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 CORPORATION

Meeting of the Members

Friday

September 13, 2013 – 10:00 a.m.

AGENDA

CORPORATE ACTIONS

1. Approval of Minutes of the June 27, 2013 Directors’ Meetings

2. Empire State Local Development Corporation – Appointment of Directors

FOR CONSIDERATION

3. Deer Park (Long Island Region – Suffolk County) – JDA Real Estate Acquisition Loan for the Benefit of SubZero Insulation and Refrigeration Technologies, LLC. – Authorization to Make a Real Estate with New York Job Development Authority Proceeds and Take Related Actions

FOR INFORMATION

4. Investment Report for the New York Job Development Authority
NEW YORK JOB DEVELOPMENT AUTHORITY
d/b/a Empire State Development Corporation
Meeting of the Members
Empire State Development Corporation
633 Third Avenue
New York, New York 10017

and

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

June 27, 2013

MINUTES

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

JDA Staff: Maria Cassidy, Deputy General Counsel
Eileen McEvoy, Corporate Secretary
Kathleen Mize, Controller
Frances A. Walton, Senior Vice President and Chief Financial Officer

Present for ESD: Amit Nahalani, Financial Analyst
Antovk Pidedjian, Senior Counsel
Ray Salaberrios, Senior Director – Economic Revitalization
The meeting was called to order at 12:36 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 June 27, 2013 Members’ meeting.

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

APPROVAL OF MINUTES AND RATIFICATIONS OF ACTIONS TAKEN AT JUNE 27, 2013 MEMBERS’ MEETING OF THE NEW YORK JOB DEVELOPMENT AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on June 27, 2013 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.

* * *
The Chairman then asked the Members to approve the appointment of Mehul Patel as the Executive Vice President and Chief Operating Officer of JDA and Lawrence Jacobs as the General Counsel of JDA. Chairman Adams further asked the Members to approve the Title of ESD General Counsel as the Authority’s Ex-Officio General Counsel to ensure that this office position will not need to be revisited in the future.

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

NEW YORK JOB DEVELOPMENT AUTHORITY -- Officers of the Authority -- Appointment of Officers -- Executive Vice President and Chief Operating Officer; General Counsel; and appointment of the title of ESD General Counsel as the Authority’s ex-officio General Counsel

RESOLVED, that the following individuals be, and they hereby are appointed to the offices which appear opposite their respective names, effective June 27, 2013, until their resignation or removal:

<table>
<thead>
<tr>
<th>NAME</th>
<th>OFFICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mehul Patel</td>
<td>Executive Vice President and Chief Operating Officer</td>
</tr>
<tr>
<td>Lawrence A. Jacobs</td>
<td>General Counsel</td>
</tr>
</tbody>
</table>

and be it further

RESOLVED, that in accordance with and for all the purposes of the New York Job Development Authority Act and the By-Laws, including but not limited to the indemnification provisions thereof, the above-referenced individuals are “officers” of the Authority;
and be it further

RESOLVED, that the title of ESD General Counsel is hereafter appointed as the Authority’s ex-officio General Counsel.

* * *

Ms. Mize then asked the Members to approve certain Annual Financial Reports of the Authority.

Ms. Mize noted that the Public Authorities Law requires annual approval by the Authority Members and certifications by the Chief Executive and Chief Financial Officers of certain financial reports.

Ms. Mize continued and explained that the reports consist of financial information set forth in the combined financial statements of an independent auditors report. The audit report, she noted, was prepared by the Authority’s independent audit firm, Toski and Company, CPA’s, PC.

Among other things, Ms. Mize noted that the independent auditors’ report on internal control over financial reporting and on compliance did not identify any deficiencies that would be considered to be material weaknesses.

Ms. Mize added that the Audit Committee has reviewed and approved the audit report.
Following the full presentation, the Chair called for 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 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 Members 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, 2013;

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.

