

PLEASE NOTE - We welcome public comment on the items on the following agenda. To ensure maximum opportunity for participation, speakers representing themselves may speak for up to 2 minutes each, and those representing groups may speak for up to 4 minutes (1 speaker per group). Speakers' comments may address only items considered at today's meeting. Materials relating to matters that are scheduled for discussion in open session will be available at the meeting and will be posted on ESD's website prior to the meeting in accordance with the Public Officers Law

**NEW YORK JOB DEVELOPMENT AUTHORITY
D/B/A EMPIRE STATE DEVELOPMENT**

Meeting of the Members

Tuesday

June 26, 2012 – 1:30 p.m.

AGENDA

CORPORATE ACTIONS

1. Approval of Minutes of the May 8, 2012 Members' Meeting
2. Annual Financial Reports – Approval of Certain Annual Financial Reports and Authorization to Take Related Actions
3. Performance Measurement Report – Acceptance of Annual Performance Measurement Report for FY 2011-2012; Authorization to Take Related Actions

FOR CONSIDERATION

4. Jamaica (New York City Region – Queens County) – 121 Inflight Catering LLC – Business Financing – Authorization to Make a Loan and to Take Related Actions ; Determination of No Significant Effect on the Environment

DRAFT – SUBJECT TO REVIEW AND REVISION

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

and

633 Third Avenue
New York, New York 10017

and

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

May 8, 2012

MINUTES

Members Present:

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

JDA Staff:

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

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Present for ESD:

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

Also Present:

The Press
The Public

The meeting was called to order at 2:05 p.m. by Chairman Adams. It was noted for the record that notice to the public and news media of the time and place of the meeting had been given in compliance with the New York State Open Meetings Law.

Chairman Adams then set forth the guidelines regarding comments by the public on matters on the Agenda.

Chairman Adams then entertained a motion to approve the Minutes of the October 28, 2011 Members' meeting.

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

DRAFT – SUBJECT TO REVIEW AND REVISION

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

RESOLVED, that the Minutes of the meeting of the Authority held on October 28, 2011 as presented to this meeting, are hereby approved and all actions taken by the Members present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

* * *

Mr. Salaberrios then presented the Authority's Mission Statement and Revised Performance Measurements for re-adoption by the Members.

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

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

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

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

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

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

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

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

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

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

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

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

And be it further

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

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

And be it further

RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, and each of them hereby is, authorized and directed to post all of the above-referenced documents on the website of the Authority, to file such documents with the Authorities Budget Office in accordance with the requirements of the Public Authorities Law, as amended, and to take any and all such other actions as may be necessary or proper in connection with the foregoing.

* * *

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

New York Job Development Authority - New York (New York City Region-Kings County) –

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

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

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

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

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

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

the degree to which the project will support apprenticeship training;

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

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

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

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

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RESOLVED, that the Chairman of the Authority or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Authority to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary and proper to effectuate the foregoing resolutions; and be it further

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

* * *

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

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

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

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

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

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

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

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

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

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

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

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

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done.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DRAFT – SUBJECT TO REVIEW AND REVISION

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

* * *

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

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

Respectfully submitted,

Eileen McEvoy
Secretary

Job Development Authority

FOR CONSIDERATION

June 26, 2012

TO: The Members

FROM: Kenneth Adams

SUBJECT: Annual Financial Reports

REQUEST FOR: Approval of Certain Annual Financial Reports and Authorization to Take Related Actions

I. Background

The Public Authorities Law (the Law) requires annual approval by the Corporation and certifications by the Chief Executive Officer and Chief Financial Officer of certain financial reports (the Reports). The Reports consist of financial information set forth in the independent audit required by the Law. The independent audit (the Audit), entitled New York Job Development Authority Combined Financial Statements and Independent Auditors' Report March 31, 2012 and 2011 (Combined Financial Statements), which contains the required information, is attached hereto.

II. The Report

The Report includes the following:

1. Independent Auditors' Report;
 - In this section the independent audit firm renders its opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation and its subsidiaries, and the results of its operations and cash flows for the current fiscal year, in conformity with accounting principles generally accepted in the U.S.A.

The Independent Auditors' Report included in the Combined Financial Statements contains an unqualified opinion.

