

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

December 18, 2015 – 2:30 p.m.

AGENDA

I. CORPORATE ACTION

- A. Mission Statement and Related Performance Measurements – Adoption of Mission Statement and Related Performance Measurements

II. FOR CONSIDERATION

DISCRETIONARY PROJECT

- A. Hudson (Capital District – Columbia County) – JDA Loan for the Benefit of Ginsberg's Institutional Foods, Inc. – Authorization to Make a Loan with New York Job Development Authority Proceeds and Take Related Actions

III. ADMINISTRATIVE ACTION

- A. New ESD Office – Authorization to Operate a New Office for Trade and Tourism in Puerto Rico and Take All Related Actions; Modification of Bylaws; Appointment of Officer; Authorization to Open Bank Accounts; and Ratification of Actions

IV. FOR INFORMATION

- A. New York Job Development Authority Portfolio Profile
- B. Latham (Capital Region – Albany County) – JDA Loan for the Benefit of Upstate Veterinary Specialties, PLLC



**Statewide Local
Development
Corporation**

A Subsidiary of Empire State Development

FOR CONSIDERATION

December 18, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Mission Statement and Related Performance Measurements

REQUEST FOR: Adoption of Mission Statement and Related Performance Measurements

I. Background

In accordance with the Public Authorities Law (the "PAL"), the Statewide Local Development Corporation ("Statewide") must adopt a Mission Statement and related performance measurements to assist it in determining how well it is carrying out its mission. To assist you in your review, the Mission Statement and related performance measurements are set forth below.

Mission Statement

The Statewide Local Development Corporation spurs growth and capital investment in New York State, particularly by working with the New York Job Development Authority to support low-interest loans to manufacturers and other targeted industries throughout New York State.

Performance Measurements

- Annual number of transactions closed
- 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
- Number of transaction approved by the Authority during the reporting period

Upon these measurements, Statewide may evaluate its performance and the achievement of its goals.

II. Requested Actions

The Directors are requested to confirm their examination of the proposed Mission Statement and related performance measurements, and to adopt it as set forth in the materials in accordance with the Public Authorities Law.

III. Recommendation

Based upon the forgoing, I recommend approval of the requested actions.

December 18, 2015

STATEWIDE LOCAL DEVELOPMENT CORPORATION – Mission Statement and Related
Performance Measurements – Adoption of Mission Statement and Related Performance
Measurements

WHEREAS, the New York State Public Authorities Law § 2824-a requires each authority to adopt its mission statement and performance measurements, therefore

BE IT RESOLVED, that the Members hereby confirm that they have examined the proposed mission statement and recommend its adoption as set forth in the materials presented to this meeting with no further edits; and be it further

RESOLVED, that the Performance Measurements contained in the materials presented to this meeting and also hereby adopted as presented.

* * *



**Statewide Local
Development
Corporation**

A Subsidiary of Empire State Development

Date: December 18, 2015

TO: The Members

FROM: Howard Zemsky

Subject: Hudson (Capital District – Columbia County) – JDA Loan for the Benefit of Ginsberg’s Institutional Foods, Inc. - Authorization to Make a Loan with New York Job Development Authority Proceeds and Take Related Actions

JDA Loan Terms	
Borrower:	DNJ Properties, LLC (for the benefit of Ginsberg’s Institutional Foods, Inc.)
Economic Region:	Capital District
Loan Amount Requested:	\$5,500,000 (or no more than 90% LTV, whichever is less)
Rate:	4.46% (fixed)
Term:	20 years
Classification:	IB+
Distressed Area:	No
Initial Payment:	\$34,677.07

JDA Budget					
Uses			Sources		
Building Construction	\$ 12,680,000	79%	Kinderhook Bank Loan ⁽¹⁾	\$ 8,000,000	50%
Soft Costs	1,610,000	10%	JDA Loan ⁽²⁾	5,500,000	34%
Machinery & Equipment Purchase	920,000	6%	Equity	1,700,000	11%
Real Estate Acquisition	735,000	5%	CDBG Block Grant	500,000	3%
Furniture, Fixtures, and Equipment	55,000	0%	Columbia EDC Grant	300,000	2%
Total Project Costs	\$ 16,000,000	100%	Total Project Financing	\$ 16,000,000	100%
<small>(1) To be determined; assumes 20-year term at 5.00% with a first lien on real estate.</small>					
<small>(2) 20-year term at 4.46% with a second lien on real estate.</small>					

Security: The JDA Loan shall be secured by a second lien on the real estate located at 1023 Route 66, Ghent, NY and the improvements to be made to the property (a 65,440 SF warehouse). The real property consists of two adjoining parcels containing 33 acres: one parcel is 26.1 acres located in the Town of Ghent, NY, and the other parcel is 6.9 acres located in the Town of Claverack, NY. The subject site is located on the south side of NYS Route 66.

Guarantors: Repayment of the JDA Loan shall be guaranteed by Ginsberg’s Institutional Foods, Inc. and G’s Best Realty, Inc.; and personal guarantees will be provided by David and Nancy Ginsberg, and John and Ann Brusie.

Job Information (at project site):

Existing: 300 full-time

New Jobs Projected: 51 full-time by five years after loan disbursement

JDA Loan Amount per job: \$19,366

Project Summary:

Borrower: DNJ Properties, LLC (for the benefit of Ginsberg's Institutional Foods, Inc.)
29 Ginsberg Lane
Hudson, NY 12534

Contact: Edward M. Maziejka, Jr., Chief Financial Officer
Phone: 518-751-3260
Email: emaziejka@ginsbergsfoods.com

Ownership: Ginsberg's Institutional Foods, inc. is owned 54% by David Ginsberg and 46% by Nancy Ginsberg. DNJ Properties, LLC (the real estate holding company) is owned 45% by David Ginsberg, 45% by Nancy Ginsberg, and 10% by John Brusie.

Nature of Business: Ginsberg's Institutional Foods, Inc. is a wholesale distributor of food-related products.

This report concerns a proposed New York Job Development Authority ("JDA") loan for the amount of \$5,500,000 (or no more than 90%, whichever is less) (the "JDA Loan"). The JDA Loan is to be used towards the construction of a new 65,440 SF warehouse (the "Facility") with freezer and refrigeration space for storage of Ginsberg's Institutional Foods' inventory located in Hudson, New York. The total cost of the project is \$16,000,000 (the "JDA Project Cost").

Project location: 1023 Route 66
Ghent, NY 12075

Project Completion: 2nd Quarter 2017

1) PROJECT OVERVIEW AND RECOMMENDATION

Background

Ginsberg's Institutional Foods, Inc. ("Ginsberg's or the "Company") started out in 1909 when Samuel and Mary Ginsberg opened a small neighborhood grocery store on Market Place in downtown Hudson, NY. About 10 years later, they relocated to a larger facility nearby. In 1946, their son, Morton, emerged from military service to join the family business and found that his parents' store had grown into one of the leading independent markets in the area. By the early 1960s, schools had begun to offer noontime meals, more hospitals and nursing homes were opening, and people were dining out more than they had previously. In order to meet these

changing needs, Morton decided to close the store and began calling on schools, restaurants, and healthcare facilities. He offered his customers free delivery of the products they needed from a single source at discounted prices. This was the beginning of Ginsberg's.

Morton's sons, David and Ira, joined the family business after college. Each found his niche within the business and the Company flourished. Eventually, the growth created the need to move again, and in 1977, Ginsberg's relocated to its current site on Route 66. In the years that followed, 11 additions to the building have been made, including a major expansion in 1998 that doubled the size of the warehouse.

Morton remained active in the business until his passing in 2007. David and his wife, Nancy, now run the Company and remain committed to the standards of superior service and responsiveness to customer needs. John Brusie, Nancy Fuller Ginsberg's son, who is a 10% owner of DNJ Properties, LLC, is also Executive Vice President of Operations for Ginsberg's Foods. In this position, he oversees the multiple-temperature 100,000 SF warehouse, all aspects of product warehousing and delivery of over 8,000 active SKU's and truck fleet of 50 power units. In 2006, Nancy bought Ira Ginsberg's ownership of Ginsberg's. She purchased 3,050 shares of the Company from treasury stock for \$2,420,000 and 45 shares of G's Best Realty, Inc. from treasury stock for \$880,000 on August 28, 2006. The purchases were accomplished through providing a subscription receivable to the Company in the total amount of \$3,300,000 which is secured by Nancy Fuller Ginsberg's family 500-acre farm in Copake, NY. The farm, as listed on Nancy Fuller Ginsberg and David Ginsberg's personal financial statement, is valued at \$6,000,000.

