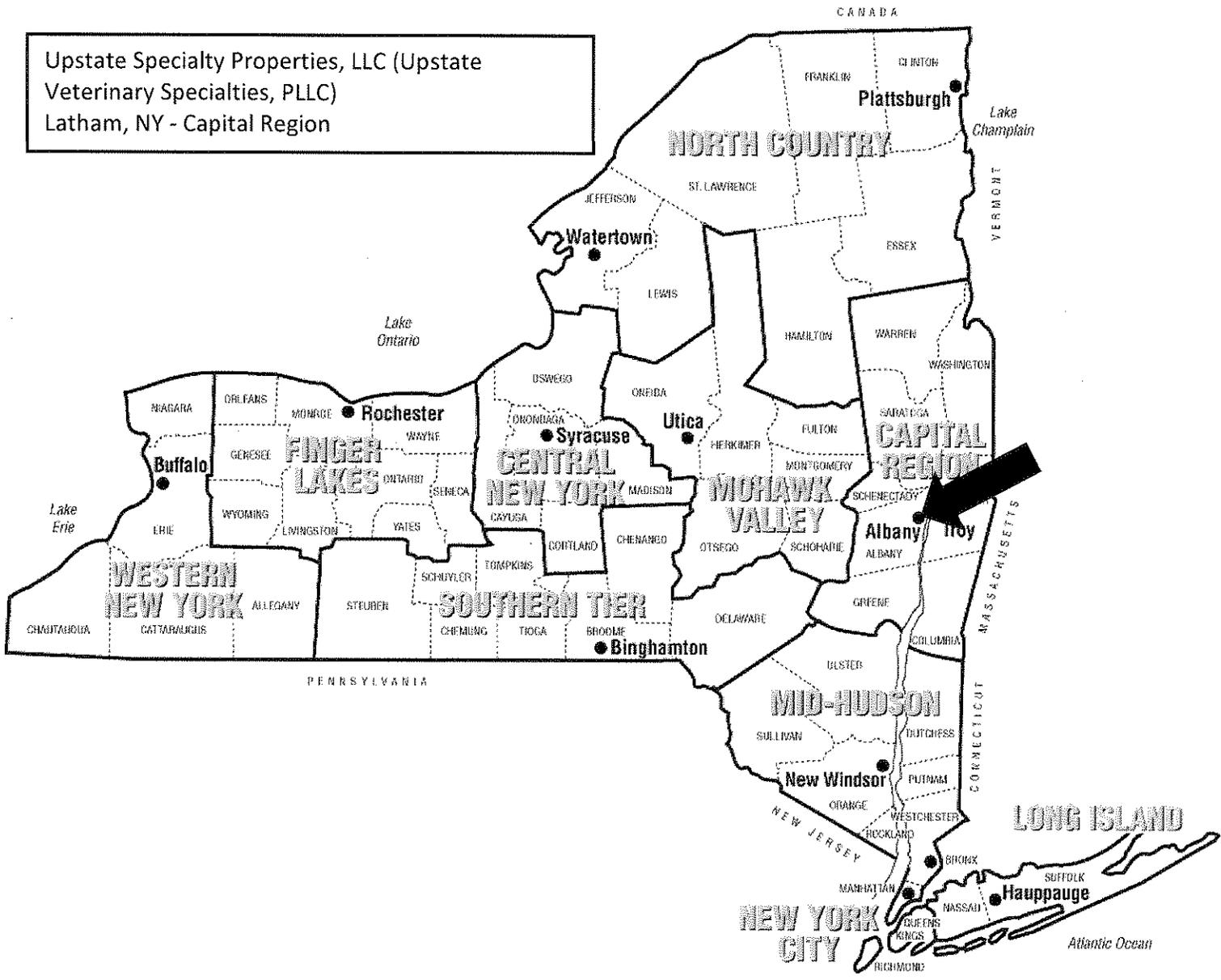
RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, subsequent to the making of the Loans, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the Loans as he or she may deem appropriate in the administration of the Loans; 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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Upstate Specialty Properties, LLC (Upstate Veterinary Specialties, PLLC)  
Latham, NY - Capital Region



**JDA Underwriting Classification Chart**

<b>Level I: Cash Flow</b>	<b>Level II: Default Risk</b>	<b>Level III: Collateral Value</b>
<b>I</b> Actual or Adjusted Debt Service Coverage $\geq$ 1.2:1	<b>A</b> Score of $\geq$ 4 on the Default Risk Model Low Risk	<b>+</b> Liquid value of collateral + adjusted value of personal guarantee $\geq$ total loan value
<b>II</b> Actual or Adjusted Debt Service Coverage $<$ 1.2:1, but with Projected Debt Service Coverage $\geq$ 1.2:1	<b>B</b> Score of 3 on the Default Risk Model Moderate Risk	<b>-</b> Liquid value of collateral+ adjusted value of personal guarantee $<$ total loan value
	<b>C</b> Score of $\leq$ 2 on the Default Risk Model Higher Risk	