* * *

Next, Mr. Salaberrios presented JDA’s Mission Statement and Related Performance Measures for Fiscal Year 2012-2013 for the Members’ approval. Additionally, the Members’ were asked to approve a modification to the Performance Measures.
Mr. Salaberrios noted that the JDA Board adopted a Mission Statement and Performance Measures in accordance with the Public Authorities Law ("PAL"). Also in accordance with PAL, the Authority Members are required to re-examine the Mission Statement and related Performance Measurements as contained in the materials provided to the Members prior to the meeting to ensure that its mission has not changed, and that the performance measurements continue to support its mission.

Mr. Salaberrios then outlined the 2012-2013 Performance Measurement Report. Among other things, Mr. Salaberrios noted that the Members approved loans for six projects during fiscal year 2012-2013.

He further noted that these projects, pursuant to Article 8 of Title 8 of the Public Authorities Law, were approved prior to their actual commencement. Mr. Salaberrios further explained that closing of the Authority’s loans and disbursement of its funds will occur upon project completion which has not occurred with respect to any of these projects.

Mr. Salaberrios added that because job creation and/or retention and the measurement of capital leveraged can only be properly done after project completion and closing, the projects approved by the Authority this year have not yet resulted in reportable job creation/retention or capital leveraged.
Mr. Salaberrios continued and explained that the current performance measurements track only the results of transactions that have closed and as previously noted, this approach does not fully reflect the Authority’s activities during the reporting period. By tracking only results of projects that have closed, Mr. Salaberrios noted, the current Performance Measurements do not capture the Authority’s early necessary efforts to originate transactions.

In order to more accurately assess the efforts of the Authority in a fiscal year, Mr. Salaberrios stated, staff recommends that the Performance Measurements be amended to include the number of transactions approved by the Authority during the reporting period. This addition to the Performance Measurements, Mr. Salaberrios added, will capture the important milestone of project origination upon which the other measurements are dependent.

Following the full presentation, Chair Adams asked if it was correct with regard to the modification if it is an attempt to get a more accurate handle on the volume of work as well as to illustrate what is out there and what is coming down the pike.

Mr. Salaberrios said that that was correct. He added that projects will be added to the report after staff presents the complete project to the Audit and Finance Committee for review and receives an approval from the Committee to issue an incentive proposal to the borrower.
Member Youssouf asked if it will be similar to a letter of intent and Mr. Salaberrios said it will be similar but contingent upon Board approval.

Mr. Salaberrios confirmed Member Barksy’s statement that the borrower will have to get everything together after the initial consent is given by the Committee to move forward.

Member Youssouf spoke favorably with regard to this approach as did Member Musolino.

Chair Adams then 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 – Reexamination of Mission Statement and Related Performance Measurements; Proposed Modification of Performance Measurements; and Acceptance of FY 2012-2013 Performance Measurement Report

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

BE IT RESOLVED, that the Members hereby confirm that they have reexamined the mission statement as previously adopted and recommend no further amendments; and

RESOLVED, that the performance measurements for future evaluations be modified to include number of new transactions approved by the Authority during the reporting period; and be it further

RESOLVED, that the FY 2012-2013 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.

* * *
There being no further business, the meeting was adjourned at 12:54 p.m.

Respectfully submitted,

Eileen McEvoy
Secretary
FOR CONSIDERATION
September 13, 2013

TO: Authority Members

FROM: Kenneth Adams

SUBJECT: Empire State Local Development Corporation

REQUEST FOR: Appointment of Directors

INTRODUCTION

At their September 18, 2003 meeting, the Authority Members of the New York Job Development Authority (“JDA”) authorized the formation of the Empire State Development Corporation (“ESLDC”) as a local development corporation. Due to the resignation of two Directors, Anita Laremont and Dennis Mullen, there are two vacancies on the board that must be filled. It is proposed that Kenneth Adams, ESD’s President and Chief Executive Officer and Lawrence A. Jacobs, ESD’s Executive Vice-President – Legal and General Counsel be elected to fill these positions.