Currently, Ginsberg's employs 300 full-time employees, serving customers throughout 49 counties in six states within a 275-mile radius of the Hudson facility. This area is serviced by the Ginsberg fleet of 50 trucks (with 60+ trailers) that travel over 35,000 miles in an average week. The Company's territory is serviced by Ginsberg's freight affiliate, Hudson Valley Logistics and Distribution, Inc. ("HVLD"), which specializes in refrigerated shipping. HVLD also supports local and regional producers by moving products to new markets, as a fee-based service, throughout the region, the greater Hudson Valley, the Black Dirt Region (located in southern Orange County, NY and northern Sussex County, NJ) and the Roundout Valley. Through three generations and over 100 years of experience, Ginsberg's has grown into the largest foodservice distributor in the Hudson Valley, with a reputation built on customer satisfaction and industry excellence.

Ginsberg's currently has over 3,500 customers, with the Culinary Institute of America being its largest. Customers include Restaurants, Schools, Colleges, Delis and Convenience Stores, Healthcare, Government, Seasonal Accounts (camps, resorts, etc.), and Regional Chains. Ginsberg's also has a wholesale market, Morton's, which is located in Hudson, NY.

Ginsberg's market strength is built on an inventory of over 7,000 different products including: fresh produce and seafood, boxed beef, paper, dairy, equipment & janitorial supplies, and locally grown and manufactured products. Ginsberg's purchases from suppliers all over the country, many of which have long-standing relationships with the Company. Some of these suppliers include Cabot, Land O' Lakes, Hormel Foods, Butterball, Unilever, ConAgra Foods, Durkee,

General Mills, Campbell's, McCain, Rich's, and Sara Lee. None of the suppliers provide more than 10% of Ginsberg's products. In addition to tangible products, Ginsberg's offers a variety of value-added services: Culinary Chef-Expertise, promotions, food shows, training programs, menu development, and marketing support (including social media).

G's Best Realty, Inc., incorporated in July 1987, owns the real estate (warehouse and offices) used by Ginsberg's. It also owns a small building that is adjacent to the warehouse and offices.

Project Description

Ginsberg's has been growing at a fast rate over the past few years. Revenues have grown in excess of 7% in each of the last two years. With the increased sales, an increase in space is needed to store inventory, particularly refrigeration and freezer space. Logistically, the space currently occupied does not provide great benefits for efficiency of costs, especially when referring to the cost of keeping inventory cool. A major reason for this is that while the existing facility does provide a great deal of space, a large portion of the storage space is vertical, therefore increasing the cost of keeping the space at colder temperatures. This, coupled with the fact that technology and efficiencies have improved over the years since the last facility was built, is an important factor in analyzing the benefits of the new facility.

At present, the existing facility has 30,000 SF of freezer space. With the new facility, this space will be converted to refrigerated space, resulting in major savings as it will be kept at 32 degrees as opposed to the current minus five degree level. The new facility will create 60,000 SF of freezer space which will be cooled with an ammonia-based system, in contrast to the current Freon-based system. Further, the freezer space will be logistically efficient as it will be a single level, and therefore easier to maintain lower temperatures through the ammonia cooling system. This is an example of the major technological changes that have created cost savings opportunities for the Company. The extra vertical space that could be available in the 165,000 SF cooler that currently exists could be rented for storage for other companies. The existing cooler space will be converted to dry storage.

Feasibility studies were completed by the Company, indicating that the savings associated with the new space will outweigh the additional cost. All of this takes into account that the Company is being proactive to avoid an impending space issue that will inevitably arrive with continued growth. At present, with built-in assumptions about growth and inventory capacity, company management figures to be completely out of storage space by 2017. The proposed project will eliminate this potential business disruption.

Conclusions

- Based on the IB+ rating, Ginsberg's currently generates sufficient cash flow from operations to service all the projected project debt, and staff believes that the Company is fiscally strong.
- Ginsberg's meets JDA's loan-to-value requirement of 90%. It should be noted, however, that the property's location may not warrant an appraisal that supports the value implied by the substantial investment in and improvements to the building. If the property does

not appraise for at least \$15.0MM, then the amount of the JDA Loan will be modified in order to adhere to the 90% loan-to-value requirement.

- With the project, Ginsberg's expects capacity to increase significantly from existing levels. At the completion of the project 300 full-time jobs will be retained, and it is expected that 51 new jobs will be created over five 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 cannot take on additional debt without JDA approval.
- 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 David and Nancy Ginsberg, and John and Ann Brusie 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) ADDITIONAL MORTGAGE AND LIEN DETAILS

A promissory note in the principal amount of the Loan, with interest thereon (the "Note"), shall be secured by a mortgage to JDA (the "Mortgage") on the fee interest of the premises located at: 1023 Route 66, Ghent, NY 12075.

The Mortgage may be junior to the lien securing the real estate loan of Columbia County IDA (the "IDA") and Kinderhook Bank (the "Bank") but not to any modifications, extensions or renewals thereof. The IDA Mortgage and the Bank Mortgage shall not be collateral security for any other loans.

4) ENVIRONMENTAL REVIEW

The Town of Ghent Planning Board, 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 June 25, 2014. ESD staff on behalf of the JDA reviewed the Negative Declaration and supporting materials and concurs. It is recommended that the JDA make a Determination of No Significant Effect on the Environment.

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.

5) NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY

JDA's Non-discrimination and Contractor & Supplier Diversity policy will apply to the Project. The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprises ("MWBEs") for any contractual opportunities generated in connection with the Project. The Recipient shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE participation goal of 40%, related to the total value of ESD's funding. The overall goal shall be divided to ensure the participation of Minority Business Enterprise ("MBE") totaling 10% and of Women Business Enterprise ("WBE") totaling 30%, related to the total value of ESD's funding.

6) ADDITIONAL SUBMISSIONS TO MEMBERS

Resolution
New York State Map
JDA Loan Underwriting Classification System
Photos/Diagrams
Financial Analysis (Confidential)

December 18, 2015

Hudson (Capital District – Columbia County) – DNJ Properties, LLC (Ginsberg’s Institutional Foods, Inc.) – New York Job Development Authority Special Purpose Fund Direct Loan Project – Real Estate Loan – Authorization to Make Loans and to Take Related Action

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 DNJ Properties, LLC (Ginsberg’s Institutional Foods, Inc.) for an amount not to exceed \$5,500,000 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