2. Management's Discussion and Analysis;
 - This is not a required part of the basic financial statements, but is supplementary information required by Government Accounting Standards Board (GASB). It is required to precede the basic financial statements, discuss current-year results in comparison with the prior year and contain condensed financial information derived from the basic consolidated financial statements.
3. Combined Financial Statements includes;
 - Combined Balance Sheets
 - Combined Statements of Revenues, Expenses and Changes in Net Assets
 - Combined Statements of Cash Flows
 - Notes to Combined Financial Statements; and
4. Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance, including Compliance with Investment Guidelines, and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards;
 - This letter addressed to the Members defines the potential weaknesses in internal control and identifies if the audit firm has discovered any such deficiencies. In addition, it discusses the Authority's compliance with certain provisions of laws, regulations, contracts and grant agreements, including Investment Guidelines for Public Authorities and the Authority's investment guidelines, and other matters, non-compliance with which could have a direct and material effect on the determination of the financial statements amounts.

The Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance included in the Combined Financial Statements contains no findings of material weaknesses in internal control and no issues of non-compliance.

III. Audit Committee

The Audit Committee of the Authority has reviewed the Report and recommends approval by the Members.

IV. Related Filing Requirements

As required under the Law certain annual reports, including various reports not of a financial nature but including the Reports, will be submitted to the Governor, the Chairman and ranking minority member of the Senate Finance Committee, the Chairman and ranking minority

member of the Assembly Ways and Means Committee and the State Comptroller, within ninety (90) days after the end of the Authority's fiscal year.

As also required by the Law, the Audit will be submitted to the Governor, Chairman and ranking minority member of the Senate Finance Committee, Chairman and ranking minority member of the Assembly Ways and Means Committee and the State Comptroller, within thirty (30) days after receipt thereof by the Authority.

V. Certifications

The Report has been certified in writing by the Chief Executive Officer and the Chief Financial Officer of the Authority that based on the officer's knowledge (a) the information provided therein is accurate, correct and does not contain any untrue statement of material fact; (b) does not omit any material fact which, if omitted, would cause the Report to be misleading in light of the circumstances under which such statements are made; and (c) fairly presents in all material respects the financial condition and results of the operations of the Authority as of, and for, the periods presented in the Report.

Attachments

Resolutions
Certifications
Audited Combined Financial Statements

June 26, 2012

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 Reports) which for the Authority consists of the independent audit;

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

WHEREAS, §2800 of said Law also requires the annual approval by the Board and certifications by the Chief Executive Officer and Chief Financial Officer of the Report;

WHEREAS, an independent audit has been prepared for the fiscal year ended March 31, 2012;

WHEREAS, the Authority has reviewed said Reports and found them to be satisfactory; and

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

RESOLVED, that the President and Chief Executive Officer, the Chief Financial and Administrative Officer, the Treasurer or their designees be, and each of them hereby is, authorized and empowered to submit said Reports, 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 Reports and to take related actions.

* * *

FOR CONSIDERATION

June 26, 2012

TO: The Members

FROM: Kenneth Adams

SUBJECT: Performance Measurement Report

REQUEST FOR: Acceptance of Annual Performance Measurement Report for FY 2011 –2012;
Authorization to Take Related Actions

I. Background

On May 8, 2012, in accordance with the requirements of the Public Authorities Law, the NY Job Development Authority (the “Authority”) adopted the following Mission Statement and related performance measures to assist the Authority in determining how well it is carrying out its mission.

II. Mission Statement (re-adopted May 2012):

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

III. Performance Measures (adopted May 2012):

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

IV. 2011-2012 Performance Report

Below is a report on the assistance provided by the Corporation during FY 2011 – 2012, using the measures adopted by the Authority and set forth above. In summary, the Authority accomplished the following:

- Number of transactions closed: 1 project approved by JDA Board
- Aggregate value of bonds issued: 0
(Total aggregate value of JDA bonds issued over the last 10 years: \$42.41 million)
- Number of jobs associated with each investment transaction: 13 retained jobs and 7 created jobs
- Amount of private capital investment leveraged: \$2.62 million
- Number of transactions delinquent: 0
- Number of transactions in default: 5 (of 54)
13.27% of total outstanding loan balance
(\$5,684,398 of \$42,837,281)*

*Please note that 2 loans in default were paid off in April 2012 (outstanding loan balances of \$252,646.80 and \$255,525.18). In addition, the greater part of the default balance is for the Harza project (\$3,759,526.46).

V. Requested Action

The Members are requested to: (1) accept the annual performance measurement report for FY 2011–2012 and (2) authorize the posting of all of the above on the JDA’s section of the ESD website and the filing of the same with the Authorities Budget Office, in accordance with the requirements of the Public Authorities Law.