REQUESTED ACTIONS

The Members are requested to appoint Kenneth Adams and Lawrence A. Jacobs as Directors of ESLDC.

ATTACHMENT

Resolution
RESOLVED, that on the basis of the materials presented at this meeting, a copy of which is hereby ordered filed with the records of the Authority, the Members of the Authority hereby appoint Kenneth Adams and Lawrence A. Jacobs as Directors of the Empire State Local Development Corporation ("ESLDC"); and be it further

RESOLVED, that the Chairman of the Authority or his designee(s) shall be authorized to take such actions as any of them deem necessary or appropriate in order to effectuate the purposes and intent of the foregoing resolutions.

* * *
FOR CONSIDERATION
September 13, 2013

TO: The Members
FROM: Kenneth Adams
SUBJECT: Deer Park (Long Island Region – Suffolk County) – JDA Real Estate Acquisition Loan for the benefit of SubZero Insulation and Refrigeration Technologies, LLC.
RE: Authorization to Make a Real Estate Loan with New York Job Development Authority Proceeds and Take Related Actions

<table>
<thead>
<tr>
<th>JDA Loan Terms (Real Estate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrower:</td>
</tr>
<tr>
<td>Economic Region:</td>
</tr>
<tr>
<td>Loan Amount Requested:</td>
</tr>
<tr>
<td>Rate:</td>
</tr>
<tr>
<td>Term:</td>
</tr>
<tr>
<td>Classification:</td>
</tr>
<tr>
<td>Distressed Area:</td>
</tr>
<tr>
<td>Initial Payment:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>JDA Budget (Real Estate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOURCES USES OF FUNDS</td>
</tr>
<tr>
<td>Acquisition of Real Property</td>
</tr>
<tr>
<td>Soft Costs</td>
</tr>
<tr>
<td>**</td>
</tr>
</tbody>
</table>

* 20-year term at 5.91% with a second lien on real estate
** 20-year term at 8.00% with a first lien on real estate. Terms are based on Seedco Financial’s term sheet.
Debt Service Coverage Ratio

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Most Recent Year-End Debt Service Coverage Ratio:</td>
<td>3.18</td>
<td>:1</td>
</tr>
<tr>
<td>Projected Year-End Debt Service Coverage Ratio:*</td>
<td>1.41</td>
<td>:1</td>
</tr>
</tbody>
</table>

*The coverage ratio after including the JDA and Bank loans

Security: A second lien on the real estate with the Bank taking the first lien. The value of the collateral is $1,560,000.

Guarantors: An unlimited personal guarantee of Gregory Iovine, Jr. (the “Principal”) who has a personal net worth greater than the value of the JDA loan.

Job Information: Existing: 20 full-time  New Jobs Projected: 16 full-time

Project Summary:

Borrower: SubZero Insulation and Refrigeration Technologies, LLC
144 Van Dyke Street
Brooklyn, New York 11201

Contact: Gregory Iovine, Jr. President
Phone: 718- 534-0300
Fax: 718-532-3064

These materials concern a proposed New York Job Development Authority (“JDA”) loan of $624,000 (the “Real Estate Loan”) to be used towards the purchase of a 20,000 square foot (“SF”) building on a 1-acre parcel in Deer Park (the “Real Estate Project”). The total cost of the Real Estate Project is $1,560,000 (the “Real Estate Project Cost”).

Project location: 45 East Industry Court
Deer Park, New York 11729

Project Completion: 3rd quarter 2013

1) PROJECT OVERVIEW AND RECOMMENDATION

Background

Opened in 2005, SubZero Insulation and Refrigeration Technologies, LLC (“SubZero”) is a manufacturer of fuel efficient refrigerated delivery vans. SubZero is an independent, family-owned and operated manufacturer of custom refrigerated/insulated commercial
truck and van liners. Located in Brooklyn, SubZero handles all design, fabrication, installation and maintenance of refrigerated delivery vans and trucks.