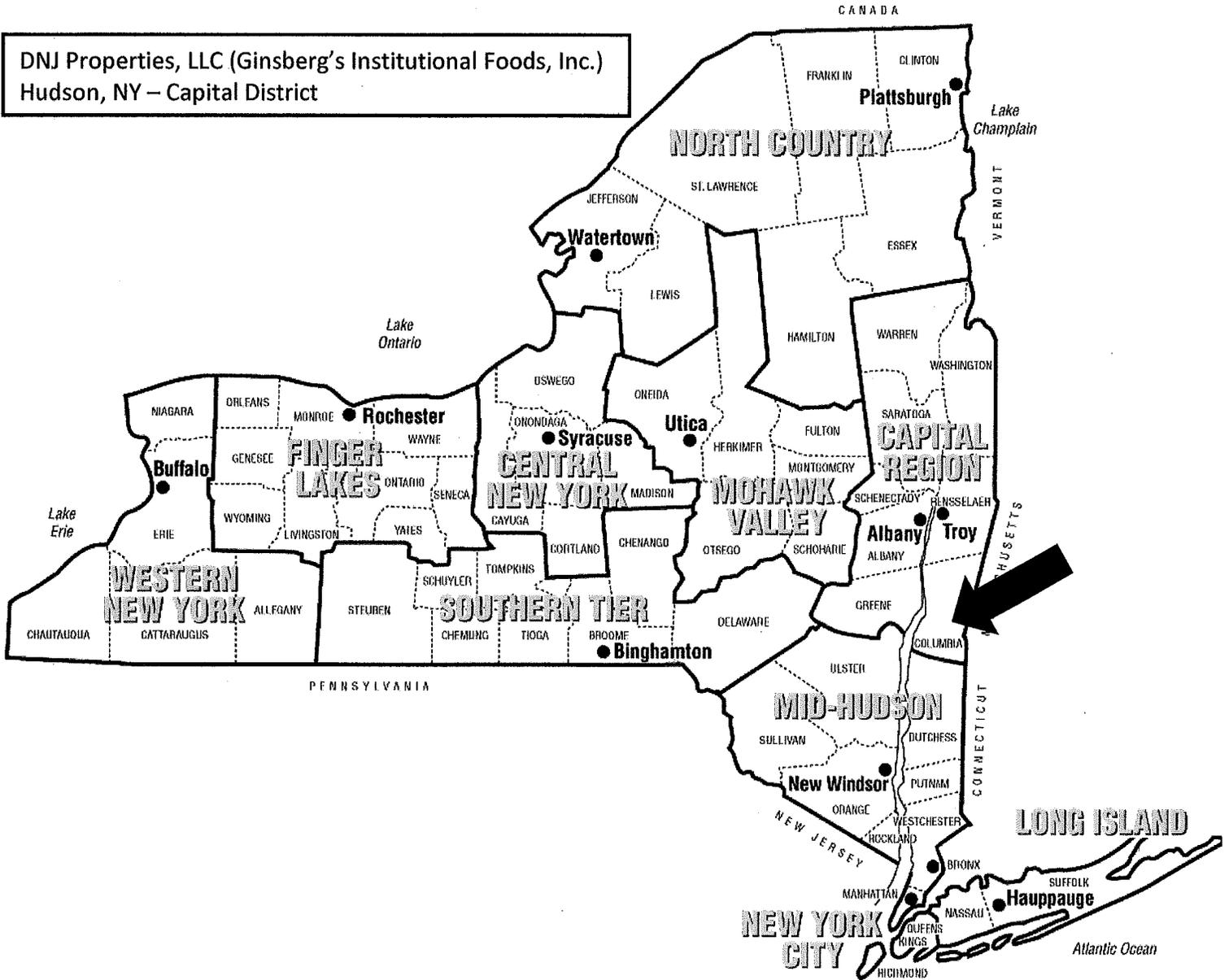
RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, subsequent to the making of the Loans, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the Loans as he or she may deem appropriate in the administration of the Loans;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

* * *

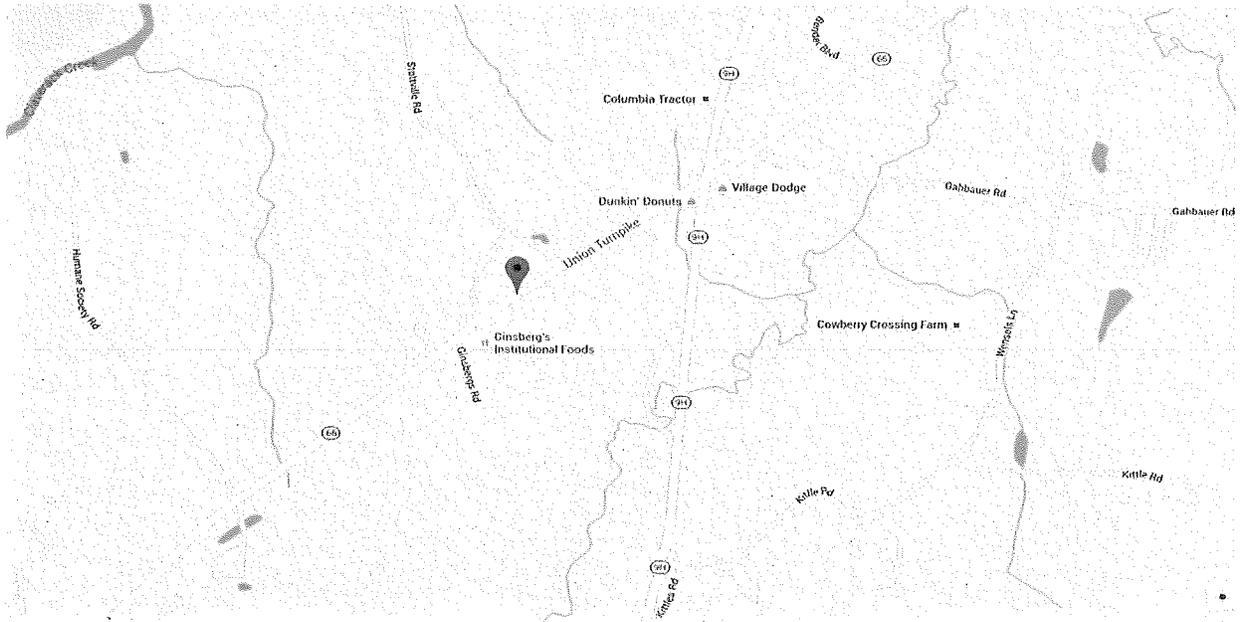
DNJ Properties, LLC (Ginsberg's Institutional Foods, Inc.)
Hudson, NY – Capital District



JDA Underwriting Classification Chart

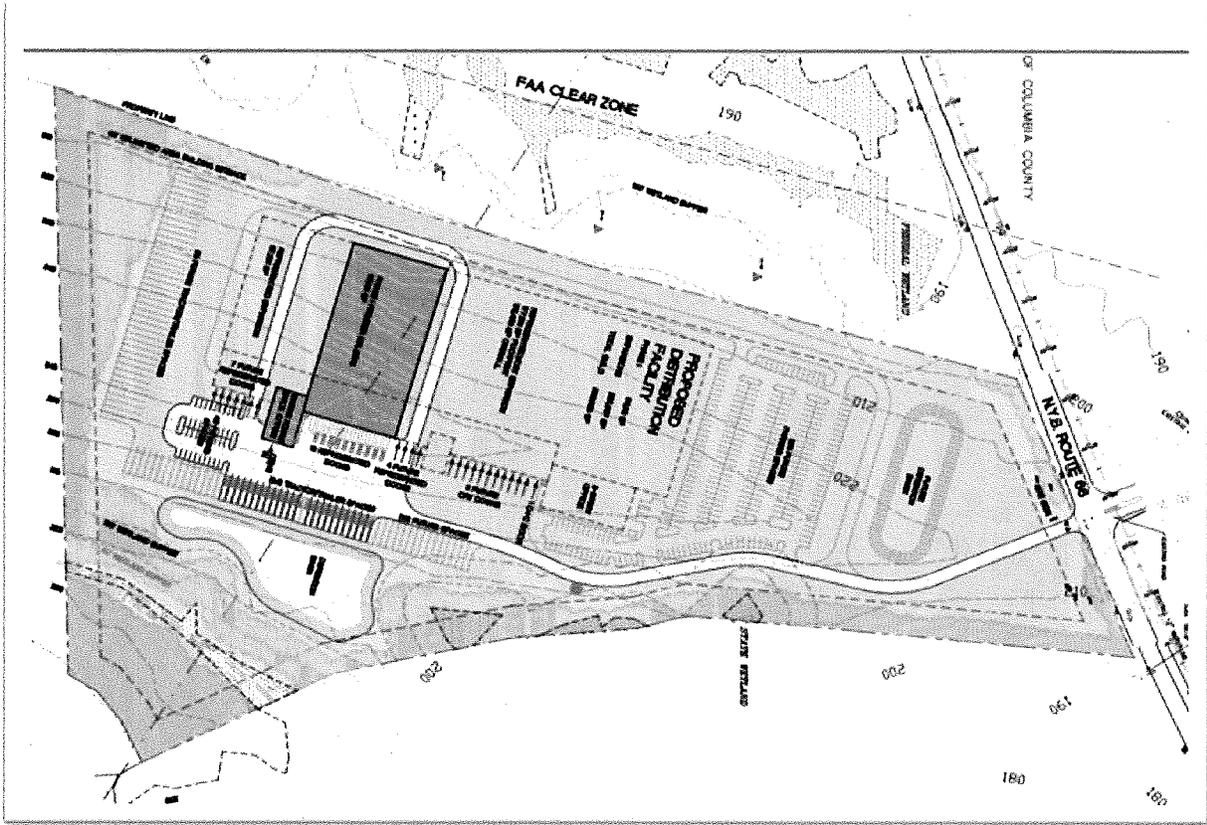
Level I: Cash Flow	Level II: Default Risk	Level III: Collateral Value
I Actual or Adjusted Debt Service Coverage \geq 1.2:1	A Score of \geq 4 on the Default Risk Model Low Risk	Liquid value of collateral + adjusted value of personal guarantee \geq total loan value
II Actual or Adjusted Debt Service Coverage $<$ 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/Diagrams



Point B represents the existing facility while the new facility will be 1.6 miles away on Route 66. The open land across from Point A is the location of the new facility.

