

NEW YORK JOB DEVELOPMENT AUTHORITY

Meeting of the Members

Tuesday

September 27, 2016 – 2:00 p.m.

AGENDA

FOR CONSIDERATION

CORPORATE ACTIONS

1. Approval of the Minutes of the June 27, 2016 Member's Meeting
2. Officers of the Authority and Signature Authority for Disbursements – Designation of Officers and Designation of Additional Authorized Signatories for Disbursements
3. Slate of Underwriters and Financial Advisors for Bond Issuance – Authorization to Approve a Rotating Team of Underwriters and Financial Advisors

DISCRETIONARY PROJECTS

WESTERN NEW YORK REGION

4. Western New York (Ashville – Chautauqua County) – JDA Loans to Castelli America, Inc. – Authorization to Make a Real Estate Loan and a Machinery and Equipment Loan with New York Job Development Authority Loan Proceeds and Take Related Actions

FOR INFORMATION

5. Investment Report for the New York Job Development Authority

DRAFT – SUBJECT TO REVIEW AND REVISION

NEW YORK JOB DEVELOPMENT AUTHORITY

Meeting of the Members
Empire State Development
633 Third Avenue
New York, New York 10017

and

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

and

Empire State Development
95 Perry Street
Buffalo, New York 14203

June 27, 2016

MINUTES

Members Present:

Kevin Younis, Designee - Acting Chair – Deputy
Commissioner of DED (via video conference)
Adam Barsky
Emily Youssouf
Heather McArn, Designee - NYS Department of Financial
Services
Anthony Joseph, Designee - Commissioner - NYS
Department of Agriculture and Markets
Mario Musolino, Designee – Commissioner NYS
Department of Labor

Present for JDA:

Kathleen Mize, Controller
Debbie Royce, Acting Secretary

DRAFT – SUBJECT TO REVIEW AND REVISION

Present for ESD: John Bozek, Senior Financial Analyst
Benson Martin, Director of Compliance
Sean Malone, Project Associate-Small Business Lending
Antovk Pidedjian, Senior Counsel
Ray Salaberrios, Vice President – Economic Revitalization

Also Present: The Public

The meeting was called to order at 11:12 a.m. by Acting Chair Kevin Younis. It was noted for the record that notice to the public and news media of the time and place of the meeting had been given in compliance with the New York State Open Meetings Law.

Acting Chair Younis then noted for the record the guidelines regarding comments by the public on matters on the Agenda, as well as with regard to any conflicts of interest the Members may have regarding any of the items on the Agenda. It was noted that no such conflicts exist.

Next, Acting Chair Younis entertained a motion to approve the Minutes of the April 25, 2016 Members' meeting.

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

APPROVAL OF MINUTES AND RATIFICATIONS OF ACTIONS TAKEN AT THE APRIL 25, 2016 MEMBERS' MEETING OF THE NEW YORK JOB DEVELOPMENT AUTHORITY

DRAFT – SUBJECT TO REVIEW AND REVISION

RESOLVED, that the Minutes of the meeting of the Authority held on April 25, 2016 as presented to the meeting, are hereby approved and all actions taken by the Members present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

* * *

Next, the Members were asked by Kathleen Mize to approve the Annual Financial Reports.

Ms. Mize noted that the Public Authorities Law required annual approval by the Authority members as well as certification by the Chief Executive Officer and the Chief Financial Officer, or the other designated finance officer of certain financial reports.

Ms. Mize further noted that the report is prepared by the independent audit firm, EFPA Group, LLP and contains financial information set forth in combined financial statements and an independent auditor's report.

Following the full presentation of the item, Acting Chair Younis asked if the Members had any questions or comments. Hearing none, and upon motion duly made and seconded, the following resolution was unanimously adopted:

NEW YORK JOB DEVELOPMENT AUTHORITY – (the "Authority") Approval of Certain Annual Financial Reports and Authorization to take Related Actions

WHEREAS, the Authority wishes to comply with § 2800 of the Public Authorities Law (the Law) which mandates that public benefit corporations annually prepare certain financial reports (the Report) which for the Authority consists of the independent audit;

DRAFT – SUBJECT TO REVIEW AND REVISION

WHEREAS, an independent audit is required by § 2802 of the Law;

WHEREAS, § 2800 of said Law also requires the annual approval by the Members and certifications by the Chief Executive Officer and Chief Financial Officer (or other designated finance officer) of the Report;

WHEREAS, an independent audit has been prepared for the fiscal year ended March 31, 2016;

WHEREAS, the Authority has reviewed said Report and found it to be satisfactory; and

NOW, THEREFORE, based on the materials submitted herewith, IT IS HEREBY RESOLVED that the Report is hereby approved; and it is further

RESOLVED, that the President and Chief Executive Officer, Controller, Treasurer or their designees be, and each of them hereby is, authorized and empowered to submit said Report, as required by law, and to take such action and execute such agreements and instruments as he or she may consider necessary or desirable or appropriate in connection with the implementation and approval of the Report and to take related actions.

* * *

Next, Benson Martin presented the next agenda item, requesting that the Members confirm their re-examination of the JDA Mission Statement and Performance Measures. He asked the Members to re-adopt the Mission Statement and Performance Measures without amendments.

Mr. Martin further explained that re-examination of the Mission Statement and Performance Measures will ensure that JDA complies with its obligation under New York State Public Authorities Law, Section 2824-A in a timely manner.

Mr. Martin went on to explain that the Members were free to re-examine and amend the Mission Statement and Performance Measures at any time during the year if necessary.

DRAFT – SUBJECT TO REVIEW AND REVISION

The Acting Chair asked if there were any questions regarding this item. Member Youssouf asked if someone could review the answer to the Performance Measures.

Mr. Salaberrios gave a full report explaining the Authority's loan portfolio, giving examples of projects where loans were given and how they fulfilled their job creation quota. He also informed the Members that JDA does not have any delinquent loans.

Member Youssouf asked if a summary of JDA loans could be provided to the board members annually. Mr. Salaberrios replied, going forward that a yearly summary of JDA loans would be provided to the Members as requested.

Again, Acting Chair Younis called for further questions or comments from the Members. Tony Joseph, the Designee for the Department of Agriculture and Markets, inquired about Performance Measures and how the measures are presented in the report.

The Acting Chair asked staff if there was a way to provide such a report and was informed that it could be done.

Following the full presentation and discussion, Acting Chair Younis asked if there were any further questions or comments. Hearing none, and upon motion duly made and seconded, the following resolution was unanimously adopted:

NEW YORK JOB DEVELOPMENT AUTHORITY – Mission Statement, Related Performance Measurements, and FY 2015-2016 Performance Measurement Report - Re-Examination

DRAFT – SUBJECT TO REVIEW AND REVISION

of Mission Statement and Related Performance Measurements; and Acceptance of FY 2015-2016 Performance Measurement Report

WHEREAS, the New York State Public Authorities Law § 2824-a requires each Authority to re-examine its Mission Statement and Performance Measurements annually, therefore

BE IT RESOLVED, that the Members hereby confirm that they have re-examined the Mission Statement as previously adopted and recommend no further amendments; and

RESOLVED, that the FY 2015-2016 Performance Measurement Report contained in the materials presented to this meeting and hereby ordered to be filed with the records of the Authority is hereby accepted.

* * *

Mr. Martin proceeded, requesting that the Members approve the appointments of Howard Zemsky, President and CEO of ESD and Chairman of JDA and Maria T. Vullo, Superintendent of the New York State Department of Financial Services, to JDA's Audit, Finance and Governance Committee.

NEW YORK JOB DEVELOPMENT AUTHORITY – Committee Appointments - Appointment of Members to the Audit, Finance, and Governance Committee

BE IT RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is ordered filed with the records of the Authority, the following individuals are hereby appointed to the Audit, Finance, and Governance Committee of the Authority, in addition to its current members Adam Barsky and Emily A. Youssouf, effective immediately and until their respective resignations or removals as Members of the Authority:

- Howard A. Zemsky
- Maria T. Vullo

* * *

Mr. Salaberrios then presented a report on the Loans to Lender Program for the Members' consideration.

DRAFT – SUBJECT TO REVIEW AND REVISION

Tony Joseph, the designee from the Department of Financial Services, asked Mr. Salaberrios to repeat the rate structures. Mr. Salaberrios explained the structure for Mr. Joseph.

Member Barsky questioned Mr. Salaberrios as to the various lenders who will be participating in this program and whether or not all will be vetted. Mr. Salaberrios responded affirmatively, stating that JDA will be working through the Department of Financial Services to ensure that they are in good standing with the State of New York.

Member Youssouf asked Mr. Salaberrios if the loans that we are making will have no collateral. Mr. Salaberrios explained that the loans for machinery and equipment will have collateral and the machinery and equipment will be the collateral.

Member Youssouf needed further clarification regarding if we are in competition with the lenders. Mr. Salaberrios explained we are not in competition with the lenders. He further explained that the reason the program is set up as such is because the market is very small and to make the lender comfortable with making the loan personal guarantees are provided from the borrower.

Member Barsky asked for confirmation that our risk is to the bank. Mr. Salaberrios confirmed this by explaining that the bank has to pay us back if the loan is defaulted.

DRAFT – SUBJECT TO REVIEW AND REVISION

After further discussion, the Acting Chair called for any further questions or comments.

Hearing none, and upon motion duly made and seconded, the following resolution was

unanimously adopted:

NEW YORK JOB DEVELOPMENT AUTHORITY – JDA Agriculture Loan Fund Program – New York Job Development Authority; Authorization to Establish Agriculture Loans to Lenders Program and to Take Related Actions

RESOLVED, that on the basis of the materials presented to this meeting (the “Materials”), a copy of which is hereby ordered filed with the records of the Authority, relating to the JDA Agriculture Loan Fund Program (the “Project”), the Authority is hereby authorized to make loans to the Organizations identified in the Materials in an amount not to exceed Two Million Dollars (\$2,000,000) each, for an aggregate amount not to exceed Ten Million Dollars (\$10,000,000), for the purposes and substantially on the terms and conditions described in the Materials, with such changes therein as the President and Chief Executive Officer, or his designee(s), may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

RESOLVED, that the President and Chief Executive Officer of the 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 necessary or appropriate in the administration of the loans; and be it further

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

RESOLVED, that the President and Chief Executive Officer 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.

* * *

Next, Mr. Salaberrios asked the Members to approve a loan in the amount of \$5.7

million to Intergrow Holding Company.

DRAFT – SUBJECT TO REVIEW AND REVISION

Mr. Salaberrios noted that the loan will be used to purchase land and for the construction of a new facility located in Western New York. The total project will cost \$33.1 million.