Specifically, SubZero designs fabricates and customizes refrigerated and thermo-insulated systems for cargo vans, Mercedes Sprinters, box trucks and refrigerated carts. SubZero insulates and finishes the interiors of cargo transportation vehicles and installs refrigeration units and other equipment, including shelving, drains, floor plates and other essential equipment.

The finished product enables the vans and trailers to hold temperatures as low as -20 degrees (F) and helps reefers to pull down vehicle temperature 60% faster than competitive products.

**Real Estate Project Description**

The Real Estate Project involves SubZero’s acquisition of a manufacturing facility (the “Facility”). The Facility consists of a 20,000 SF commercial/industrial building, two loading dock areas and one drive-in overhead door. The building is a masonry and steel structure. The floor structure is concrete. There is approximately 3,000 SF of office space at the front of the building. The building is situated on approximately one acre of land.

The physical layout of the Facility represents a vast improvement as compared to SubZero’s current 10,000 SF production facility. It will be significantly easier for staff to move vehicles from one workstation to another within the Facility and to avoid even minor damage to vehicles as they move through the production process. As a result, management expects to capture annual cost savings of $20,000 to $30,000 plus in costs of repairing damaged inventory.

On August 16, 2013, the Babylon Industrial Development Agency (the “IDA”) approved a grant of assistance to SubZero. Specifically, the IDA will provide relief from mortgage recording taxation, real property taxation and sales and use taxation. In order for the IDA to effectuate these benefits, it must take title to the Facility. Upon acquisition, SubZero’s holding business entity will transfer title of the Facility to the IDA. The IDA will then lease the Facility to SubZero’s holding business entity. SubZero’s holding business entity will then sublease the Facility to SubZero. Along with SubZero’s holding business entity, the IDA will sign the mortgage documenting JDA’s security interest in the Facility.

**Strengths**

- SubZero is financially strong with a history of being profitable with sales, EBITDA, and pre-tax profit all increasing over the 3-year historical period.
- SubZero has the ability to repay the JDA Loan and Bank loan with a projected Debt Service Coverage Ratio (DSCR) of 1.41.
SubZero meets JDA’s loan-to-value requirement of 90% with a loan-to-value of 90%.

With the move, SubZero expects sales to increase significantly from their existing levels. Currently, SubZero services 600 vans per month. After the move, SubZero expects to service 1,000 vans per month.

**Weaknesses**

- SubZero currently has an outstanding $637,246 loan to the Principal (the “Shareholder Loan”). The Shareholder Loan is a serious risk as it reduces SubZero’s cash and liquidity. Per a Promissory Note dated August 26, 2013 (the “Shareholder Note”), the Principal has promised to repay the Shareholder Loan in five equal consecutive yearly installments of principal commencing on August 26, 2014.

- At this time, SubZero does not have the equity required to fund the acquisition of the Real Estate Project. SubZero only has approximately $8,000 in cash as of December 31, 2012 and the equity required for the Real Estate Project is $156,000. SubZero has indicated that the equity will come from a partial loan payment from the Principal.

- The majority of the guarantor’s net worth is tied to illiquid assets such as his real estate holdings.

**Recommendation**

The JDA Loan is recommended for approval based on the following:

- SubZero’s sales and profitability have been increasing over the 3-year historical period and are expected to trend upward enabling it to pay back the JDA and Banks loan.

- If SubZero successfully completes the proposed projects by the Third Quarter of 2013, SubZero management projects that, in 2013, SubZero will have a substantial increase in total revenue. The increase in profitability will be largely attributed to economies of scale and heightened productivity in SubZero’s central production processes and heightened daily production capacity.

- The physical layout of the Facility represents a vast improvement as compared to SubZero’s current production facility which is 10,000 SF. It will be significantly easier for staff to move vehicles from one workstation to another within the Facility and to avoid even minor damages to vehicles as they move through the production process. As a result, management expects to capture annual cost savings of $20,000 to $30,000 plus in costs of repairing damaged inventory.