The property is located less than two miles from the existing facility that will continue to be used, however, converted to all dry or refrigerator space.





FOR CONSIDERATION

December 18, 2015

TO: The Directors

FROM: Elizabeth Fine

SUBJECT: New ESD Office

RE: Authorization to Operate a New Office for Trade and Tourism in Puerto Rico and Take All Related Actions; Modification of Bylaws; Appointment of Officer; Authorization to Open Bank Accounts; and Ratification of Actions

I. **Background and Purpose**

This fall, Governor Cuomo announced an aggressive action plan to promote mutual economic development between Puerto Rico and New York State, and to leverage Puerto Rico's position as the business center of the Caribbean region. Home to 1.1 million Puerto Rican nationals, New York State has always enjoyed a strong relationship with Puerto Rico. The action plan seeks to strengthen economic ties between these two jurisdictions, encourage mutual grass-roots economic development and engage the existing 1.2 million committed travelers to Puerto Rico, primarily East Coast-based, passing through Old San Juan, to build awareness of New York's craft beverage (Taste New York) and I Love New York campaigns.

Specific Initiatives may include:

- **Energy and Infrastructure:** New York State will work with Puerto Rico to decrease dependency on off-island energy sources, as we promote New York State-based renewable energy companies.
- **Agriculture:** New York State will provide Puerto Rico with compliance assistance to meet the federal Food Safety Modernization Act, as we look to create joint agricultural trade agreements.
- **Tourism:** New York State and Puerto Rico have an opportunity to create mutually beneficial tourism initiatives that leverage the high level of visitation that currently exists between the two countries.
- **Business and Technology Development:** New York State will look for avenues that benefit Puerto Rican and New York State commercialization opportunities, allowing ESD to foster relationships with budding entrepreneurs and start-ups.

Because of its role as the primary economic development entity for the State, the New York State Urban Development Corporation, doing business as Empire State Development (“ESD”) has assumed responsibility for implementing the tourism and business and technology development initiatives outlined above and will work cooperatively with sister State agencies on the agricultural and energy initiatives.

To most effectively capitalize on potential partnership opportunities, ESD determined to open a local San Juan office to conduct and coordinate these initiatives. In implementing this decision, ESD was advised that its economic development activities in Puerto Rico could be facilitated through a not-for-profit entity.

A wholly-owned subsidiary of ESD, Statewide Local Development Corporation (“Statewide”) is organized under Sections 402 and 1411 of the State Not-For-Profit Corporation Law. Although originally formed primarily to assist in the making of loans by the New York Job Development Authority, Statewide is nonetheless authorized “to facilitate performance of the essential government functions which [ESD] performs pursuant to the UDC Act . . . and to promote and develop business within the State of New York for the purpose of promoting and providing additional and maximum employment, and for the public benefit.”

As the purpose of the Puerto Rico action plan is to increase awareness of New York goods and services among residents and travelers to Puerto Rico and promote mutual economic development, ESD has requested the assistance of Statewide in this effort.

II. Location and Activities

A number of actions have been taken in order to maximize visibility and awareness of the new Office for Trade and Tourism, which opened in November 2015. First, it was important to maintain the momentum of the Governor’s early September trip to the Island. In addition, in early November, several hundred individuals were to participate in a conference focusing on social, economic, legislative and budgetary initiatives of concern to Hispanic communities throughout the State. These participants represented a cross-section of the State’s Hispanic community, including federal, New York State, including Governor Cuomo, and local elected officials, as well as community, labor, and business leaders – precisely the stakeholders who will be critical to the success of the new Office’s economic development activities in this location.

After researching a number of locations, ESD staff identified a suitable location at 260 Calle San Francisco. The office has just under 2,000 square feet and allows for the establishment of a retail shop offering Taste NY and I Love NY branded products. This location, a main thoroughfare in Old San Juan, provides maximum exposure to the target audience of Puerto Rican residents and foreign tourists. ESD leased this space, which will be staffed by employees of Statewide. A total staff of four is envisioned: a Director, an Office/Retail Manager and assistants for store and office operations. To date, the Director, Ms. Betty Enriquez, was hired and temporary retail assistance has been secured.

Drawing from a career in strategic marketing and business development in both New York and Puerto Rico, Ms. Enríquez will be responsible for cultivating strategic partnerships between New York and Puerto Rico in order to advance mutually beneficial economic development projects and promote cross-border trade. In this role, Ms. Enríquez will build relationships with governmental entities, business and advocacy groups, and community organizations throughout Puerto Rico to grow the energy, high tech, agriculture and tourism industries. The Office will also feature a New York State Discovery Center, which will encourage travel to New York's 11 unique vacation regions and build on the tourism industry's economic impact in 2014, which exceeded \$100 billion for the first time in State history and is the State's fourth largest industry.

With the assistance of local counsel, Statewide has been registered to do business in Puerto Rico, has applied for Use Permits which will allow for the contemplated office and retail activities, and for the licenses and permits necessary for the retail sale of New York State wine, beer and dairy products. General liability and other customary insurance is being provided under extensions of ESD's existing policies. Statewide has also opened an account with Banco Popular.

Statewide has also taken a number of steps necessary for the employment of individuals in Puerto Rico, including obtaining its own federal Employer Identification Number, and filings associated with Workers Compensation and unemployment insurance. Also in connection with the hiring of staff and their conduct of business on behalf of Statewide, the Directors are being requested to authorize an amendment to the bylaws to provide for the indemnification of Statewide employees for actions taken in their official capacities. The proposed bylaw provisions mirror those of ESD's bylaws.

All costs associated with the opening and operation of the new Office for Trade and Tourism, including all staff costs, will be paid or reimbursed by ESD.

III. Environmental Review

ESD staff has determined that the requested authorization constitutes a Type II action as defined by the New York State Environmental Quality Review Act and the implementing regulations for the New York State Department of Environmental Conservation. No further environmental review is required.

IV. Requested Action

The Directors are requested to approve and authorize the opening and operation of a new Office for Trade and Tourism in Puerto Rico and to ratify all actions heretofore taken in support of this initiative for the purpose of increasing awareness of New York State-originated goods and services in this strategic location and promoting mutual economic development including, without limitation, the hiring of staff, the opening of one or more bank accounts and the application for all appropriate permits, licenses and approvals. The Directors are further

requested to appoint Ms. Betty Enriquez to the office of Director of the Office for Trade and Tourism and to authorize the amendment of the bylaws of the Corporation to provide for the indemnification of directors, and officers and other employees.

Attachments

Resolutions

December 18, 2015

Statewide Local Development Corporation - Authorization to Operate a New Office for Trade and Tourism in Puerto Rico and Take All Related Actions; Appointment of Officer; Amendment of Bylaws and Ratification of Actions

Be it RESOLVED, that based on the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation (the "Materials"), the Corporation is hereby authorized to open and operate an office in Puerto Rico for the purpose of increasing awareness of and promoting New York State-originated goods and services and of mutual economic development; and be it further

RESOLVED, that the Corporation is authorized to hire such staff as might be necessary or appropriate to conduct its economic development activities at that location and to operate the retail operation for the sale of New York-originated goods; and be it further

RESOLVED that the bylaws of the Corporation be, and they hereby are, amended to include a new Article X to read as follows:

Article X

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 29. (a) General Scope of Indemnification. The provisions of this Article for indemnification shall be in addition to and shall not supplant any indemnification by the State of New York heretofore or hereafter conferred upon any director, officer or employee by a statute, by Sections 17, 18 and 19 of the Public Officers law, or otherwise. This Article is to be construed liberally in favor of each Director, officer and employee of the Corporation to the fullest extent permitted by law, and any ambiguity, uncertainty or reasonable doubt as to facts, interpretation or legal conclusions shall be resolved in favor of such director, officer or employee. The provisions of this Article shall inure only to the directors, officers or employees of the Corporation and to their estates, shall not enlarge or diminish the rights of any other party, and shall not impair, limit or modify the rights and obligations of any insurer under any policy of insurance.