Mr. Salaberrios further explained that the company is a hydroponic tomato grower that produces high quality tomatoes that are grown on the vine. The tomatoes are then sold wholesale to chain stores located throughout the eastern United States.

Mr. Salaberrios noted that the company was founded in 1998 with one facility in Portersville, New York and due to much success, opened its seconded facility in 2003 in Gaines, New York.

Mr. Salaberrios continued explaining that the new facility will be located in the Town of Webster and will consist of the purchase of 115 acres to be totally developed. The space will be developed for growing, packing and administrative offices.

The company is estimating that at the time of completion of the project, 154 full time jobs will be retained and it is expected that 50 new jobs will be created over five years.

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

DRAFT – SUBJECT TO REVIEW AND REVISION

NEW YORK JOB DEVELOPMENT AUTHORITY – Webster (Finger Lakes – Monroe County)
– JDA Loan for the Benefit of Intergrow Holding Company, Inc. – Authorization to
Make a Real Estate Loan with New York Job Development Authority Proceeds and Take
Related Actions

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 Intergrow Holding Company, Inc. for an amount not to exceed \$5,700,000 or 17% 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.

* * *

Acting Chair Younis then asked Mr. Salaberrios to present the last item on the Agenda, requesting approval of a JDA loan in the amount of \$450,000 to Empire Farmstead Brewery.

Mr. Salaberrios explained that this is Empire Farmstead Brewery's third loan request. He continued, stating that Empire Farmstead Brewery's first loan was authorized in October 2014 in the amount of \$3.5 million and a second loan was authorized in November 2015 in the

DRAFT – SUBJECT TO REVIEW AND REVISION

amount of \$450,000. Empire Farmstead Brewery's third loan request of \$450,000 will bring their total loan amount to \$4,449,300.

Mr. Salaberrios noted that the additional funds are necessary because the Town of Cazenovia Inspector informed the company that certain upgrades are required in order to bring its property up to code. Empire Farmstead Brewery was also informed that if these changes are not made, the participating bank will not extend its portion of the additional funds necessary to complete the project.

Member Youssouf asked why Oneida Bank, which is now Community bank, did not increase their loan. Mr. Salaberrios responded that Oneida Bank wanted more participation from the State and that since Community Bank is the bank of record, it has agreed to extend a line of credit and other funds if necessary.

Member Youssouf also noted that the materials still refer to Oneida Bank as the bank of record and asked that the materials be changed to reflect the current bank of record, Community Bank.

Following the full presentation and discussion of the item, Acting Chair Younis called for further questions or comments. Hearing none, and upon motion duly made and seconded, the following resolution was adopted:

NEW YORK JOB DEVELOPMENT AUTHORITY - Central New York (Cazenovia - Madison County) – Empire Farmstead Brewery, Inc. – New York Job Development Authority

DRAFT – SUBJECT TO REVIEW AND REVISION

Special Purpose Fund Direct Loan Project – Real Estate Loan and Machinery and Equipment 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 Machinery & Equipment Loan and a Special Purpose Fund Construction Loan to Statewide Local Development Corporation for the benefit of Empire Farmstead Brewery, Inc. for an amount not to exceed \$2,646,000 or 60% of the total construction project cost, whichever is less, and \$1,848,300 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.

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 11:45 a.m.

Respectfully submitted,

Debbie Royce
Acting Secretary



FOR CONSIDERATION

September 27, 2016

TO: The Members

FROM: Howard A. Zemsky

SUBJECT: Officers of the Authority and Signature Authority for Disbursements

REQUEST FOR: Designation of Officers and Designation of Additional Authorized Signatories for Disbursements

I. BACKGROUND

All disbursements on behalf of the New York Job Development Authority (the “Authority” or “JDA”) are processed in accordance with the Authority’s policies and procedures: requests for payments are reviewed and audited by the appropriate departments to ensure valid documentation, necessary internal signature(s) and compliance with all requirements in order to authorize payment. Once all the necessary criteria are met, the disbursement is then effectuated, with two authorized signatures.

At present, there are five Authority officers who are authorized as signatories for disbursement of funds from the Authority’s bank accounts. These officers are the: Chief Financial Officer; General Counsel; Deputy General Counsel; Controller; and Treasurer. However, to ensure that there should always be at least two authorized signatories available to execute disbursements, it is recommended that the two additional employees of the New York State Urban Development Corporation d/b/a Empire State Development (“ESD”), identified below, be designated as officers of the Authority and as authorized signatories for all bank accounts. In addition, staff proposes to add JDA’s Executive Vice President and Chief Operating Officer as an authorized signatory. Adding these additional positions to the approved list of officers who are authorized to disburse funds will continue to improve efficiency and further streamline the disbursement process.

Accordingly, it is proposed that the ESD employees identified below be designated as officers and authorized signatories of the Authority, in an ex-officio capacity. Please note that these designations will apply to the following individuals in their current titles and will not involve a salary adjustment.

Peter Heilbrunn
Steven Johs

Assistant Treasurer, Debt Management
Assistant Treasurer, Treasury Operations

Additionally, it is proposed that JDA's Executive Vice President and Chief Operating Officer, currently Kevin Younis, be authorized as a signatory in an ex-officio capacity.

Mr. Heilbrunn joined ESD on December 15, 1993. Currently Mr. Heilbrunn manages ESD's debt portfolio which at March 31, 2016 was \$13.1 billion. In addition, Mr. Heilbrunn is instrumental in bringing new debt issues to the market; in the past year these transactions included: \$2.8 billion New York State Personal Income Tax Revenue Bonds; \$632 million Jacob Javits Convention Center Development Corporation refunding bonds; and three New York Transportation Development Corporation conduit debt issues.

Mr. Johs joined ESD on February 20, 1985. Currently, Mr. Johs manages ESD's cash and investments averaging \$3.3 billion. Mr. Johs is also responsible for the commercial banking account structure ensuring that the proper safeguards are in place to protect ESD's cash and investments.

II. REQUESTED ACTION

The Members are requested to designate the individuals identified above as officers of the Authority, to confirm that each such individual is an officer of the Authority within the meaning of the Authority's bylaws, including the indemnification provisions thereof, and to ratify any and all actions taken by them since their nomination to these positions.

In addition, the Members are requested to designate the Assistant Treasurer, Treasury Operations, and the Assistant Treasurer, Debt Management, and JDA's Executive Vice President and Chief Operating Officer, each in an ex-officio capacity, as authorized signatories on all bank accounts and entrusted with the ability to disburse Authority funds.

III. RECOMMENDATION

Based upon the foregoing, I recommend approval of the above-described requested actions.

ATTACHMENT
Resolutions

September 27, 2016

NEW YORK JOB DEVELOPMENT AUTHORITY – Officers of the Corporation and Signature Authority for Disbursements - Designation of Officers; and Designation of Additional Authorized Signatories for Disbursements

WHEREAS, the Members, by prior actions, have authorized the following five New York State Urban Development Corporation d/b/a Empire State Development officers to disburse funds on behalf of the New York Job Development Authority (the "Authority" or "JDA") from its bank accounts in accordance with the applicable policies and procedures for such disbursements: the Chief Financial Officer, General Counsel, Deputy General Counsel, Controller and Treasurer; and

WHEREAS, in order to ensure that at least two authorized signatories are available at any time and from time to time as may be needed to execute the disbursement of funds in accordance with such policies and procedures, it is advisable to name additional officers of the Authority as authorized signatories; be it therefore

RESOLVED, that the following individuals are, and they hereby are, designated as officers of the Authority, until their earlier resignation or removal:

<u>NAME</u>	<u>OFFICE</u>
Peter Heilbrunn	Assistant Treasurer, Debt Management
Steve Johs	Assistant Treasurer, Treasury Operations;

and be it further

RESOLVED, that in accordance with and for all the purposes of the New York Job Development Authority Act and the bylaws of the Authority, including but not limited to the indemnification provisions thereof, each of the foregoing individuals is an "officer" of the Authority; and be it further

RESOLVED, that the following officers be, and each hereby is, designated and empowered, ex officio, to act as authorized signatories for all bank accounts and entrusted with the ability to disburse Authority funds, in accordance with the applicable policies and procedures of the Authority:

Executive Vice President and Chief Operating Officer
Assistant Treasurer, Debt Management
Assistant Treasurer, Treasury Operations;

and be it further

RESOLVED, that all actions heretofore or hereafter taken in furtherance of the above resolutions be, and the same hereby are, ratified and confirmed as the acts and deeds of the Authority.

* * *



FOR CONSIDERATION

September 27, 2016

TO: The Members

FROM: Howard A. Zemsky

SUBJECT: Slate of Underwriters and Financial Advisors for Bond Issuance

REQUEST FOR: Authorization to Approve a Rotating Team of Underwriters and Financial Advisors

I. Introduction

In June 2012, the New York State Urban Development Corporation d/b/a Empire State Development (“ESD”) selected a rotating team of underwriters to assist in the sale of bonds.

At that time, a rotating team consisting of thirty-five underwriters and three financial advisors was selected.

Members of the New York Job Development Authority (“JDA”) are now being asked to approve a new slate of underwriters and financial advisors. ESD approved this new slate on August 18, 2016. All ESD subsidiaries will be asked to approve the same slate. These materials do not ask JDA Members to authorize retention of any particular underwriter or advisor at this time.

II. Background/Current Selection

ESD placed an advertisement in the New York State Contract Reporter pursuant to which it solicited responses to its Request for Proposals (“RFP”) from firms interested in qualifying to serve as underwriters on a rotating basis and as financial advisors. In addition, ESD twice placed an advertisement in The Bond Buyer regarding this RFP. ESD also posted the RFP on its website. Further, ESD emailed the RFP to over one hundred fifty representatives of fifty-two firms.

On June 1, 2016, forty-five firms responded to the RFP with several firms applying for more than one position. Thirty-seven firms requested to serve as underwriter and four requested to serve as financial advisor. ESD also received four proposals requesting to be considered only as a member of the Selling Group.

A total of thirteen MWBE firms and three Service-Disabled Veteran-Owned Business (“SDVOB”) firms responded to the RFP.

A. Underwriters

A staff from ESD Treasury, Portfolio Management, Legal, and Office of Contractor & Supplier Diversity reviewed and rated the firms requesting to serve as underwriters. Rating criteria included:

- Experience of firm & individuals
- Historic performance including competitive bond sales participation
- Innovations, ideas, analyses or work provided to ESD & NYS
- Bond sales; retail and institutional distribution
- Commitment to public finance; capital structure

On the basis of overall rankings of the proposals from the responding firms, the recommended group is comprised of thirteen Senior Managers and twenty-three Co-Managers.