VI. Recommendation

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

VII. Attachments

Resolution

June 26, 2012

NEW YORK JOB DEVELOPMENT AUTHORITY - Acceptance of Annual Performance Measures
Report for FY 2011 – 2012; Authorization to Take Related Actions

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 Corporation (the "Materials"), the annual performance measurement report for FY 2011 – 2012 be and it hereby is accepted; and be it further

RESOLVED, that the President or his designee(s) be, and each of them hereby is, authorized and directed to post all of the above referenced documents on the website of the Authority, to file all such documents with the Authorities Budget Office in accordance with the requirements of the Public Authorities Accountability Act, as amended, and to take any and all such other actions as may be necessary or proper in connection with the foregoing.

FOR CONSIDERATION

June 26, 2012

TO: The Members

FROM: Kenneth Adams

SUBJECT: Jamaica (New York City Region – Queens County) – 121 Inflight Catering LLC – Business Financing

REQUEST FOR: Authorization to Make a Loan and to Take Related Actions; Determination of No Significant Effect on the Environment

I. Project Summary

Owner: 121 Inflight Catering LLC

JDA Investment: Machinery and equipment loan representing 33% of eligible project costs, not to exceed \$1,000,000. Interest will be at a fixed tax exempt rate, currently at 4.10% per annum, for a term of seven years.

Project Location: John F. Kennedy International Airport, 149-18 Guy Brewer Boulevard, Jamaica, New York 10010-3672

Proposed Project: Acquisition of machinery and equipment to be used for food preparation, packaging and storage.

Project Type: Business expansion involving job creation and retention

Regional Council: The New York City Regional Council has been made aware of this item through its Regional Director.

JDA Incentive Offer Accepted: June 24, 2012

Project Completion: December 31, 2012

Number of Employees at Facility:

Initial employment at time of Application to ESD:	35
Current employment level:	35
Minimum employment on January 1, 2015:	110

Owner Contact: Michele Savino, Partner
 7 Juliano Drive
 Oxford Connecticut 06478
 203-264-0692: Phone
 203-267-6692: Fax

Local Dev. Corp.: Statewide Local Development Corporation
 633 Third Avenue, 37th Floor
 New York, NY 10017
 Phone: (212) 803-3100

Anticipated Source: JDA State Guaranteed Special Purpose Tax-Exempt Bonds

JDA Project Number: X887

Project Team:	Origination	Rafael Salaberrios
	Project Management	Rafael Salaberrios
	Legal	Antovk Pidedjian
	Supplier & Contractor Diversity	Vikas Gera
	Finance	Ross Freeman
	Environmental	Soo Kang

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Machinery & Equipment	\$2,500,000
Total Project Costs	<u>\$2,500,000</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
Other Lender	\$1,250,000	50%	
JDA	\$1,000,000	40%	4.10% 7yrs/co-equal 1 st on M&E
Equity	\$250,000	10%	
Total Project Financing	<u>\$2,500,000</u>	<u>100%</u>	

III. Project Description and Company Background

A. Background

121 Inflight Catering LLC was formed in 2007 as a specialty service provider to regional and private air carriers. Since that time, 121 Inflight has grown to provide full-service inflight catering and related services to international airlines, foreign governments and all types of domestic air carriers. 121 Inflight processes packages and delivers all types of inflight food and beverage products, as well as processes inflight catering waste and provides ancillary services to airlines. 121 inflight's major customers include NetJets, Kuwait Airways, EZJet, National Air service of Saudi Arabia and Sheltair JFK.

B. The Project

121 Inflight catering is requesting a \$1 million JDA loan to assist in the company's expansion plans. 121 Inflight plans to lease a 20,000 square foot manufacturing and distribution facility at John F. Kennedy International Airport. The new facility will permit the company to better service existing customers while at the same time put the company in a better position to attract new customers. Currently, the company is servicing customers at JFK, LaGuardia, Teterboro, Newark and other smaller airports. Once the expansion is completed, the company is expected to create 75 new jobs within the next 3 years. The expansion project will include:

Renovating space to install a new food preparation, packaging and storage area as well as ancillary office space. The acquisition and installation of equipment associated with the food preparation packaging and storage facility (such as kitchen equipment, coolers, packaging tables and equipment, HVAC systems and hoods, cabinets etc.)

Hiring of new employees to staff the facility and provide food preparation, packaging and delivery services, and to provide ancillary on-airport services to airline customers.

IV. Basis for Recommendation

1. Financial analysis indicates that, as of the close of the last fiscal year, the company would be able to support the debt service on this project.
2. The company anticipates the addition of 75 new jobs within three years after the completion of the project.

3. The company has warranted that it complies and will comply with federal and state legal requirements as to non-discrimination and equal opportunity in hiring and operational practices.
4. The project would not proceed without the participation of JDA
5. If approved, this loan shall be subject to the usual JDA conditions and to such other conditions as the General Counsel may determine are in the best interest of JDA.