(b) Directors, Officers and Employees

Other than as provided in Section 30 of these Bylaws, the Corporation shall to the fullest extent permitted by law save harmless and indemnify any person (or his or her estate) who shall have served as a director, officer or employee of the Corporation against financial loss or reasonable litigation expense incurred in connection with any claim, demand, suit, action or proceedings, whether civil or criminal, or the defense thereof, and arising out of (a) any transaction of the Corporation or (b) any act or failure to act

by any such director, officer or employee while engaged in the discharge of his or her duties on behalf of the Corporation.

Section 30. Conditions Precedent and Representation of Persons Indemnified.

Except in a criminal proceeding, the right to indemnification shall be conditioned on (a) the prompt delivery to the Corporation of a copy of the summons, complaint, process, notice, demand or pleading commencing any such claim, demand, suit, action or proceeding, (b) a contemporaneous offer to name counsel to the Corporation as counsel to the director, officer or employee in the defense of such claim, demand, suit, action or proceeding, and (c) the full cooperation of the director, officer or employee, in the event the offer is accepted, in the making of such defense. The Corporation may, either by its own staff counsel or by outside counsel of its choice, accept the offer and assume the representation of any person who becomes a party to the claim, demand, suit, action or proceeding, except in situations in which (a) choice of counsel is governed by statute, or (b) the Corporation's counsel determines that it is inappropriate or inadvisable for such person to be represented by counsel chosen by the Corporation. In the event the Corporation does not assume such representation, such person shall have the right to engage private counsel of his or her choice and the Corporation shall have the obligation of indemnification for the reasonable fees and expenses of such private counsel as provided in this Article; provided, however, that the Corporation as a condition to such indemnification shall, require appropriate groups of person to be represented by the same counsel.

a. Advances of Expenses.

i. Directors and Officers. A Director or officer who becomes a party to an action or proceeding may request that the Corporation advance expenses pending the final disposition of such action or proceeding.

ii. Employees. Reasonable litigation expenses incurred by an employee who becomes a party to an action or proceeding may be paid by the Corporation from time to time pending the final disposition of such action or proceeding without necessity for any authorization, findings, or other action by the directors prior to the making of such advances; provided, however, that the directors (i) may make a preliminary finding at any time prior to the final disposition of such action or proceeding that it then appears that an employee has clearly not acted, in good faith, for a purpose reasonably believed to be in the best interests of the Corporation and, in criminal actions or proceedings, in addition, that the employee clearly had not had reasonable cause to believe that his or her conduct was lawful, or may seek an opinion in writing of outside legal counsel with respect to that issue, and if such a preliminary finding shall be made or a negative opinion on the issue shall be given, no further advances under this paragraph shall be made with respect to expenses of such employee, and (ii) may determine, or provide for the determination of, the reasonableness of expenses sought to be advanced.

b. Directors' Liability. No director of the Corporation shall be personally liable to the Corporation or its shareholders for damages for any breach of duty as a director, unless a judgment or other final adjudication adverse to the director

establishes that, in connection with any such breach of duty (i) the acts or omissions of the director were in bad faith or involved intentional misconduct or a knowing violation of law, (ii) the director personally gained in fact a financial profit or other advantage to which the director was not legally entitled, or (iii) the acts of the director violated Section 719 of the Business Corporation Law.

And be it further RESOLVED, that Ms. Betty Enriquez, be and she hereby is, appointed to the office of Director of the Office of Trade and Tourism, until her earlier resignation or removal, such appointment to be effective as of November 2, 2015 and that in accordance with and for all the purposes of the New York State Urban Development Corporation Act and the bylaws of the Corporation, including but not limited to the indemnification provisions thereof, the foregoing individual is an "officer" of the Corporation; and be it further

Resolved, that Ms. Enriquez be, and she hereby is, authorized to undertake all actions necessary or appropriate for the operation of the Office of Trade and Tourism in San Juan, Puerto Rico, and the conduct of economic development activities there, including the application for and obtaining of all permits, licenses and authorizations necessary or advisable for the Office's economic development activities in Puerto Rico, including the retail sale of New York State-sourced goods and services; and be it further

RESOLVED, that the Corporation hereby authorizes and approves the filing of the application for a use permit with the municipality of San Juan (the "Use Permit"), as well as any other authorization required for filing and/or obtaining the Use Permit; and be it further

RESOLVED, that Betty Enriquez and Alicia Lamboy and/or any other authorized representative of Goldman Antonetti & Córdova, LLC, be and each of them hereby is, authorized to file and or receive any documents that may be required of the Corporation in connection with the Use Permit with the municipality of San Juan, as well as any other contracts, agreements, authorizations, and documents required, necessary or convenient in order to consummate the application mentioned above and perform such other acts as he/she may determine to be necessary or desirable and in the best interests of the Corporation in connection with the foregoing, such execution or performance being conclusive evidence of such determination; and be it further

RESOLVED, that the Corporation hereby authorizes and approves the filing of the application for a liquor license with the Puerto Rico Treasury Department (the "Liquor License"), as well as any other authorization required for filing and/or obtaining the Liquor License; and be it further

RESOLVED, that Betty Enriquez as well as Alicia Lamboy, Adriana Pérez Rentas and/or any other authorized representative of Goldman Antonetti & Córdova, LLC, be and each of them hereby

is, authorized to file and or receive any documents that may be required of the Corporation in connection with the Liquor License with the Puerto Rico Treasury Department, as well as any other contracts, agreements, authorizations, and documents required, necessary or convenient in order to consummate the application mentioned above and perform such other acts as he/she may determine to be necessary or desirable and in the best interests of the Corporation in connection with the foregoing, such execution or performance being conclusive evidence of such determination; and be it further

RESOLVED:

- (1) That Banco Popular North America (hereinafter referred to as the "Bank") be and hereby is designated as one the depositories of the funds of this Corporation in an account designated as Statewide Local Development Corporation and that the officers, employees or agents of this Corporation are hereby authorized to endorse, in the name of this Corporation for the purpose of deposit and collection in and with the Bank, checks, drafts, notes and other like obligations, and it is further resolved that endorsements for deposit and collection may be by the written or stamped endorsements of this Corporation without designation of the party making the endorsement.
- (2) That the Bank be and hereby is authorized to payout the funds of this Corporation on deposit with it in said account from time to time on the basis of checks, drafts or orders drawn on said depository and signed in the name of this Corporation by its President Kevin Younis, its Vice President Edwin Lee, its Treasurer Robert Godley, its Assistant Treasurer Kathleen Mize, or its General Counsel Elizabeth R. Fine, whether said checks are payable to cash, the bearer or the order of this Corporation, or to any third party, or to the order of any signatory of this Corporation or any other officer, agent or employee of this Corporation in either his/her individual or official capacity, without limitation of amount, without inquiry as to circumstances of tissue, negotiation or endorsement thereof and without further inquiry or regard to the authority of the person or persons signing said checks.
- (3) That the Bank shall not be in any manner whatsoever, responsible for or required to see to the application of any of the funds to this Corporation deposited with it, checked out or borrowed from it, or secured by the discount of notes and other obligations to it as hereinbefore provided, and all such transactions shall be conclusively presumed to be legally binding upon this Corporation.
- (4) That, in order to induce the Bank to act pursuant to the foregoing paragraphs of this resolution, this Corporation hereby agrees as follows:
 - (a) This resolution shall continue in force until revoked or modified by written notice actually received by the Bank, setting forth a certified resolution to that effect stated to have been duly adopted by the Board of Directors of this Corporation, and signed

by one purporting to be the Secretary or an Assistant of this Corporation; provided, however, that such notice shall not be effective as to any exercise of powers prior to the receipt thereof or as to any checks or other instruments for the payment of money or the withdrawal of funds dated on or prior to the date of such notice, but presented to the Bank after receipt of such notice, and the Bank is hereby authorized to rely upon the last communication received by it, so authenticated, as to any resolution of this Corporation or as to the persons who may be officers or signatories of this Corporation, or as to their respective specimen signatures and/or as to any other corporation matters, and the Bank shall be held harmless in such reliance, even though such resolution may have been changed or rescinded.