The composition of the Selling Group may change from time to time. These firms will receive no designations, assume no liability for purchasing bonds, and will only sell bonds of JDA as requested and as available.

On occasion ESD has invited selected MWBE firms and emerging or small regional firms in the Co-Manager category to serve as Co-Senior Managers; JDA staff proposes to continue and expand this practice to include SDVOB firms. This invitation will be based on the firm’s underwriting performance, including demonstrated support of ESD and/or JDA. As in the past, it is hoped that this practice will provide these firms an opportunity to gain experience and allow for greater participation and compensation.

Given the continuing instability in the financial markets which has seen certain firm mergers, acquisitions and consolidations, in the event that underwriting firms are acquired, merged or otherwise reconstituted, the new or reconstituted firm may be allowed to take the place held by the former firm. Throughout the term, staff will evaluate the performance of underwriters and if necessary, will make suggestions to the Board concerning slate composition.

Based on the foregoing reviews and appraisals, it is recommended that the following firms be approved to serve as underwriters on a rotating basis for two years; it is also recommended that authority be granted to JDA’s Chief Financial Officer or Treasurer to extend the term for up to an additional two years maximum so as to be co-terminus with the ESD slate.

SENIOR MANAGERS:

Barclays Capital Inc.
Citigroup Global Markets Inc.
Goldman, Sachs & Co.
Jefferies LLC
J.P. Morgan Securities LLC
Loop Capital Markets LLC
Merrill Lynch, Pierce, Fenner & Smith (Bank of America / Merrill Lynch)
Morgan Stanley & Co. LLC
Raymond James & Associates, Inc.
RBC Capital Markets, LLC
Samuel A. Ramirez & Co., Inc.
Seibert Brandford Shank & Co. LLC
Wells Fargo Bank, N.A.

CO-MANAGERS:

Alamo Capital
Academy Securities, Inc.
Blaylock Beal Van, LLC
BNY Mellon Capital Markets, LLC
Cabrera Capital Markets, LLC
Drexel Hamilton, LLC
Fidelity Capital Markets, a division of National Financial Services LLC
First Tennessee Bank N.A., DBA FTN Financial Capital Markets
Great Pacific Securities
Janney Montgomery Scott LLC
KeyBanc Capital Markets Inc.
M&T Securities, Inc.
Mesirow Financial, Inc.
Mischler Financial Group, Inc.
Oppenheimer & Co. Inc.
Piper Jaffray & Co.
Rice Securities LLC
Roosevelt & Cross Incorporated
Robert W. Baird & Co. Incorporated
Stern Brothers & Co.
Stifel, Nicolaus & Company, Incorporated
The Williams Capital Group, L.P.
US Bancorp Investments, Inc.

B. Financial Advisors

Four firms submitted proposals to serve as financial advisors. Staff ranked the responding firms based on the following criteria:

- Firm / individuals experience
- NYS or comparable bond issuance experience
- Recommendations / Innovations
- Additional factors

On the basis of overall staff ranking of the proposals, it is recommended that JDA select the following four firms to be eligible to serve as financial advisors, as needed, for a term of two years; it is also recommended that authority be granted to JDA's Chief Financial Officer or Treasurer to extend the term for up to an additional two years maximum so as to be co-terminus with the ESD slate.

FINANCIAL ADVISORS:

Frasca & Associates, LLC

Hilltop Securities Inc.

Public Financial Management, Inc.

Public Resources Advisory Group, Inc.

III. Requested Action

At this time the JDA Members are requested to approve the slate of the underwriters and financial advisors as set forth in these materials.

IV. Attachments

Resolution

September 27, 2016

NEW YORK JOB DEVELOPMENT AUTHORITY – Slate of Underwriters and Financial
Advisors for Bond Issuance – Authorization to Approve a Rotating Team of Underwriters
and Financial Advisors

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered to be filed with JDA records (the "Materials"), there is hereby appointed the following team of underwriters, to serve on a rotating basis as needed, for a term of two years; and authority is hereby granted to the JDA Chief Financial Officer or Treasurer to extend the term for up to an additional two years maximum so as to be co-terminus with the ESD slate:

Senior Managers:

Barclays Capital Inc.
Citigroup Global Markets Inc.
Goldman, Sachs & Co.
Jefferies LLC
J.P. Morgan Securities LLC
Loop Capital Markets LLC
Merrill Lynch, Pierce, Fenner & Smith (Bank of America / Merrill Lynch)
Morgan Stanley & Co. LLC
Raymond James & Associates, Inc.
RBC Capital Markets, LLC
Samuel A. Ramirez & Co., Inc.
Seibert Brandford Shank & Co. LLC
Wells Fargo Bank, N.A.

Co-Managers:

Alamo Capital
Academy Securities, Inc.
Blaylock Beal Van, LLC
BNY Mellon Capital Markets, LLC
Cabrera Capital Markets, LLC
Drexel Hamilton, LLC
Fidelity Capital Markets, a division of National Financial Services LLC
First Tennessee Bank N.A., DBA FTN Financial Capital Markets
Great Pacific Securities
Janney Montgomery Scott LLC
KeyBanc Capital Markets Inc.

Co-Managers (continued):

M&T Securities, Inc.
Mesirow Financial, Inc.
Mischler Financial Group, Inc.
Oppenheimer & Co. Inc.
Piper Jaffray & Co.
Rice Securities LLC
Roosevelt & Cross Incorporated
Robert W. Baird & Co. Incorporated
Stern Brothers & Co.
Stifel, Nicolaus & Company, Incorporated
The Williams Capital Group, L.P.
US Bancorp Investments, Inc.

and be it further

RESOLVED, that on the basis of the Materials, the following firms are appointed as approved financial advisors for a term of two years; and authority is hereby granted to the JDA Chief Financial Officer or Treasurer to extend the term for up to an additional two years maximum so as to be co-terminus with the ESD slate:

Financial Advisors:

Frasca & Associates, LLC
Hilltop Securities Inc.
Public Financial Management, Inc.
Public Resources Advisory Group, Inc.

* * *



FOR CONSIDERATION

September 27, 2016

TO: The Members

FROM: Howard A. Zemsky

SUBJECT: Western New York (Ashville – Chautauqua County) – JDA Loans to Castelli America, Inc.

REQUEST FOR: Authorization to Make a Real Estate Loan and a Machinery and Equipment Loan with New York Job Development Authority Proceeds and Take Related Actions

JDA Loan Terms	
Borrower:	Castelli America, Inc.
Economic Region:	Western New York (Chautauqua County)
Total Loan Amounts Requested:	\$5,500,000
Rate:	3.83% fixed (Real Estate); 3.20% fixed (M&E)
Term:	20 years (Real Estate); 7 years (M&E)
Classification:	IIC+
Distressed Area:	Yes
Initial Payments:	\$4,726.47 (Real Estate); \$62,187.28 (M&E)

JDA Budget					
<u>Uses</u>			<u>Sources</u>		
Purchase of M&E	\$ 7,766,667	84.7%	JDA M&E Loan ⁽¹⁾	\$ 4,660,000	50.8%
Acquisition of Real Property	1,400,000	15.3%	Equity	3,166,667	34.5%
			JDA Real Estate Loan ⁽²⁾	840,000	9.2%
			ESD Grant	500,000	5.5%
Total Project Costs	\$ 9,166,667	100.0%	Total Project Financing	\$ 9,166,667	100.0%
<small>(1) First mortgage; 7-year term at 3.20% (fixed).</small>					
<small>(2) First mortgage; 20-year term at 3.83% (fixed).</small>					

Security: A first lien on the real estate located at 5151, 5152, and 5182 Fairbank Road, Ashville, NY, and first liens on machinery and equipment. The current appraised value of the real estate collateral in Ashville, NY is \$2.00MM. The value of the machinery and equipment collateral, based on acquisition cost, is \$7.77MM.

Guarantors: Repayment of the loans shall be guaranteed by Castelli American Group, Inc. and Nuova Castelli S.p.A., also known as the Castelli Group, and its subsidiaries.

Job Information (at project site):

Existing: 92 full-time

New Jobs Projected: 50 full-time by five years after loan disbursement

JDA Loan Amount per Job: \$38,732

Project Summary:

Borrower: Castelli America, Inc.
6580 Allison Road
Miami, FL 33141

Contact: Paul Bensabat, President
Phone: 917-544-3444
Email: pbensabat@saveurfood.com

Ownership: Castelli America, Inc. is a wholly-owned subsidiary of Castelli American Group, Inc. Castelli American Group, Inc. is a wholly-owned subsidiary of Nuova Castelli S.p.A., also known as the Castelli Group.

Nature of Business: Castelli America, Inc. ("Castelli" or the "Company") is a producer of cheese dairy products. The Company is engaged in the manufacture of fresh mozzarella, curd, and ricotta primarily for food service and retail under both private and branded labels. The Company will sell its products primarily in the domestic United States.

This report concerns proposed New York Job Development Authority ("JDA") real estate and machinery and equipment loans, collectively for the amount of \$5,500,000 (the "JDA Loans"). The JDA Loans are to be used towards the purchase of real property (the "Facility") located in Ashville, New York, and the purchase of machinery and equipment for the Facility. The total cost of the project is \$9,166,667 (the "JDA Project Cost").

Project Numbers: AB214 & AB215

Project Location: 5151 Fairbank Road
Ashville, NY 14710

Project Completion: 3rd Quarter 2016

1) PROJECT OVERVIEW AND RECOMMENDATION

a) Background

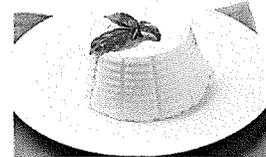
Empire Specialty Cheese Co., LLC

With offices in New Jersey and one new plant in New York (Ashville), Empire Specialty Cheese Co., LLC ("Empire") is a \$20MM (revenue) company involved in the production and sale of fresh curd, ricotta, and mozzarella for the US market.



Historically, Empire's business was mostly focused on curd and ricotta intended for the industrial and foodservice channels, but, more recently, Empire has shifted its focus toward the retail private label mozzarella business which is expected to bring sizeable and rapid growth to Empire due to:

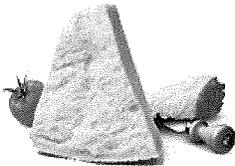
- continuous involvement in the business of the previous majority shareholder who has a long lasting relationship with the trade, inherited from previous dairy operations he owned (fresh cheese manufacturing as well ownership of a major brokerage company); and,



- the construction of a new plant in Ashville, which finally provides ample production capacity. It is a 100,000 SF plant located on 56 acres, 90 minutes from Buffalo, near major arteries, and right in the heart of a major milk production area.