Photos of Existing Rented Facility





## Photos of Site of New Facility



01 View from SE corner looking west.jpg



02 View from SE corner looking north.jpg



03 View from SW corner looking east.jpg



04 View from SW corner looking north.jpg



05 View from NW corner looking south.jpg



06 View along stonewall looking NW.jpg

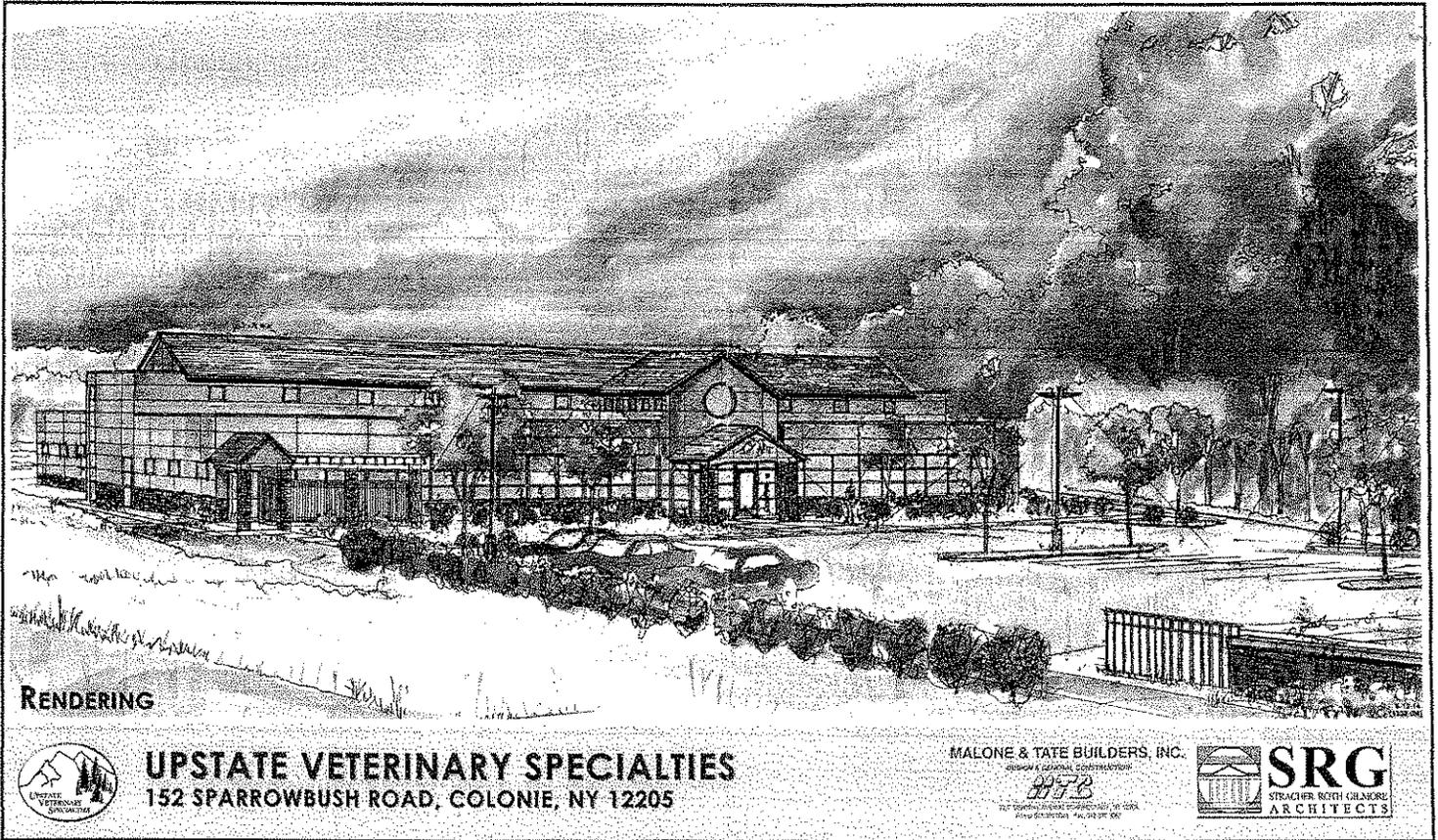


07 View from NW corner looking south.jpg



08 View from NE corner looking west.jpg

Rendering of New Facility



RENDERING



**UPSTATE VETERINARY SPECIALTIES**  
152 SPARROWBUSH ROAD, COLONIE, NY 12205

MALONE & TATE BUILDERS, INC.  
DESIGN & GENERAL CONSTRUCTION  
*M&T*  
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