- Under negotiated project terms, SubZero is prohibited from making future loans to shareholders without the consent and approval of JDA.

- At the completion of this project, 16 full-time jobs will be created.

- SubZero has agreed that all existing debt will be subordinate to the JDA Loan. Additionally, the MWB be loan will be subordinate to the JDA loan as well.

- The Principal has openly disclosed time served for past criminal behavior approximately twenty years ago. The Principal has demonstrated full
rehabilitation as evidenced by the wholehearted endorsement of the Principal and SubZero by established businesses and community figures and praise for SubZero on the floor of the United States Senate. SubZero provides a means of rehabilitation through employment for individuals who have served sentences for past criminal activity.

2) DESCRIPTION OF SUBZERO AND THE PRINCIPAL

BORROWER NAME: SubZero Insulation and Refrigeration Technologies, LLC
ADDRESS: 144 Van Dyke Street
           Brooklyn, New York 11729
PHONE#: (718) 534-0300
Ownership: 100% of the capital stock is owned by Gregory Iovine, Jr. (President)
Nature of Business: Designs, fabricates and customizes refrigerated and thermo-insulated systems for cargo vans, Mercedes Sprinters, box trucks and refrigerated carts.
Major Competitors: Van Sheild and ReeferTech
Major Customers: Edible Arrangements, ThermoKing Northeast Boston, and Gulf Cost Thermo King

3) FINANCIAL INFORMATION

Historical Financial Information
- Industry: Refrigeration Equipment and Supplies Merchant Wholesalers
- NAICS Code: 423740
- JDA Classification: IA-
  - Profitability:
    - Sales: Increasing over 3-year historical period. SubZero’s primary revenue streams include sales from the insulation of vans and other vehicles and sales of the refrigeration units that are installed into the insulated vehicles. SubZero’s annual sales increased by 24% from 2010 to 2012 primarily as a result of increased sales volume from the delivery of both services. Over this period, SubZero expanded its customer base throughout the Eastern U.S. region and also increased its average sales volume per customer. Below is a breakdown of SubZero’s profitability over the past 3 years.
The net income in 2011 and 2012 is significantly higher than 2010 due to net sales increasing at a higher rate than both cost of goods sold (COGS) and total expenses. Net sales grew at a rate of 24% ($511,378) from 2010 to 2012, while COGS and total expenses grew at 7.3% ($72,681) and 20% ($224,227), respectively. Company management has done a better job at increasing manufacturing productivity through better training and improved quality control during this period. As such, this has resulted in an overall net income increase of 194% ($219,998).

- Profit Margin: Above the industry median in the most recent year.
- EBITDA: Increasing over the 3-year historical period.
- Net Income: Increasing over 3-year historical period.

- Liquidity:
  - Current ratio: Below the industry median and less than 1. SubZero’s cash is limited due to shareholder borrowing. Below is a breakdown of SubZero’s current assets and current liabilities.
## Current Assets and Current Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>537</td>
<td>6,507</td>
<td>8,132</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>537</td>
<td>6,507</td>
<td>8,132</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Portion</td>
<td>48,240</td>
<td>59,786</td>
<td>93,867</td>
</tr>
<tr>
<td>Other Current Liabilities</td>
<td>0</td>
<td>0</td>
<td>15,219</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>48,240</td>
<td>59,786</td>
<td>109,086</td>
</tr>
<tr>
<td><strong>Current Ratio</strong></td>
<td>0.01</td>
<td>0.11</td>
<td>0.07</td>
</tr>
</tbody>
</table>

Other current liabilities include credit card debt.

- **Solvency:**
  - Total debt/total assets: Above the industry median but less than 65%.
  - EBITDA/Debt Service: Strong.