Nuova Castelli S.p.A. (the "Castelli Group")

The Castelli Group, founded in 1892 and with headquarters in Reggio Emilia, Italy, is one of the leading companies in the field of the production and distribution of Protected Denomination of



Origin (PDO) cheeses, Traditional Specialty Guaranteed (TSG) cheeses, and the famous cheeses typical of Italy. The company's range of cheeses is unique in variety and represents the best quality and demonstrates the excellence of the Italian cheese dairy industry. The Castelli Group production is made under its own brand and customers' private labels

which is evidence of the strong reputation for reliability that the company has achieved among the major distribution chains in Italy and abroad.

Over the years, the Castelli Group has entered into important agreements with its milk producers to promote and enhance the partnership between dairy farmer and cheesemaker. Consequently, all the milk for PDO cheeses comes from selected producers in the production area as stipulated by the relevant regulatory standards and bodies.



About the Castelli Group:

- Established in 1892, today the 2nd largest cheese manufacturer in Italy
- Revenues in excess of €500 million
- Headquartered in Reggio Emilia, in the heart of the Italian food valley
- #1 exporter to Europe of Italian PDO and traditional cheeses with the broadest choice of self-manufactured traditional Italian PDO cheeses
- Pan-European production and distribution
- 11 state of the art cheese manufacturing plants, aging, and packaging centers in Italy
- Manufacturing facilities in Hungary and Poland
- Extended network of commercial branches throughout Europe
- Since Mid-2014, the Castelli Group has been backed by the leading UK private equity firm, Charterhouse Capital Partners (80% shareholder)

About Charterhouse Capital Partners (“Charterhouse”):

- Founded in 1934, is a \$4.5 billion private equity firm, and one of the most established in Europe
- Over 40 years of successful private equity investing
- Focused on mid-to-large cap investments
- Highly selective investment approach focusing on high quality businesses with significant growth potential
- Backers of strong, incumbent management teams
- One team, one office structure with a stable team of experienced partners and a flexible, entrepreneurial culture

Charterhouse invested in the Castelli Group in 2014 with the aim of significantly enhancing the managerial and financial resources available to support the Castelli Group’s strategy. The new approach has already yielded important results for the company, including:

- I. integration of fresh cheese production through the acquisition of Alival, a key Castelli Group supplier and #3 player in the mozzarella business in Italy with a leading position in Pecorino (€150 million in revenues);
- II. entry into the Polish market through the acquisition of Italian food distributor, North Coast, also cementing a logistic hub for Central and Eastern European operations development (€17 million in revenues); and,
- III. integration of organic PDO parmigiano reggiano through the acquisition of the small mountain cheese factory, Caseificio Della Pieve.

Over the last two years Castelli Group has consolidated and enhanced its manufacturing and distribution footprint in Europe. The company is now ready to address the next phase of its overall strategy by expanding into the US as its priority market.

Management – Paul Bensabat, Executive Chairman

After graduating in 1978 from the French business school, “École Supérieure de Commerce de Toulouse” (Sup de Co), with a major in Marketing, Paul Bensabat moved to the United States to complete a Master in Business Administration (MBA) in Finance and International Trade at New York University, which he received in 1980.

Today, Mr. Bensabat is an investor in several companies. He is an international corporate executive with over 36 years of successful experience in the consumer products industry, especially in the specialty food and dairy sectors. As President & CEO of Lactalis American Group (Sorrento/Galbani Cheese, Président Cheese, Rondelé Cheese) and member of the strategic committee of Lactalis Group (the largest dairy group in the world), he grew the operations from \$10 million to a little under \$1 billion during his 18 year tenure (1984 to 2002), turning it into the industry leader in most of its business segments.

In 2003, Mr. Bensabat left Lactalis and co-founded his own company, SaveurFood, LLC, whose objective was the acquisitions & mergers of specialty food businesses. After acquiring three

companies in the frozen specialty food (prepared meals, hors d'oeuvres, and specialty seafood), SaveurFood accelerated its growth by merging with The Manischewitz Company (the North American leader in kosher products), where Mr. Bensabat orchestrated a major turnaround over a 5 year period before divesting the whole group, almost two years ago.

b) The Project

Castelli America, Inc. will purchase the industrial assets of Empire, take on all of the Empire employees (currently about 100, out of which 92 are in Ashville), and take over the current \$20MM business of Empire (including relationships with existing customers and suppliers) as well as most of Empire's working capital assets and liabilities.

The Facility, which started running in January 2016, features some technological and organizational solutions which are not necessarily optimal and/or state of the art, and, along with the start-up phase's typical problems, is currently featuring quite sizeable inefficiencies. Over the first several months the Company is therefore expected to run with a \$200–\$250K monthly loss.

Castelli Group's due diligence has determined that with \$3MM of capital expenditures the main inefficiencies will be fixed and the Company will be able to represent, in approximately 12 months, a very good industrial footprint suitable for Castelli Group's ambitious expansion plan, based on four (4) Key pillars:

- Current local production – fresh products: fresh mozzarella, ricotta, scamorza, industrial mozzarella, etc.
- New Local production – buffalo mozzarella: exceptional opportunity to benefit from the Castelli Group know how (through its subsidiary, Mandara, which is the Italian and practically unique, buffalo milk leader); will export to the US its concentrated frozen Italian buffalo milk
- Imported Castelli Group product range – import program to be set up a very broad range of products
- Acquisition and consolidation into the plants of other small to medium size players

Although it requires an industrial intervention and immediate capital expenditures to take it to proper efficiencies levels, and although there are other good options for the Castelli Group in other locations on the east coast, Empire is potentially a good solution from an industrial perspective to be the base platform, among the several companies with which the Castelli Group is presently having M&A discussions. In addition, with its 56 acres of land, Empire is well positioned for the Castelli Group's roll up strategy and future expansion.

c) The Market

The Castelli Group currently runs a European business with a clear objective to rapidly become a worldwide player in the specialty cheese category. The US is the largest market worldwide:

- Approximately 318 million consumers with strong appreciation for Italian food products (US ranks 3rd as an Italian food exports destination)

- Consumption habits include significant volumes of cheese (US cheese consumptions per capita ~ 34.2 lbs.)
- Italian / Italian-sounding cheeses represent the majority of consumption with ~ 14.2 lbs. per-capita accounting for 42% of the total market (Mozzarella 33%, and other Italian / Italian style Cheeses 9%)

Italian cheese varieties US Market size in Tons	Total mkt	Non PDO	PDO / Imported from Italy	Share of PDO
Mozzarella and ricotta	1,600,000	1,598,800	1,200	0.1%
Provolone	150,000	149,460	540	0.4%
Parmesan	145,000	134,100	10,900	7.5%
Romano	32,000	21,600	10,400	32.5%
Blue	46,000	45,600	400	0.9%
Others	29,000	27,200	1,800	6.2%
Total	2,002,000	1,977,300	25,240	1.2%

The acquisitions (or majority/control stakes) of several US players will accelerate Castelli Group's market penetration pace, initially through a great base platform, which will be able to take advantage of the synergies coming from the integration into the Castelli Group (its unique know-how, its technologies, its relationships, and its broad product lines).

US Italian Cheese Player Clusters:

- Large international dairy groups involved in the Italian cheese business
- Few mid-sized local players (\$300–\$600 million in revenues) focused on the Italian cheese business with a wide product range:
 - Belgioioso: the key player in the retail deli case branded business (similar to Castelli Group's European business model, although 100% branded)
 - Arthur Schuman: leading the foodservice and industrial business with a strong presence in retail as well
 - Sartori: focused on flavored Italian style hard cheeses
- Several small local players (\$20–\$30 million in sales). Mostly family run businesses, 2nd/3rd generation of Italian expatriates focused on manufacturing and sale of Italian cheeses with a limited product range: mostly fresh mozzarella/ricotta
- Specialty cheese importers/distributors with cut/wrap/grating capabilities and import quotas

New York State Cheese Market:

- NYS is 4th in the nation in total cheese production, and 3rd in the nation in Italian cheese, which is what Empire produces
- As of 2015, there are 74 licensed dairy manufacturing plants in NYS (making cheese, yogurt, ice cream, etc.)
- As of 2013, Empire is the only licensed dairy manufacturing plant in Chautauqua County
- As of 2015, NYS uses 2,156,045,000 lbs. of milk, cream, and skim milk to manufacture Italian cheese
- As of 2015, dairy manufacturing (includes cheese) employs nearly 9,700 people in NYS

d) Conclusions

- Based on the IIC+ rating, Castelli (based on the historical financials of Empire) currently does not generate sufficient cash flow from operations to service the projected project debt, with a projected Debt Service Coverage Ratio ("DSCR") that does not meet JDA's minimum standard of 1.20. However, revenue growth has been strong and cash flow projections indicate that the Company will be able to service the debt going forward. In addition, JDA will have a first lien position on the real estate collateral and a first lien position on all machinery and equipment; thus, there will be sufficient security for JDA to be completely collateralized. The guarantee of the foreign parent, Nuova Castelli S.p.A., will, potentially, be of limited value.
- Castelli meets JDA's loan-to-value requirement of 90%.
- With the project, Castelli expects capacity to increase significantly from existing levels. At the completion of the project 92 full-time jobs will be retained, and it is expected that 50 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.
- Subordination of the shareholder loans in regards to both collateral and repayment. Interest will be allowed as long as it does not cause an event of default.
- The Company must meet all other standard JDA requirements as follows:
 - a. Completion of the Project to the satisfaction of JDA.
 - b. 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.
 - c. Receipt by JDA of policies of insurance, including flood insurance if required, in amount, form and substance and issued by companies satisfactory to JDA.
 - d. Receipt by JDA of an itemized statement of Project Cost, satisfactory to JDA.
 - e. Receipt by JDA of financing documents of other lender(s) satisfactory to JDA.
 - f. 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.
- g. Execution of documents to permit monthly electronic debit of the Company's checking account to repay the Loan.
 - h. Compliance with ADDITIONAL REQUIREMENTS stipulated in all Schedules, Exhibits and Riders, attached hereto and made a part hereof.
 - i. Compliance with any other terms and conditions deemed to be necessary and appropriate in the opinion of the General Counsel of JDA.
 - j. 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.
 - k. Subordination of any loans to the Company from those certain officers and members of the Company stipulated herein in a manner satisfactory to JDA.
 - l. 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.
 - m. All certifications and permits for the operating purposes of the Facility to be in full force and effect prior to closing the Loan.
 - n. Receipt of a guarantee of each of the Loans from Nuova Castelli S.p.A. in a form that is acceptable to JDA.
 - o. The receipt by JDA of an opinion from Italian counsel selected by JDA that, among other things: (1) confirms the enforceability, in the Italian courts, of the guaranty that is obtained from Nuova Castelli S.p.A.; and (2) sets forth the procedures and related steps that are to be employed in order to obtain and enforce a judgment obtained through the filing of a lawsuit in an Italian court; and (3) sets forth the procedures and related steps that are to be employed in order to domesticate and enforce any judgment initially obtained in the New York State (as opposed to Italian) courts; and (4) sets forth any limitations or conditions, under Italian law, that would preclude the enforcement, against the assets of Nuova Castelli S.p.A., of judgments obtained in either the Italian or New York courts. The Company shall pay the cost of such an opinion, with all of JDA's rights, including without limitation its right for any reason or for no reason to decline to accept the guaranty of Nuova Castelli S.p.A. and/or to decline to enter into any loan transaction with the Company, being expressly reserved and preserved.