- (b) The Bank need not recognize a claim of authority to order the payment or delivery or any funds or other property standing on its books to credit of, or held by it for the account of, this Corporation, which conflicts with a claim of authority of which the Bank had prior notice, unless the person asserting such subsequent claim shall procure an appropriate restraining order, injunction or other appropriate process against the Bank from a court of competent jurisdiction in the United States requiring the Bank so to act, or, in lieu thereof, with the consent of the Bank, shall deliver the Bank, in form and with sureties acceptable to the Bank, a bond indemnifying the Bank for any and all liability, loss damage, costs and expenses on account of any action by the Bank pursuant to such subsequent claim or on account of the dishonor of any check or other of any person asserting the claim of which the Bank already had notice at the time the subsequent conflicting claim is asserted by the person furnishing such bond; and be it further

RESOLVED, that all actions heretofore taken by Ms. Betty Enriquez, any ESD employee and any person employed by ESD's outside counsel Goldman Antonetti & Córdova, LLC, on behalf of the Corporation in furtherance of the opening and operation of the Office of Trade and Tourism in San Juan Puerto Rico be, and the same hereby are, ratified, approved and adopted as the acts and deeds of the Corporation.

* * *



MEMORANDUM

TO: Members

FROM: Howard Zemsky

DATE: December 18, 2015

RE: New York Job Development Authority Portfolio Profile

OVERVIEW

At present, the New York Job Development Authority's ("JDA") portfolio has an outstanding principal balance of approximately \$22.7MM across 35 active projects, as outlined in the attached JDA Portfolio Summary. The 36 active projects are divided amongst two classes, standard commercial loans and "Capital Leases" which are addressed separately below. All projects are funded through the sale of state guaranteed bonds and notes.

The primary purpose of the JDA program is to increase employment within New York by encouraging businesses to expand, relocate, or modernize their facilities in the State. To that end, companies engaged in manufacturing, distribution, warehousing and certain service industries are eligible to receive funding for the purchase of land, construction/renovation of facilities, and/or the purchase of machinery and equipment. Real estate loans have a maximum term of 20 years, while machinery and equipment loan have a maximum term of 10 years or the useful life of the collateral – whichever is less. A second mortgage on the property to be financed/renovated is required for all real estate loans, while machinery and equipment loans are secured by a proportionally co-equal first position lien with other participating lenders. Corporate and/or personal guarantees are required across all loans, and interest rates are set relative to market rates.



CAPITAL LEASES

A significant portion of JDA's current portfolio is comprised of a collection of Capital Leases. Throughout the course of the program's lifespan, JDA has acquired a portfolio of commercial properties, often through foreclosures that follow the uncured default of a given real estate loan. Whenever possible, JDA would seek to sell such properties in order to recoup funds from failing loans. However, during the downturn of the real estate market, JDA was forced to seek an alternative option as these properties were not selling and would remain unutilized for years at a time. In order to incentivize development and create positive cash-flow, the Capital Lease was introduced. In essence, JDA provides a purchase money mortgage and maintains ownership of the subject property throughout the repayment term to allow the purchaser to take advantage of JDA's tax exempt status. At the end of the repayment term (often 20 years) the property is transferred to the purchaser for a nominal fee and property-tax payments resume. At present, JDA's portfolio has 15 such projects, all of which remain in good standing. Due to the overall success of the current leases, JDA is seeking to extend the terms of a number of its Capital Lease projects. Such extensions represent a mutually-beneficial endeavor that aids NYS companies by limiting their tax liability, while allowing JDA to maintain a steady cash-flow for years to come.

OVERALL STRENGTH OF PORTFOLIO

While the popularity of JDA's commercial loan program had waned over the last decade (until a recent resurgence discussed below) and the overall size of its portfolio has diminished, it is worth noting that those projects remaining have performed at a high level. JDA has not written-off a portion of a loan in over three calendar years. To date, all loan repayments are current, giving JDA a 0% delinquency rate.

PROGRAM REVIVAL

Also of note, are the efforts of JDA staff members that have given the commercial loan program a long overdue revival. The program was relatively dormant for a number of years, closing only a single loan over the course of roughly 7 years from 2006-2013. JDA staff members have successfully introduced new marketing initiatives that has helped in increasing the popularity of JDA across the state. Since July 2014 the JDA Board approved 14 loan projects, totaling nearly \$31MM. Due to the fact that JDA loans are traditionally take-out financing, there is often an 18-24 month lag between board approval and closing. While JDA has experienced some issues with projects reaching completion in the past, JDA staff remains optimistic that these recently approved projects will close.

Here's how New York State's JDA can lower your costs and help your business grow.



**New York Job
Development
Authority**

New York State's Job Development Authority ("JDA") is a tool for economic development in New York State which can reduce private financing exposure. JDA can finance up to forty percent of your firm's project costs to help you grow your business, build new plants, and acquire machinery and equipment. Within economically distressed communities, JDA's participation can be increased to up to sixty percent of project costs. Private financing and your business equity will provide the balance of project funding.

The primary purpose of JDA is to assist New York State businesses in expanding, relocating, or modernizing their facilities in the State. Companies engaged in manufacturing, distribution, warehousing, and certain service industries are eligible to receive funding for the purchase of land, construction and/ or renovation of facilities, and the purchase of machinery and equipment.

New York's JDA is just one more way we are here to help you and your business succeed and grow.



Listen to just a few of the many small business owners throughout New York State who have taken advantage of the low cost financing JDA offers:

"When it came time to expand our facility this year, JDA was there again to support our efforts. Working with JDA has been a very positive experience for our company and I would encourage other business owners to pursue a NYS JDA loan."

**RUSSELL J. BROOKS, CO-OWNER
THE CASE GROUP, LLC**

"JDA has been instrumental in helping our company achieve our growth objectives. Working with the JDA team has been a pleasure, and the entire process has far exceeded our expectations."

**BETH BUNSTER, CHIEF FINANCIAL OFFICER
WHITSONS CULINARY GROUP**

"The low fees and fixed below market interest rates made it economically desirable for my company to move forward. I was very pleased with the courteous, knowledgeable, and expedient service I received from the JDA team; they made me feel as if my business was important to the growth of NYS."

**DAVID KATLESKI, FOUNDER AND PRESIDENT
EMPIRE BREWING COMPANY**

**With its lower fee structure
and very competitive lending rates,
JDA can become a true asset
to your business.**

PLEASE CONTACT:

Rafael Salaberrios, Vice President, Economic Revitalization
Empire State Development
633 Third Avenue, New York, NY 10017
212-803-3219 | Rafael.Salaberrios@esd.ny.gov