V. Financial Terms and Conditions.

1. Receipt of the personal guarantees of any individual that obtains ownership of 20% or more of the company in form and substance satisfactory to JDA. Unconditional personal guarantees will be required at closing from Michele Savino & Peter DeVito in form and substance satisfactory to JDA.
2. Borrower must maintain minimum debt coverage of 1.2:1.
3. Collateral review and appraisals acceptable to JDA.
4. Review or audited financial statements to be submitted on an annual basis.
5. A co-first lien on equipment with a cost of at least \$2.5 million and a useful life of seven years.
6. Commitments and financing documents of other lender(s) to be satisfactory to JDA.
7. All certifications and permits for the operating of this facility to be in full force and effect prior to closing of JDA loan.
8. Collateralization of the JDA loan with insurance on the lives of Michele Savino & Peter DeVito in aggregate amount sufficient to pay the outstanding principal balance of the JDA loan at any time.
9. Consent, in form satisfactory to JDA, waiving certain rights of landlord and/or mortgagee as to project machinery and equipment.

VI. 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.

VII. 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 solicit and utilize Minority and Women Business Enterprises ("MWBEs") for any contractual opportunities generated in connection with the Project. The Recipient shall be required to use good faith efforts to achieve an overall MWBE participation goal of 30%, related to the total value of ESD's funding. The overall goal shall be divided to ensure the participation of Minority Business Enterprise ("MBE") totaling 20% and of Women Business Enterprise ("WBE") totaling 10%, related to the total value of ESD's funding.

VIII. Additional Submissions to Members

Resolutions
Schedule B: Management & Ownership Schedule
Schedule C: Project Financial Analysis

June 26, 2012

Jamaica (New York City – Queens County) – 121 Inflight Catering LLC – New York Job Development Authority Special Purpose Fund Direct Loan Project – Machinery and Equipment Loan -- Authorization to Make a Loan and to Take Related Actions; Determination of No Significant Effect on the Environment

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 and Equipment Loan to Statewide Local Development Corporation for the benefit of 121 Inflight Catering LLC for an amount not to exceed one million dollars (\$1,000,000) or forty percent (40%) of total Project costs, 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 Loan, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the Loan as he or she may deem appropriate in the administration of the Loan; and be it further

RESOLVED, that the 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; and be it further.

RESOLVED, that based on the materials submitted to the Members with respect to the 121 Inflight Catering LLC Project, the Authority hereby determines that the proposed action will not have a significant effect on the environment.

PRIVILEGED AND CONFIDENTIAL ATTACHMENT – SOLELY FOR MEMBERS' REVIEW

DO NOT DISTRIBUTE

Management and Ownership (Schedule B)

	Peter Devito	Michele Savino	Total
Assets			
Cash & Savings	146,402	393,481	539,883
Retirement Accounts	0	21,272	21,272
Life Insurance	0	0	0
Stocks & Bonds	10,110		10,110
Real Estate	240,000	7,100,000	7,340,000
	2,410,81		
Closely Held Businesses	0	3,030,000	5,440,810
Other Assets	45,000	734,624	779,624
	<hr/>	<hr/>	<hr/>
Total	2,852,32	11,279,37	14,131,69
	2	7	9
Liabilities			
Accounts Payable	10,000	0	10,000
Notes Payable	0	0	0
Mortgage Loan	215,000	3,449,454	3,664,454
Other Liabilities	0	0	0
	<hr/>	<hr/>	<hr/>
Total	225,000	3,449,454	3,674,454
	<hr/>	<hr/>	<hr/>
	2,627,32		10,457,24
Net Worth			
	2	7,829,923	5
Credit Score	674	653	664

Financial Analysis (Schedule C)

121 Inflight Catering
Years Ending December 31

	Industry Median	2009	2010	2011
Net Sales		1,383,681	2,010,635	3,593,319
EBITDA		19,412	124,687	566,623
Pre-tax Profit		9,402	109,619	448,465
Pre-tax profit/net sales	1.50%	0.68%	5.45%	12.00%
Net Income		9,402	109,619	448,465
Current Assets		414,043	736,377	857,288
Current Liabilities		529,723	743,693	402,916
Current Ratio	1.00	0.78	0.99	2.13
Total Assets		434,680	752,231	870,024
Long-term Debt		20,638	9,834	32,313
Total Debt		20,638	9,834	32,313
Total Liabilities		539,557	747,489	421,921
Net Worth		(104,877)	4,742	448,103
Total debt/total assets	0.29	0.05	0.01	0.04
EBITDA/Debt Service		1.21	13.53	34.59