3) ADDITIONAL MORTGAGE AND LIEN DETAILS

A promissory note in the principal amount of the Real Estate 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: 5151, 5152, and 5182 Fairbank Road, Ashville, NY 14710 (the "Premises").

The Mortgage may not be junior to any lien securing the real estate.

A promissory note in the principal amount of the Machinery and Equipment Loan, with interest thereon, shall be secured by a security agreement with respect to the machinery and equipment at the Premises.

4) 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 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-owned Business Enterprises ("MWBEs") for any contractual opportunities generated in connection with the Project. For purposes of this project, however, goals will not be established.

6) ADDITIONAL SUBMISSIONS

Resolution
New York State Map
JDA Underwriting Classification Chart
Support Letters
Diagrams and Photos

September 27, 2016

NEW YORK JOB DEVELOPMENT AUTHORITY – Western New York (Ashville - Chautauqua County) – Castelli America, Inc. – New York Job Development Authority Loan Projects – Real Estate Loan and Machinery and Equipment Loans – 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 Machinery & Equipment Loan and a Real Estate Loan to Statewide Local Development Corporation for the benefit of Castelli America, Inc. for an amount not to exceed \$840,000 or 60% of the total real estate acquisition cost, whichever is less, and \$4,660,000 for machinery and equipment or 60% of the total machinery and equipment acquisition cost, whichever is less, 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.

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

* * *

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	

Support Letters

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FINANCE

STANDING COMMITTEES
AGRICULTURE
CHILDREN & FAMILIES
ENVIRONMENTAL CONSERVATION
HEALTH
HOUSING

TRANSPORTATION

***TIME SENSITIVE**

THE SENATE
STATE OF NEW YORK



CATHARINE M. YOUNG
SENATOR
57TH DISTRICT

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ALBANY, NEW YORK 12247
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FAX (518) 426-6955

DISTRICT OFFICE
WESTGATE PLAZA
700 W. STATE STREET
OYAN, NEW YORK 14768
(716) 372-4301
FAX (716) 371-5740
(800) 767-6954

August 9, 2016

Members of The New York Job Development Authority
Attn: Rafael Salaberrios, Vice President, Economic Revitalization
Community Economic Development Department
Empire State Development
633 Third Avenue, New York, NY 10017

Dear Members of The New York Job Development Authority Board:

I am writing with regard to a time sensitive matter, in support of an economic development opportunity in Chautauqua County, in my district. Specifically, I am asking for assistance from the Job Development Authority (JDA) Board for Nuova Castelli, S.p.A's acquisition of Empire Specialty Cheese in Ashville, NY.

Nuova Castelli is an internationally successful Italian food industry company that is looking to acquire Empire Specialty Cheese through an asset purchase transaction.

Nuova Castelli, is the second largest (private equity firm-owned) cheese manufacturer in Italy, and number one in the manufacturing of Protected Denomination of Origin specialty cheeses. They are looking to not only acquire the current business of Empire Specialty Cheese, but merge into it in the future at least two or three additional acquisitions/plants, making the Ashville, NY location their U.S. manufacturing headquarters. This acquisition has the potential for an additional 200+ jobs and will help bring the current annual revenue at the plant from \$20 million to \$200 to \$300 million.

This acquisition is not only important to me as representative of this region, but to the future of the entire community. This region has lost many manufacturers over the last few decades, and farming operations continue to downsize and close. However, there still is a vast market both in the U.S. and abroad for specialty cheeses. Therefore, this presents an incredible economic development opportunity for the region, and I am thrilled that Nuova Castelli is considering Ashville, NY to expand their operations.

Nuova Castelli needs to complete their acquisition of Empire Specialty Cheese within the next 10-12 days, for several reasons. One immediately pressing reason is that the current owners are on the verge of bankruptcy and if this new company does not acquire them in very short order, the entire business will fail, leaving hundreds of dairy farmers in the region without a buyer for their milk. This loss would be an agricultural industry catastrophe, bringing another major loss of jobs. In addition, there currently are 90 employees at the plant whose jobs will be lost if the sale does not occur soon.

Nuova Castelli finds the Ashville, NY site attractive for many reasons including its geographic advantages of 50 acres of property, proximity to major shipping routes including the Interstate 90 highway, and a ready supplier market of dairy producers. The current plant site has the capacity to



allow them to dramatically expand operations, albeit with some necessary equipment and environmental modifications.

Nuova Castelli plans to immediately invest in technology and equipment, and rapidly expand the current operations. However, there are some costs they face upon acquisition for which they are seeking assistance in the form of grants and loans.

Empire State Development's (ESD) assistance in the form of grants and loans is crucial to moving this project forward, and is needed to be able to complete the acquisition of assets and expansion of Empire Cheese in Ashville.

The current cheese plant owners, Empire Specialty Cheese, have run into major financial difficulty trying to address NYS Department of Environmental Conservation's (DEC) compliance requirements. They have experienced major cost overruns, in the several tens of thousands of dollars a month, and cannot sustain operations any longer.

Nuova Castelli is aware of these environmental issues and plans to start addressing them immediately. They have begun to engage DEC to ensure that they are ready to start upon acquisition with getting a plan in place to correct the issues and set a plan in place for the desired plant expansion.

The Chautauqua County labor force has not had good news in recent years as they faced many manufacturing plant closings including a major hit they are still reeling from, the loss of Carriage House/ConAgra where 450 jobs were lost recently in the food and agriculture related industry. Many farmers in the area were hurt by the ConAgra loss, so to lose another major food processor from the area would be just one more major blow--when it could be avoided by the right investment and assistance to this new company that is willing to expand its operations in our State.

I am requesting Job Development Authority assistance with the costs involved in the acquisition so that the new company can start fresh with a plan that will work to grow jobs and the economy of the entire region.

Nuova Castelli is widely held in high regard in the international food industry. It would be extremely beneficial to New York and to the Western New York region to partner with them and help them make Ashville, New York their home.

Therefore, I urge you to provide assistance in the form of loans and grants to Nuova Castelli (through its newly formed U.S subsidiary, Castelli American Group, Inc.) for their acquisition of Empire Specialty Cheese as soon as possible so that we do not miss out on this incredible economic development opportunity.

Feel free to contact me with any questions or to discuss this matter in more detail. Please accept my best wishes and thank you for your consideration and assistance.

Sincerely,


Senator Catharine M. Young
57th District



County of Chautauqua Industrial Development Agency

August 9, 2016

Members of The New York Job Development Authority
Attn: Rafael Salaberrios, Vice President, Economic Revitalization
Community Economic Development Department
Empire State Development
633 Third Avenue, New York, NY 10017

RE: Castelli American Group, Inc./Empire Specialty Cheese Company

Dear Job Development Authority Board Members:

Empire Specialty Cheese Company, a recent start up in Chautauqua County, has encountered many obstacles since its inception. Castelli American Group, Inc., is very interested in purchasing this company, with the plans of turning things around.

The purchase of Empire Cheese by Castelli will ensure the continued success of this facility in WNY. Castelli, plans to continue operations saving the current 80 jobs, but, also increase employment to over 200 within the next few years.

The County of Chautauqua Industrial Development Agency (CCIDA) strongly encourages your support to Nuova Castelli (through its newly formed U.S subsidiary, Castelli American Group, Inc) with assistance of a financial incentive package consisting of tax credits, loans, and/or grants.

We look forward to working with your office to make this important project in Chautauqua County a reality.

Regards,

Kevin M. Sanvidge
Administrative Director/CEO

200 Harrison Street – Suite 300 Jamestown, NY 14701-6902
PH 716-661-8900 / FAX 716-664-4515
ccida@ccida.com

Kevin M. Sanvidge, Administrative Director/CEO
sanvidgk@co.chautauqua.ny.us
www.ccida.com





VINCENT W. HORRIGAN
County Executive

**CHAUTAUQUA COUNTY
OFFICE OF THE COUNTY EXECUTIVE**

Gerace Office Building – 3 N. Erie St. – Mayville, NY 14757-1007
(716) 753-4211 – FAX (716) 753-4756 – horriganv@co.chautauqua.ny.us -
www.co.chautauqua.ny.us

August 9, 2016

Members of The New York Job Development Authority
Attn: Rafael Salaberrios, Vice President, Economic Revitalization
Community Economic Development Department
Empire State Development
633 Third Avenue, New York, NY 10017

RE: Castelli American Group, Inc./Empire Specialty Cheese Company

Dear Job Development Authority Board Members:

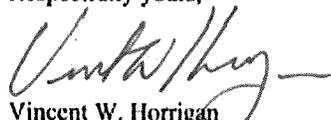
Castelli American Group, Inc., is very interested in purchasing the Empire Specialty Cheese Company located in Chautauqua County. Empire Specialty Cheese Company, located in Asheville, NY, has encountered many difficulties since its start up.

With the purchase of Empire Cheese, Castelli, plans to continue operations in WNY, saving the 80 jobs, with plans to increase employment to over 200 within the next few years.

As Chautauqua County Executive, I strongly encourage your support with assistance of a financial incentive package consisting of tax credits, loans, and/or grants for Nuova Castelli (through its newly formed U.S subsidiary, Castelli American Group, Inc).

I look forward to working with your office to make this important project in Chautauqua County a reality.