JDA Portfolio Summary
As of November 30, 2015

BORROWER	Loan Number	Current Balance (\$)	Original Balance (\$)	Closing Date	Maturity Date	Interest Rate
Northern Soy, Inc.	500001070	124,141.05	1,080,000.00	05/02/2002	06/01/2022	1.900%
Aarco Products, Inc.	500001090	282,740.21	563,600.00	06/19/2002	09/01/2022	7.100%
Riverview Associates, Inc.	500202040	92,802.14	212,360.00	04/29/2003	05/01/2023	1.900%
The Case Group, LLC	500202050	719,609.27	1,400,000.00	09/30/2004	10/31/2024	1.900%
JB Partnership	500202060	152,715.47	302,136.00	05/27/2004	06/01/2024	1.980%
KGI Realty, LLC	500203020	730,573.91	1,500,000.00	03/26/2004	04/01/2024	1.900%
Omega Moulding Company, LTD	500203030	1,924,328.31	3,520,000.00	05/05/2005	06/01/2025	1.900%
Hank's Photographic Services, Inc.	500301010	563,850.92	974,400.00	10/12/2005	11/01/2025	1.980%
XLI Corporation	500303020	603,798.46	991,200.00	12/20/2005	01/01/2026	1.980%
T.A. Morris Sons Inc.	500502010	1,014,502.43	1,546,000.00	09/06/2007	10/01/2027	1.980%
Whitsons Islandia Properties, LLC	500502020	1,576,853.84	2,400,000.00	11/08/2007	12/01/2017	1.900%
David's Drive Development, LLC	500503010	524,759.77	1,200,000.00	09/29/2006	10/01/2021	1.910%
Insula Dome Skylights, Inc.	500503020	241,012.74	440,000.00	11/14/2006	12/01/2021	7.660%
SubZero Insulation and Refrig. Tech.	501305660	592,022.08	624,000.00	10/30/2013	11/01/2033	6.890%
MILuc LLC (Rising Sun Woodworking, Inc.)	501500330	476,317.85	480,000.00	07/30/2015	08/01/2035	4.600%
Merola Sales Company, Inc.	501501870	3,000,000.00	3,000,000.00	09/09/2015	10/01/2035	1.980%
Industrial Solutions Group, LLC	509217151	37,257.68	412,000.00	08/10/2006	09/01/2016	4.000%
Sitco Development, Ltd.*	509303013	855,775.28	2,362,500.00	03/01/2000	09/01/2022	7.000%
Seaboard Aerospace Manufacturing, Inc.*	528402112	223,833.67	975,000.00	01/29/1999	05/31/2019	7.000%
United Salvage Associates, LLC*	558604102	151,355.23	1,500,000.00	03/01/1997	03/01/2020	6.500%
United Salvage Associates, LLC*	558604103	49,611.13	750,000.00	03/01/1997	03/01/2020	0.000%
55 Kennedy Boulevard, LLC*	558804112	1,358,341.62	4,050,000.00	11/01/1999	02/01/2020	7.000%
Precision Properties, LLC	558817821	470,176.95	1,135,988.00	01/01/2003	12/01/2022	6.250%
G & C Food Distributors & Brokers, Inc.*	558817871	1,679,198.00	5,110,500.00	11/01/1996	01/01/2020	6.000%
Teomax Properties, LLC*	558902232	112,177.48	525,000.00	04/01/1998	03/30/2018	8.000%
Y&K Real Estate, LLC*	578702174	598,732.00	608,880.00	10/01/2015	10/31/2025	0.000%
Kaymac, LLC*	578703143	406,484.79	872,085.00	12/02/2002	11/30/2022	6.250%
Aarco Products, Inc.*	578703200	245,637.06	568,000.00	12/01/1988	02/01/2018	7.500%
Package Fulfillment Center Inc.*	578704472	88,421.49	550,000.00	10/01/2012	11/01/2024	0.000%
Package Fulfillment Center Inc.*	578704473	825,917.02	935,000.40	10/31/2014	10/31/2024	0.000%
Gamma Buffalo Corp.*	588802352	393,772.87	1,140,000.00	06/26/2002	07/01/2022	6.500%
Elich Zelinger	588802511	15,500.00	90,000.00	07/15/2003	06/15/2018	0.000%
Wayne-Paul Corporation*	609102092	287,270.86	1,050,000.00	08/01/1999	07/30/2019	7.600%
Landauer Hospital Supplies, Inc.	620001050	721,360.41	1,400,000.00	01/31/2002	02/01/2012	7.500%
High Falls Brewing Company, LLC	620001100	1,596,990.02	2,983,500.00	07/30/2002	08/01/2022	8.750%
35 Projects		22,737,842.01	47,252,149.40			

* Denotes Capital Lease

Project Number	Name of Borrower	Economic Region	Purpose	JDA	Bank	Equity	Term	Board Approval	Loan Authorization Issued	Jobs Retained	Jobs created	Construction Jobs Created
X994	Case Group	Capital Region	RE	\$1,380,000	\$690,000	\$327,000	10 Years	July 2014	July 2014	29	26	
X996	Merola	Capital Region	M&E	\$900,000	\$450,000	\$186,000	10 Years	July 2014	July 2014			
Z187	Sandy Hook	Long Island		\$3,000,000		\$3,800,000	20 Years	June 2014	June 2014	35	10	
Z957		New York City		\$3,435,000	1,717,500	\$572,500	20 Years	August 2014	July 2014	130	0	20
Z791	TMP	Western New York		\$3,000,000	\$13,250,000	\$3,000,000	5 Years	February 2015	Company found alternative financing			
Z603	Beets Factory*	Finger Lakes		\$5,340,000	\$10,226,000	\$1,090,000	10 Years		Pending	0	140	
AA033	Ronnybrook Farm Dairy*	Capital Region		\$960,000		\$640,000	10 Years	March 2015	Pending	53	27	
Z460	Rising Sun	Long Island		\$480,000		\$540,000	20 Years	April 2015	June 2015	19	3	
Z461	Empire Brewery	Central New York	RE	\$2,196,000		\$599,050	20 Years	October 2014	December 2014	70	50	20
Z793	Empire Brewery	Central New York	M&E	\$1,398,300		\$599,050	20 Years	October 2014	December 2014			
AA130	Upstate Specialty Properties	Capital Region		\$2,160,180		\$540,045	20 Years	February 2015	March 2015	44	28	
	Modern Marketing Concepts	Southern Tier		\$5,000,000	\$800,000	\$1,700,000	20 Years	June 2015		310	592	
	Bordenworks Logistics LLC	Niagara county	RE	\$1,000,000		\$758,500	20	Nov-15	Pending	10	75	
	Empire Farmstead	Central New York	M&E	\$450,000	\$225,000	\$75,000	10	Nov-15	pending	N/A	N/A	
	Total			\$30,699,480	\$35,528,025	\$14,427,145				380	284	40
	Total Private Capital Investment				\$49,955,170							



FOR INFORMATION

DATE: December 18, 2015

TO: The Members

FROM: Howard Zemsky

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

Summary

In February 2015, the JDA Board approved a \$2.16MM real estate loan to Upstate Specialty Properties, LLC, for the benefit of Upstate Veterinary Specialties, PLLC (“Upstate Veterinary Specialties” or the “Company”) (see original loan report attached).

The project has been progressing on schedule; however, there have been unforeseen expenses, such as additional architectural fees and added town requested items, which have increased the total cost of the project by approximately \$320,000. As a result, Upstate Veterinary Specialties is asking the senior debt provider, Saratoga National Bank, for an additional \$221,775 of this amount; the Company is comfortable covering the difference plus any additional change orders it decides to make until the project is complete. Upstate Veterinary Specialties feels this should finalize the funding it needs to complete the project.

In the end, the total project costs are expected to be \$5,721,000, of which Saratoga National Bank will finance \$2,922,000 (51% of TPC and 54% LTV) and JDA will finance \$2,160,180 (38% of TPC and 40% LTV), and the Company’s equity contribution will be \$638,820 (12% of TPC).

Previous project budget:

JDA Budget					
Uses			Sources		
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%
Total Project Costs	\$ 5,400,450	100%	Total Project Financing	\$ 5,400,450	100%
* 25-year-term at 4.25% (fixed)					
** 20-year term at 4.29% (fixed)					

Proposed new project budget:

JDA Budget					
Uses			Sources		
Construction	\$ 4,310,450	75%	Saratoga National Bank*	\$ 2,922,000	51%
Real Estate Purchase	970,000	17%	JDA**	2,160,180	38%
Closing & Soft Costs	440,550	8%	Equity	638,820	11%
Total Project Costs	\$ 5,721,000	100%	Total Project Financing	\$ 5,721,000	100%
* 25-year-term at 4.25% (fixed)					
** 20-year term at 4.29% (fixed)					

Below is the current loan structure (as approved by the JDA board).

SNB 1st mortgage	\$2,700,225	50.0% LTV
JDA 2nd mortgage	\$2,160,180	40.0% LTV
Total	\$4,860,405	90.0% LTV

Loan-to-Value	
Loans	
Saratoga National Bank Loan	\$2,700,225
JDA Loan	2,160,180
Total Loans	\$4,860,405
Collateral Value	
Real Estate	\$5,400,450
Total Value	\$5,400,450
Loan-to-Value:	90%

If the JDA board approves the Company's request for the 1st mortgage increase, the new loan structure would be as follows:

SNB 1st mortgage	\$2,922,000	54.1% LTV
JDA 2nd mortgage	\$2,160,180	40.0% LTV
Total	\$5,082,180	94.1% LTV

Loan-to-Value	
Loans	
Saratoga National Bank Loan	\$2,922,000
JDA Loan	2,160,180
Total Loans	\$5,082,180
Collateral Value	
Real Estate	\$5,400,450
Total Value	\$5,400,450
Loan-to-Value:	94%

The additional loan funds will increase debt service by approximately \$10,000 per year; however, the Company will still be able to service the loans with a DSCR that meets JDA's minimum standard of 1.20.