Respectfully yours,



Vincent W. Horrigan
Chautauqua County Executive



ANDY GOODELL
Assemblyman 150th District

THE ASSEMBLY
STATE OF NEW YORK
ALBANY

August 16, 2016

Mr. Rafael Salaberrios, Vice-President,
Community Economic Development Department
Empire State Development
633 Third Avenue
New York, New York 10017

Re: Nuova Castelli S.p.A. and Empire Speciality Cheese

Dear Mr. Salaberrios:

Please provide any possible assistance available from the New York State Job Development Authority in support of the acquisition of Empire Speciality Cheese in Ashville, New York by Nuova Castelli S.p.A. as quickly as possible. This request is time sensitive because of the severe economic situation facing Empire Speciality Cheese, which employs about 90 people at its plant and provides a critical market for hundreds of local dairy farmers in my district.

Unfortunately, milk prices have been remarkably low for the last several months as a result of over-supply and a lack of robust markets. Empire Specialty Cheese provides a critical market for a significant amount of milk produced within my legislative district. Unfortunately, Empire Speciality Cheese itself is on the verge of bankruptcy.

Fortunately, Nuova Castelli, a well-established successful international cheese manufacturer, has offered to acquire the Ashville facility and expand local operations. Grants and loans from Empire State Development is crucial to moving this project forward, increasing local employment activity, and stabilizing the local market for milk. Please expedite the review of any pending applications.

Please contact me if you have any questions or if I can be of any assistance.

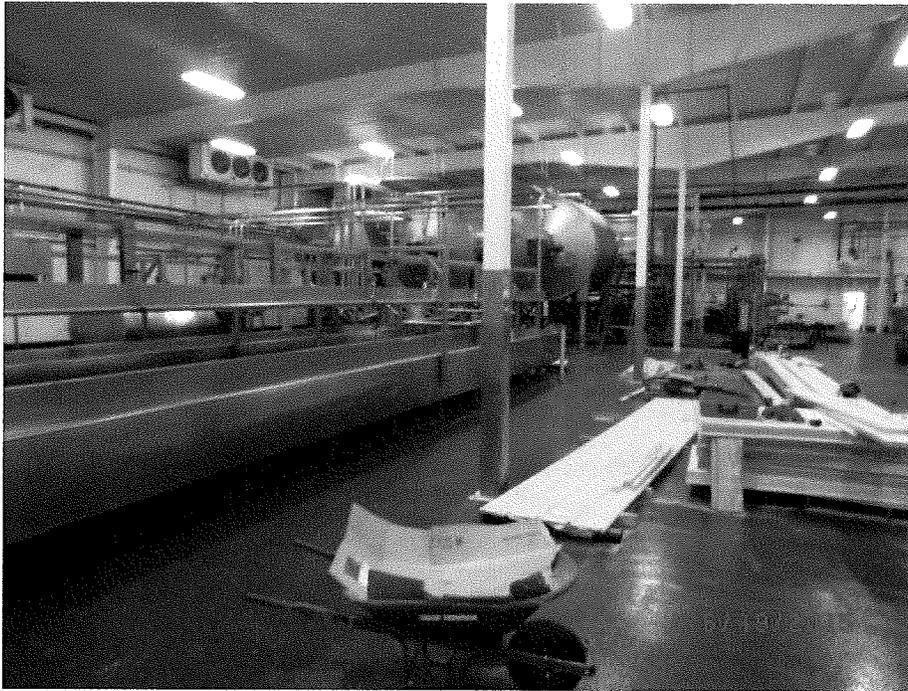
Sincerely yours,

Andrew Goodell
Assemblyman

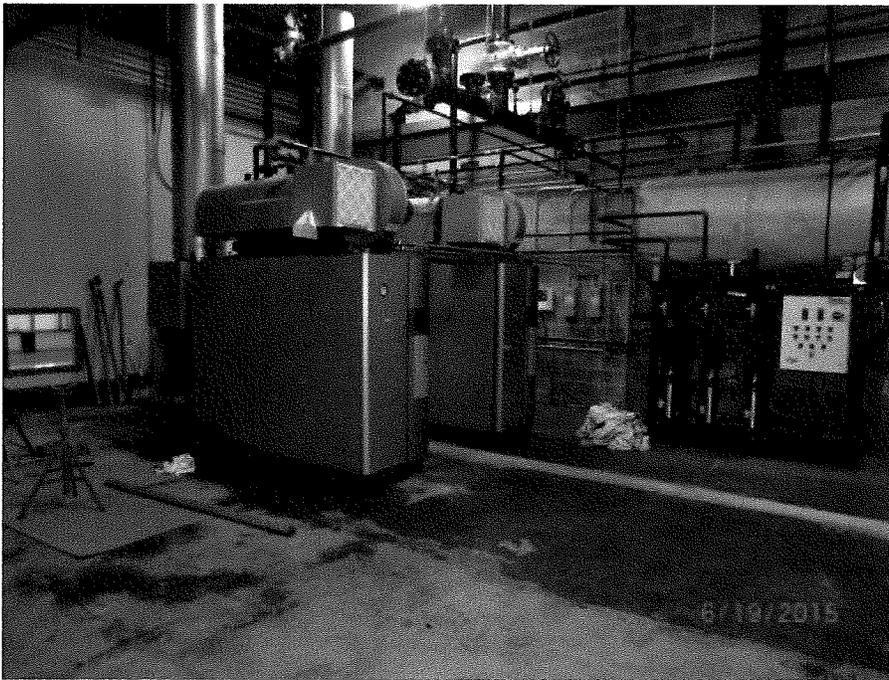
Photos of Ashville, NY Facility

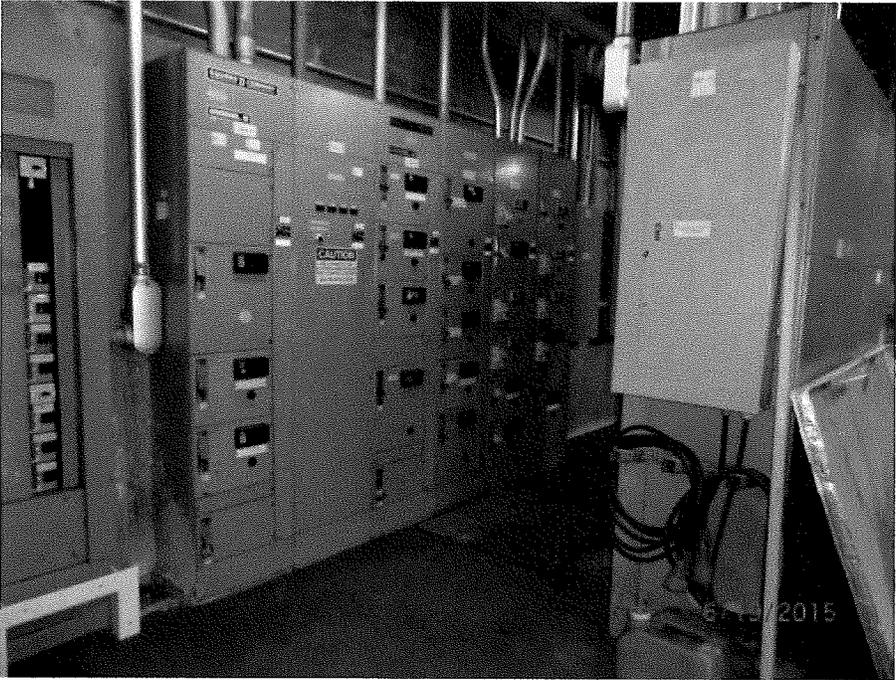














FOR INFORMATION

September 27, 2016

TO: The Members

FROM: Howard Zemsky

SUBJECT: Investment Report for the New York Job Development Authority

Generally the boards of public authorities are required to annually approve an Investment Report (which includes investment guidelines, annual audit results, portfolio performance and other items related to investment management). However, the funds of the New York Job Development Authority (the "JDA") are not managed by the JDA. Section 1810 of the Public Authorities Law mandates that funds of the JDA be managed by the New York State Department of Taxation and Finance (the "DTF"). Because such funds are being managed externally, in accordance with State finance law (including Section 98-a), no such board approval is required.

In order to keep the JDA Board apprised of the status of JDA's investments, we have obtained related data from DTF, drafted summaries and consolidated this information into the attached JDA Investment Report (the "Report") for informational purposes only. The attached Report, for the Fiscal Year ended March 31, 2016, includes (1) DTF Investment Guidelines; (2) Results of the Annual Independent Audit; (3) Investment Position by Fund and Income Records; (4) Statement of Fees, Commissions and Related Service Charges; and (5) the Investment Portfolio by Instrument Type with Market Value as of March 31, 2016.

With respect to the JDA Investment Portfolio, as of fiscal year end March 31, 2016 investments totaled approximately \$58 million, the yield was 0.30%, and the average maturity was 54 days. The portfolio's short-term investments reflect the need for highly liquid instruments which are used to accommodate debt service payment requirements and loan closings.

Attachments

Investment Report

NEW YORK JOB DEVELOPMENT AUTHORITY

INVESTMENT REPORT FOR FISCAL
YEAR ENDED MARCH 31, 2016

Table of Contents

	Page
1. Investment Guidelines	1 – 2
2. Results of the Annual Independent Audit	3 - 10
3. Investment Summary and Income Records	11 - 12
4. Statement of Fees, Commissions and Related Service Charges	13
5. Investment Portfolio with market value as of March 31, 2016	14

Exhibit I (Investment Policy and Appendices)

DEPARTMENT OF TAXATION & FINANCE
DIVISION OF THE TREASURY

GUIDELINES BY INVESTMENT CATEGORY

- a. Federal Obligations. The Division of the Treasury shall invest in U.S. Treasury bills, notes, bonds, strips, and U.S. agency obligations which have a maturity of twelve years or less.
- b. Repurchase Agreements. In accordance with an existing Departmental legal opinion (LBW-4440 dated June 17, 1997 and LBW-5496 dated March 17, 1999), it is the Treasury's policy to view a Repurchase Agreement as an actual purchase and sale of U.S. Treasury obligations. The term and yield of the Repurchase Agreement is fixed at the time that quotes are being sought from qualified primary government securities dealers and with major banks defined as those with capital equal to or greater than \$100 million. Treasury concurs with the recommendations of the Federal Reserve Bank of New York and the Bond Market Association (formerly Public Securities Association (PSA)) to mark-to-market the securities purchased under Repurchase Agreements as often as required based on market movement and at least monthly.

A properly executed Master Repurchase Agreement must be on file with the Division of the Treasury prior to transacting a Repurchase Agreement. See Appendix H for a copy of the Master Repurchase Agreement.

1) Constraints

- a) Total repurchase agreements outstanding with any one bank or primary dealer shall not exceed 10% of the Treasury's total portfolio at the time of purchase unless waived in writing.
- b) Total certificates of deposit outstanding with any one bank shall not exceed 10% of the Treasury's total portfolio at the time of purchase unless waived in writing.
- c) Securities purchased and held as collateral for repurchase agreements shall be U.S. Treasuries maturing in twelve years or less. If U.S. Treasuries have a maturity of seven years or less, market value together with accrued interest must equal or exceed 101% of the par value of the repurchase agreement. If U.S. Treasuries have a maturity greater than seven years, market value together with accrued interest must equal or exceed 102% of the par value of the repurchase agreement.
- d) Collateral must be delivered to the Treasury's book-entry account at Treasury's custodial bank.

DEPARTMENT OF TAXATION & FINANCE
DIVISION OF THE TREASURY

- e) Maximum term for any repurchase agreement will be 60 days or less.
 - f) Treasury shall not enter into reverse repurchase agreements.
- 2) Definitions. For the purposes of this policy, repurchase agreement and qualified primary government securities dealer are defined as follows.
- a) Repurchase Agreement. An agreement by the Division of the Treasury to purchase U.S. Treasuries on a certain date from a primary government securities dealer. The agreement states that the Division of the Treasury shall sell the same U.S. Treasuries back on a specific date in the future at the same price, plus an additional amount as agreed to by Treasury and the primary government securities dealer.
 - b) Qualified Primary Government Securities Dealer. A primary government securities dealer with net liquid capital of not less than \$100 million and with total assets of not less than \$1 billion in assets and has signed Treasury's Master Repurchase Agreement. (See Appendix H)
- c. Debt Instruments Issued by Banks. A number of agencies/authorities are authorized to purchase various debt instruments issued by banks including certificates of deposit, and bankers acceptances.
- 1) Certificates of Deposit. New York State statutes require that certificates of deposit be purchased from banks or trust companies located within New York State. All certificates of deposit must be fully collateralized to the extent that they are not otherwise covered by Federal Deposit Insurance. Each bank or trust company must be willing and able to meet the collateral requirement.
 - 2) Bankers' Acceptances. Currently, there are three statutes which govern the investment in bankers' acceptances (BA's). Appendix I indicates the laws, the agency/authority impacted, and the limitations established by these statutes. Investment transactions will be executed on the secondary market with a primary government dealer or directly with an accepting bank subject to statutory constraints.
- d. Commercial Paper. There are three statutes which govern the investment in short-term, corporate obligations (Commercial Paper). Appendix J indicates the law, the agency/authority impacted and the limitations established by these statutes.
- e. Municipal Securities. The Division of the Treasury shall invest in N.Y.S. obligations which have a maturity of twelve years or less.

INDEPENDENT AUDITORS' REPORT

The Authority Members
New York Job Development Authority:

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of New York Job Development Authority (the "Authority"), a component unit of the State of New York, as of and for the years ended March 31, 2016 and 2015, and the related notes to combined financial statements, which collectively comprise the Authority's combined financial statements as listed in the table of contents.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the net position of New York Job Development Authority as of March 31, 2016 and 2015, and the respective changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 be presented to supplement the basic combined financial statements. Such information, although not a part of the basic combined financial statements, is required by the Governmental Accounting Standards Board ("GASB"), who considers it to be an essential part of financial reporting for placing the basic combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic combined financial statements, and other knowledge we obtained during our audit of the basic combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 13, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

In accordance with Government Auditing Standards, we have also issued our report dated June 13, 2016 on the Authority's compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York. The purpose of that report is to provide an opinion as to the Authority's compliance with investment guidelines contained therein. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC
(Formerly Toski & Co., CPAs, P.C.)

Williamsville, New York
June 13, 2016

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Authority Members
New York Job Development Authority:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the combined financial statements of New York Job Development Authority (the "Authority"), a component unit of the State of New York, which comprise the combined statement of net position as of March 31, 2016, and the related combined statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to combined financial statements, and have issued our report thereon dated June 13, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's combined financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 13, 2016

INDEPENDENT AUDITORS' REPORT ON INVESTMENT COMPLIANCE

The Authority Members
New York Job Development Authority:

Report on Investment Program Compliance

We have audited the New York Job Development Authority's (the "Authority"), a component unit of the State of New York, compliance with the types of compliance requirements described in the Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program during the year ended March 31, 2016.

Management's Responsibility

Management is responsible for compliance with the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance of the Authority's investment program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the investment program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the investment program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Investment Program

In our opinion, the New York Job Development Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its investment program for the year ended March 31, 2016.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirement that could have a direct and material effect on the investment program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the investment program and to test and report on internal control over compliance in accordance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 13, 2016

New York Job Development Authority
Investment Position Report
As of 3/31/16

<u>FUNDS/PROGRAMS</u>	PAR AMOUNT (in \$'s)	AVERAGE WEIGHTED YIELD (%)	AVERAGE WEIGHTED MATURITY (DAYS)
JDA General Purpose Fund (BAC 036J)	29,150,000.00	0.30	55
CP Series "H" (BAC 371J)	26,700,000.00	0.30	53
1992 Bond Series A, B (BAC 389J)	1,950,000.00	0.29	52
Total	57,800,000.00		

NEW YORK JOB DEVELOPMENT AUTHORITY
SUMMARY OF INVESTMENT EARNINGS
FOR FISCAL YEAR ENDED 3/31/16

<u>FUND TYPE</u>	<u>EARNINGS (\$'s)</u>
- JDA General Purpose Fund (BAC 036J)	46,859.54
- CP Series "H" (BAC 371J)	40,087.56
- 1992 Bond Series A, B (BAC 389J)	<u>2,820.38</u>
TOTAL	<u>89,767.48</u>

NEW YORK JOB DEVELOPMENT AUTHORITY

Statement of Fees, Commissions and Related Service Charges for
The Period April 1, 2015 through March 31, 2016

For FY 2015/2016, fees totaling \$50,000.00 were paid to the NYS Department of Taxation and Finance (the "DTF"). Section 170.6 of the Tax Law states that such fees must be remitted to them for financial services performed. Section 1810 of the Public Authorities Law mandates that JDA funds be managed by the DTF.

New York Job Development Authority
Investment Position Report
As of 3/31/16

BAC	Instrument Type	Settle	Maturity	Est YTM	Market Price	Market Value (\$'s)	Par Amount (\$'s)	Cost (Including
					a/o 3/31/16			Purched Int.) (\$'s)
036J	US Treasury Bill	2/18/2016	5/19/2016	0.30	99.976	26,293,688.00	26,300,000.00	26,280,321.76
371J	US Treasury Bill	2/18/2016	5/19/2016	0.30	99.976	24,894,024.00	24,900,000.00	24,881,369.27
389J	US Treasury Bill	2/18/2016	5/19/2016	0.30	99.976	1,849,556.00	1,850,000.00	1,848,615.79
036J	US Treasury Bill	1/21/2016	7/21/2016	0.34	99.919	2,248,177.50	2,250,000.00	2,246,189.38
036J	US Treasury Bill	3/31/2016	7/21/2016	0.23	99.919	599,514.00	600,000.00	599,580.00
371J	US Treasury Bill	1/21/2016	7/21/2016	0.34	99.919	1,648,663.50	1,650,000.00	1,647,205.54
371J	US Treasury Bill	3/31/2016	7/21/2016	0.23	99.919	149,878.50	150,000.00	149,895.00
389J	US Treasury Bill	3/31/2016	7/21/2016	0.23	99.919	99,919.00	100,000.00	99,930.00
					TOTAL	57,783,420.50	57,800,000.00	57,753,106.74

EXHIBIT I

DEPARTMENT OF TAXATION & FINANCE DIVISION OF THE TREASURY

INVESTMENT POLICY

1. INTRODUCTION

- a. Section 170 of the Tax Law establishes the Division of the Treasury within the Department of Taxation and Finance. By statute, the head of the Division of the Treasury shall be the Deputy Commissioner and Treasurer and shall be appointed by the Commissioner of Taxation and Finance.
- b. The Commissioner of the Department of Taxation and Finance is the designated sole custodian or fiscal agent for various State agencies and public authorities. The Commissioner empowers the Treasurer to act on the Commissioner's behalf with all powers and duties vested in the Commissioner.
- c. The Treasurer is responsible for the management of monies of the agencies and authorities, as provided by law, with due diligence to ensure safety of the monies and to provide the necessary liquidity at the highest possible yield. As such, the Treasurer is authorized and empowered to purchase, sell, assign, and transfer any stocks, bonds, or other securities of which the Commissioner, per New York State Law, is the sole custodian or fiscal agent.
- d. The criteria in this policy are intended to guide investment decisions so they are consistent with the Treasurer's responsibilities for cash management. The Treasurer and Deputy Treasurer shall have the discretion to waive any of the provisions of this policy provided that the waiver shall not result in an investment prohibited by statute. Should this occur, a written waiver shall be executed. The Treasurer, as fiscal agent, trustee, or sole custodian of various agencies, authorities, and other public entities, also provides financial services to these organizations. These services include: cash management, investment, accounting, and financial reporting services
- e. Appendix A graphically depicts the portfolio compositions and Appendix B outlines the agencies/authorities and cites the sections of the laws that establish the Commissioner as custodian or agent of the monies for these agencies and authorities.
- f. See Appendix F and G for samples of possible waivers.

DEPARTMENT OF TAXATION & FINANCE
DIVISION OF THE TREASURY

2. INVESTMENT OBJECTIVES. The general investment objectives are as follows.

- a. To meet statutory requirements as they relate to agency objectives and their investment guidelines.
- b. To ensure safety of investments
- c. To allocate assets where possible, based on liquidity, diversity, and marketability
- d. To maximize earnings subject to safety of investments

3. GENERAL INVESTMENT POLICY. The following criteria shall serve as the general investment policy for all investments made by Treasury.

- a. Monies held in the custody of the Division of the Treasury shall be invested according to the "prudent person rule" as defined in Section 117.7(b)(1) of the Retirement and Social Security Law. This section provides that a fiduciary "shall make investments with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims."
- b. All investment transactions shall be executed on a basis of competitive quotes from banks or primary government securities dealer. (See Appendices C through E for "List of the Primary Government Securities Dealers Reporting to the Market Reports Division of the Federal Reserve Bank of New York" and criteria for selecting financial services firms.)
- c. If quotes received are tied with no broker/dealer or bank willing to break the tie, and, if the firms cannot be distinguished by their service provided or by the competitiveness of their historical quotes, then investments in or through New York corporations, or New York financial institutions or the New York offices of financial institutions are to be given preference.