Debt Service Coverage Analysis as funding is currently structured:

Projected Debt Service Coverage Ratio			
	2014	2015	2016
Upstate Veterinary Specialties EBITDA ⁽¹⁾	\$678,879	\$634,219	\$753,962
Upstate Specialty Properties EBITDA ⁽²⁾	-	-	375,622
Rent (222 Troy Schenectady Road)	179,555	188,100	-
Adjusted EBITDA ⁽³⁾	\$858,433	\$822,319	\$1,129,584
Annual Debt Service			
JDA Loan	\$161,073	\$161,073	\$161,073
Bank Loan	180,399	180,399	180,399
Existing Debt (Upstate Veterinary Specialties)	143,510	143,510	47,159
Total Debt Service	\$484,981	\$484,981	\$388,630
DSCR	1.77	1.70	2.91
Minimum DSCR	1.20	1.20	1.20
EBITDA at Minimum DSCR	\$581,977	\$581,977	\$466,356
Decrease Allowed	\$276,456	\$240,342	\$663,228
Percentage (%)	40.7%	37.9%	88.0%
(1) 2014, annualized based on actual YTD EBITDA as of October 1; 2015 through 2016, projected. 2016 includes rent paid to Upstate Specialty Properties.			
(2) Includes rent from Upstate Veterinary Specialties.			
(3) Rent paid by Upstate Veterinary Specialties for space at 222 Troy Schenectady Road has been added back to reflect available cash toward new mortgages.			

Debt Service Coverage Analysis as funding is currently structured:

Projected Debt Service Coverage Ratio			
	2014	2015	2016
Upstate Veterinary Specialties EBITDA ⁽¹⁾	\$678,879	\$634,219	\$753,962
Upstate Specialty Properties EBITDA ⁽²⁾	-	-	375,622
Rent (222 Troy Schenectady Road)	179,555	188,100	-
Adjusted EBITDA ⁽³⁾	\$858,433	\$822,319	\$1,129,584
Annual Debt Service			
JDA Loan	\$161,073	\$161,073	\$161,073
Bank Loan	189,955	189,955	189,955
Existing Debt (Upstate Veterinary Specialties)	143,510	143,510	47,159
Total Debt Service	\$494,537	\$494,537	\$398,186
DSCR	1.74	1.66	2.84
Minimum DSCR	1.20	1.20	1.20
EBITDA at Minimum DSCR	\$593,445	\$593,445	\$477,823
Decrease Allowed	\$264,989	\$228,874	\$651,761
Percentage (%)	39.0%	36.1%	86.4%
(1) 2014, annualized based on actual YTD EBITDA as of October 1; 2015 through 2016, projected. 2016 includes rent paid to Upstate Specialty Properties.			
(2) Includes rent from Upstate Veterinary Specialties.			
(3) Rent paid by Upstate Veterinary Specialties for space at 222 Troy Schenectady Road has been added back to reflect available cash toward new mortgages.			

Attachment

JDA Members' Meeting Materials dated, February 2, 2015.



**Statewide Local
Development
Corporation**

A Subsidiary of Empire State Development

FOR CONSIDERATION

DATE: February 2, 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	
Borrower:	Upstate Specialty Properties, LLC (for the benefit of Upstate Veterinary Specialties, PLLC)
Economic Region:	Capital Region (Albany County)
Loan Amount Requested:	\$2,160,180
Rate:	4.29% (fixed)
Term:	20 years
Classification:	IA-
Distressed Area:	No
Initial Payment:	\$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%
Total Project Costs	\$ 5,400,450	100%	Total Project Financing	\$ 5,400,450	100%
* 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

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 Cassiday 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.¹

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.*

¹ 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

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

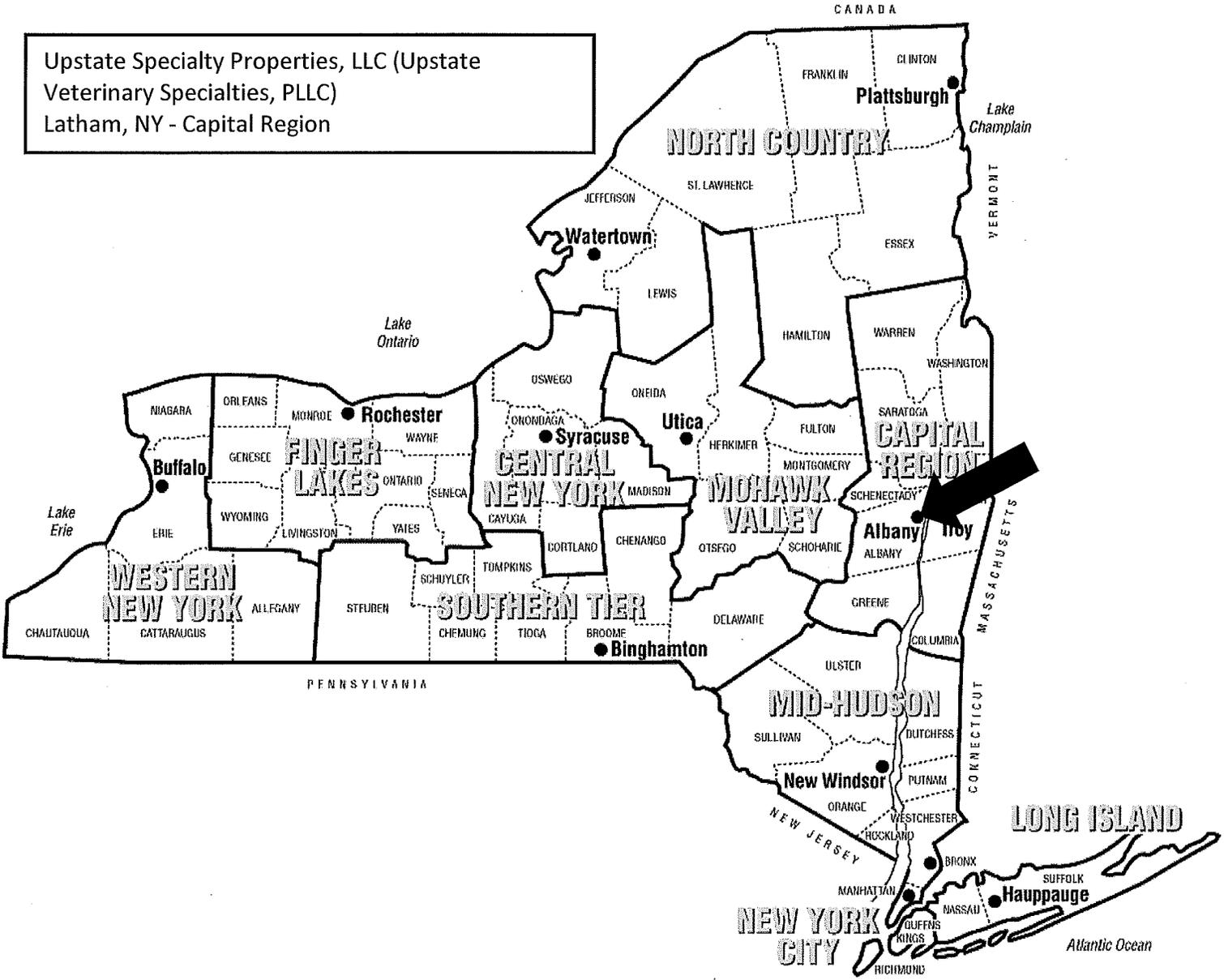
RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, and each of them hereby is, authorized to make a Special Purpose Fund Loan to Statewide Local Development Corporation for the benefit of Upstate Specialty Properties, LLC (Upstate Veterinary Specialties, PLLC) for an amount 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.

Upstate Specialty Properties, LLC (Upstate Veterinary Specialties, PLLC)
Latham, NY - Capital 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	

Empire State Development

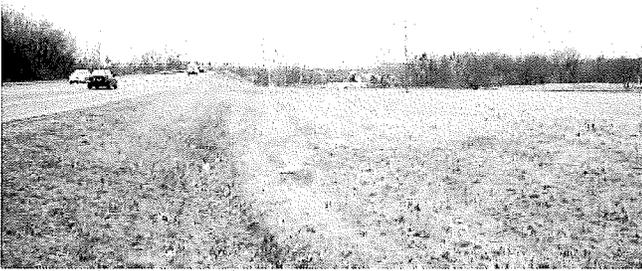
STATEWIDE LOCAL DEVELOPMENT CORPORATION

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 stone wall looking NW.jpg



07 View from NW corner looking south.jpg



08 View from NE corner looking west.jpg

Rendering of New Facility