APPENDIX B

DEPARTMENT OF TAXATION AND FINANCE

DIVISION OF THE TREASURY

ALLOWABLE INVESTMENTS

Agency	Legal Auth.	U.S. Oblig.	NYS Oblig.	CDs	Federal Agencies	Public Benefit Corp.	Mortg.	Equities	Bank Law 235	State Fin. 98	Types of Investments Allowed Under State Fin. 98-a	Ret. & S.S. Alt. 4-a	G.O. Banks & Notes Other States	Basis	Commercial Paper
Community College	(A)	X	X	X											
Invention Center	(B)	X	X												
Dormitory Auth. (1)	(B & E)	X	X							X			X*	X*	X*
Job Develop. Auth.	(C)	X	X	X	X	X*									
Insurance Dept.	(D)	X	X	X		X	X			X			X*	X*	X*
Housing Finance	(E)	X	X		X	X*						X		X	X
Energy Research	(G)	X	X	X	X	X	X								
Project Finance	(H)	X	X	X	X										
State Univ Construct	(B)	X	X						X					X	X
Workers' Comp	(F)	X	X	X	X	X				X			X*	X*	X*
Affordable Housing	(E)	X	X		X	X				X			X*	X*	X*
Housing Trust Fund	(E)	X	X		X	X				X			X*	X*	X*
Homeless Housing	(E)	X	X		X	X								X	
Performing Arts	(I)	X	X												
Teachers' Retirement	(J)														
State Insurance Fund	(J)														

FOOTNOTES:

- (A) - (H) See Attached Sheet for Legal Authority
- (I) Perf. Arts' Investment Guidelines 10/27/89
- (J) Investment Responsibility Delegated to Authority
- (1) FDC (B) And MCFEA (E) Merged with Dormitory Authority
- *See Section 98 of State Finance Law for Additional Limitations

APPENDIX C

LIST OF AUTHORIZED PRIMARY DEALERS
FOR REPURCHASE AGREEMENTS (REPOs)

BANC OF AMERICA SECURITIES LLC.

CITIGROUP GLOBAL MARKETS INC.

DEUTSCHE BANK SECURITIES INC.

DRESDNER KLEINWORT WASSERSTEIN SECURITIES LLC

HSBC SECURITIES (USA), INC.

MIZUHO SECURITIES USA, INC.

MORGAN STANLEY & CO. INC.

APPENDIX D

List of Authorized Banks and Brokers
For Other Than Repurchase Agreements

U. S. Government Securities

Same as Appendix C (which comes from the current "List of the Primary Government Securities Dealers Reporting to the Market Division of the Federal Reserve Bank of New York).

Certificates of Deposit:

Adirondack Trust Co.
Alliance Bank, N.A.
Asia Bank
Ballston Spa National Bank
Bank of Akron
Bank of America, N.A.
Bank of Castile
Bank of Leumi, USA
Bank of Utica
Broadway National
Capital Bank & Trust
Chemung Canal Trust Co.
Citibank, N.A.
Citizens Bank, N.A.
Commerce Bank, N.A.
Community Bank, N.A.
Elmira Savings and Loan, F.A.
Elmira Savings Bank FSB
Evans National Bank of Angola
First National Bank of Lisbon
First National Bank of Long Island
First Niagara Bank
First State Bank, Canisteo
Five Star Bank
Genesee Regional Bank
Glens Falls National Bank & Trust Co.
HSBC Bank USA
JP Morgan Chase
Key Bank National Association
Lyons National Bank
Manufacturers & Traders Trust Co.
NBT Bank, N.A.
Northwest Savings Bank

APPENDIX D

Oswego County National Bank
Partners Trust Bank
Rome Savings Bank
Solvay Bank
Steuben Trust Co.
TD Banknorth, N.A.
The Delaware National Bank of Delhi
Tioga State Bank
Tompkins County Trust Co.
Union State Bank
Valley National Bank
Washington Mutual
Wilber National Bank

Savings Banks obtain public funds via the Linked Deposit Program Only.

APPENDIX E

CRITERIA AND STANDARDS FOR SELECTING
FINANCIAL SERVICES FIRMS

INTRODUCTION

The Division of the Treasury invests in various money market instruments using two types of financial services firms. The financial services firms are banks and securities dealers (also known as brokerage firms or broker/dealers). These entities can be further subdivided; for example, there are the large money center banks (Citicorp, Chemical, etc.), regional banks (Key Corp) and local banks (Schenectady Trust).

The type of financial services firm selected depends on the investment instrument chosen. If the Division of the Treasury chooses repurchase agreements (repos), then only a large money center bank or securities dealer, who is a primary dealer, can be used. The following matrix indicates the investment and corresponding type of financial services firm which can be used:

<u>Investment</u>	<u>Financial Services Firm(s)</u>
Repurchase Agreement	Large money center bank or securities dealer on the Fed Reserve's Primary Dealer List
U.S. Treasury Obligations	Large money center bank or securities dealer
Bankers Acceptances/Commercial Paper	Large money center bank or securities dealer reporting to the Federal Reserve's Primary Dealer List
Certificates of Deposit	Banks

CRITERIA AND STANDARDS

When selecting the specific financial services firm, the following criteria and standards are used to evaluate the firm:

<u>Criteria</u>	<u>Investment of Type Firm</u>	<u>Standard</u>
- Financial		
• Financial Trends	All	Stable or Increasing*
• Liquid Capital	Repos (Securities Dealers)	Not less than \$75 million
• Total Assets	Non CD's (Securities Dealers)	Not less than \$1 billion

APPENDIX E

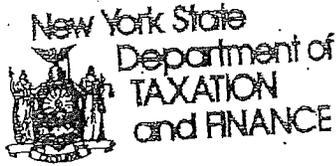
<u>Criteria</u>	<u>Investment of Type Firm</u>	<u>Standard</u>
	CD's (Banks)	Not less than \$100 million except minority banks**
• Shareholders' Equity	Non CD's (Securities Dealers)	Not less than \$100 million
	Non CD's (Banks)	Not less than \$100 million
	CD's (Banks)	Not less than \$10 million except minority banks**
- Non-Financial		NYS Office
• Location	All	At least 20 years in financial services business
• Age of Firm/Experience	All	On FRBNY's list of Government Primary Securities Dealers
• Primary Dealer	Repos	Willing to Sign Treasury's Master Repurchase Agreement
• Contract	Repos	Must not be convicted of securities fraud, insider trading, or undergoing major security investigation for above
• Securities Fraud/ Insider Trading	All	Must not be convicted of tax fraud or be tax delinquent
• Tax Fraud/ Delinquency	All	Provides good service
• Service	All	<ul style="list-style-type: none"> • Returns phone calls promptly • Gives competitive quotes

Footnotes:

* Can be decreasing if firm meets all other criteria and trend has not continued for more than 5 consecutive years.

** CD's must be fully collateralized or be fully covered by FDIC.

APPENDIX F



MEMORANDUM

AD-E3 (1/80)

TO: Investment Officer
FROM: Deputy Treasurer
SUBJECT: Waiver of Qualifying Investment Banker/Broker

OFFICE: Treasury

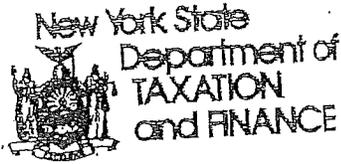
DATE:

You are hereby authorized to transact an investment with (name of banker/broker) for the purchase/sale of (type and amount of investment) even though such banker/broker is currently not on the list of authorized banks and brokers.

This authorization is limited to (type and amount of investment) on (date), and any future investments with (name of banker/broker) will require a new authorization.

Deputy Treasurer

APPENDIX G



MEMORANDUM

AD-53 (1/80)

TO: Investment Officer
FROM: Deputy Treasurer
SUBJECT: Waiver of Dealer Limitation

OFFICE: Treasury

DATE:

You are hereby authorized to exceed the general safety rule which limits (general safety rule) with (name of banker/broker) for the purchase of (amount and type of investment) for (Agency - MAC #) on (date).

This authorization is limited to (amount and type of investment), and any future investments with (name of banker/broker), which exceeds the general safety rules, will require a new authorization.

Deputy Treasurer

APPENDIX H

PSA MASTER REPURCHASE AGREEMENT

APPENDIX I

BANKERS ACCEPTANCES

Sec. 98-a of the State Finance Law
JDA

Sec. 98 of the State Finance Law
HFA, MCFFA, AHC, HFIC

Sec. 235 of the Banking Law
Workers Compensation & ERDA (1)

- a bank
- trust company

- a bank
- trust company

- a bank
- trust company
- private banker
- investment company
- banking corporation

Eligible for Purchase in the Open
Market by Federal Reserve Banks
and accepted by:

90 days

90 days

No statutory limit

Maturity limit of investment

No more than \$250 million may be
invested in bankers' acceptances of
any one bank or trust company

No more than \$250 million may be
invested in bankers' acceptances of
any one bank or trust company

No statutory limit

Dollar limit

No statutory limit

No statutory limit

No statutory limit

Purchase date limitation

Other limitations

Short-term obligation of bank or
trust company must receive the
highest rating of two independent
rating services for preceding six
months.

Short-term obligation of bank or
trust company must receive the
highest rating of two independent
rating services for preceding six
months.

Aggregate liability of any bank, trust
company, private banker, investment
company or banking corporation to
any savings bank for acceptances
shall not exceed 25% of the capital
and surplus of such bank, trust
company, private banker, investment
company or banking corporation or
5% of the aggregate amount credited
to the depositors of such savings
bank, whichever is less.

(1) Section 1859 of the Public Authorities Law governs investment for ERDA and allows securities in which the trustees of any public retirement system or pension fund may invest pursuant to Article 4-a of the Retirement and Social Security Law.

APPENDIX J

COMMERCIAL PAPER

	Sec. 235 of the Banking Law <u>Workers Compensation & ERDA (1)</u>	Sec. 98 of the State Finance Law <u>HFA, MCFFA, AHC, HFIC</u>	Sec. 98-a of the State Finance Law <u>JDA</u>
Maturity Limit	270 days	90 days	90 days
Dollar Limit	No statutory limit	No more than \$250 million may be invested in any one corporation	No more than \$250 million may be invested in any one corporation
Purchase date limitation	No statutory limit	No statutory limit	No statutory limit
Rating limitation	Highest rating of an independent rating service designated by the banking board.	Highest rating of two independent rating services designated by the Comptroller and issuer has maintained such ratings or similar obligations during preceding year.	Highest rating independent rating services designated by the Comptroller and issuer has maintained such ratings or similar obligations during preceding year.

(1) Section 1859 of the Public Authorities Law governs investment for ERDA and allows securities in which the trustees of any public retirement system or pension fund may invest pursuant to Article 4-a of the Retirement and Social Security Law.