- **Other:**
  - Financial Statements: Tax returns were used for the analysis of SubZero’s financial condition.

### SubZero Insulation and Refrigeration, Inc.
**Years Ending December 31**

<table>
<thead>
<tr>
<th></th>
<th>Industry Median</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td></td>
<td>$2,125,905</td>
<td>$2,530,080</td>
<td>$2,637,283</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td></td>
<td>$72,825</td>
<td>$245,886</td>
<td>$331,555</td>
</tr>
<tr>
<td><strong>Pre-tax Profit</strong></td>
<td></td>
<td>$1,139</td>
<td>$217,324</td>
<td>$221,137</td>
</tr>
<tr>
<td><strong>Pre-tax Profit/Net Sales</strong></td>
<td>2.00%</td>
<td>0.05%</td>
<td>8.59%</td>
<td>8.39%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td></td>
<td>$1,139</td>
<td>$217,324</td>
<td>$221,137</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td>$537</td>
<td>$6,507</td>
<td>$8,132</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td>$48,240</td>
<td>$59,786</td>
<td>$109,086</td>
</tr>
<tr>
<td><strong>Current Ratio</strong></td>
<td></td>
<td>2.00</td>
<td>0.01</td>
<td>0.11</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>$429,781</td>
<td>$572,149</td>
<td>$740,635</td>
</tr>
<tr>
<td><strong>Long-term Debt</strong></td>
<td></td>
<td>$244,708</td>
<td>$175,471</td>
<td>$203,363</td>
</tr>
<tr>
<td><strong>Total Debt</strong></td>
<td></td>
<td>$266,676</td>
<td>$191,720</td>
<td>$228,872</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td>$266,676</td>
<td>$191,720</td>
<td>$228,872</td>
</tr>
<tr>
<td><strong>Net Worth</strong></td>
<td></td>
<td>$163,105</td>
<td>$380,429</td>
<td>$511,763</td>
</tr>
<tr>
<td><strong>Total Debt/Total Assets</strong></td>
<td>0.06</td>
<td>0.62</td>
<td>0.34</td>
<td>0.31</td>
</tr>
<tr>
<td><strong>EBITDA/Debt Service</strong></td>
<td></td>
<td>1.11</td>
<td>3.47</td>
<td>3.18</td>
</tr>
</tbody>
</table>
4) CREDIT ANALYSIS

I. Debt Service Coverage and Net Cash Flow Analysis

<table>
<thead>
<tr>
<th>Debt Service Coverage Ratio</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>$331,555</td>
</tr>
<tr>
<td>Annual Debt Service</td>
<td></td>
</tr>
<tr>
<td>Existing Debt</td>
<td>104,397</td>
</tr>
<tr>
<td>JDA Loan</td>
<td>53,258</td>
</tr>
<tr>
<td>Bank Loan</td>
<td>78,291</td>
</tr>
<tr>
<td>Total Debt Service</td>
<td>$235,946</td>
</tr>
<tr>
<td>DSCR</td>
<td>1.41</td>
</tr>
</tbody>
</table>

Based on 2012 cash flow, SubZero will be able to service the JDA Loan and the Bank loan with a DSCR of 1.41, which meets JDA’s minimum standard of 1.20.

Below is a breakdown of SubZero’s debt:

<table>
<thead>
<tr>
<th>Debt Breakdown</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line of Credit</td>
<td>$21,968</td>
<td>$16,249</td>
<td>$10,290</td>
<td>(1) From Capital One Bank at a rate of 4.00%</td>
</tr>
<tr>
<td>Seedco Loan A</td>
<td>194,708</td>
<td>112,471</td>
<td>50,442</td>
<td>(2) Tow ards M&amp;E at 8.00% w ith a maturity date of December 31, 2017</td>
</tr>
<tr>
<td>Seedco Loan B</td>
<td>0</td>
<td>0</td>
<td>90,000</td>
<td>(3) Tow ards M&amp;E at 8.00% Loan w as issued on December 28, 2012 w ith a maturity date of December 31, 2017</td>
</tr>
<tr>
<td>Shareholder Loan</td>
<td>50,000</td>
<td>63,000</td>
<td>0</td>
<td>(4) A non-interest bearing loan that w as paid off in 2012</td>
</tr>
<tr>
<td>Truck Loan</td>
<td>0</td>
<td>0</td>
<td>62,921</td>
<td>(5) Loan from Ally Bank</td>
</tr>
<tr>
<td>Credit Card Debt</td>
<td>0</td>
<td>0</td>
<td>15,219</td>
<td></td>
</tr>
<tr>
<td>Total Debt:</td>
<td>$266,676</td>
<td>$191,720</td>
<td>$228,872</td>
<td></td>
</tr>
<tr>
<td>Current Portion</td>
<td>$48,240</td>
<td>$59,786</td>
<td>$93,867</td>
<td></td>
</tr>
<tr>
<td>Interest Expense</td>
<td>17,357</td>
<td>11,117</td>
<td>10,530</td>
<td></td>
</tr>
<tr>
<td>Debt Service</td>
<td>$65,597</td>
<td>$70,903</td>
<td>$104,397</td>
<td></td>
</tr>
</tbody>
</table>

(1) From Capital One Bank at a rate of 4.00%
(2) Tow ards M&E at 8.00% w ith a maturity date of December 31, 2017
(3) Tow ards M&E at 8.00% Loan w as issued on December 28, 2012 w ith a maturity date of December 31, 2017
(4) A non-interest bearing loan that w as paid off in 2012
(5) Loan from Ally Bank
II. Collateral Analysis

<table>
<thead>
<tr>
<th>Loan-to-Value for Real Estate Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loans</strong></td>
</tr>
<tr>
<td>JDA Loan</td>
</tr>
<tr>
<td>Bank</td>
</tr>
<tr>
<td><strong>Total Loans</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Collateral Value</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate</td>
</tr>
<tr>
<td><strong>Total Value</strong></td>
</tr>
</tbody>
</table>

| **Loan to Value:**                 | 90.00% |

The value of the real estate is based on the acquisition price.

5) POTENTIAL LOAN TERMS

<table>
<thead>
<tr>
<th>JDA Real Estate Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funding Source</strong></td>
</tr>
<tr>
<td>Job Development Authority</td>
</tr>
<tr>
<td><strong>Funding Condition</strong></td>
</tr>
<tr>
<td>Project completion</td>
</tr>
<tr>
<td><strong>Principal</strong></td>
</tr>
<tr>
<td>$624,000</td>
</tr>
<tr>
<td><strong>Minimum Debt Service</strong></td>
</tr>
<tr>
<td>Coverage Rate</td>
</tr>
<tr>
<td><strong>Interest Rate</strong></td>
</tr>
<tr>
<td>JDA standard rate at time of closing, which is currently 5.91%</td>
</tr>
<tr>
<td><strong>Term</strong></td>
</tr>
<tr>
<td>20-year term</td>
</tr>
<tr>
<td><strong>Collateral</strong></td>
</tr>
<tr>
<td>A second lien on the real estate subordinate to the Bank Loan</td>
</tr>
<tr>
<td><strong>Guarantees</strong></td>
</tr>
<tr>
<td>Personal guarantee of Gregory Iovine, Jr. and corporate guarantee of SubZero.</td>
</tr>
<tr>
<td><strong>Conditions</strong></td>
</tr>
<tr>
<td>▪ Receipt and acceptance of interim financial statements acceptable to JDA.</td>
</tr>
<tr>
<td>▪ Bank reference check acceptable to JDA.</td>
</tr>
<tr>
<td><strong>Commitment Fee</strong></td>
</tr>
<tr>
<td>1% upon commitment.</td>
</tr>
<tr>
<td><strong>Application Fee</strong></td>
</tr>
<tr>
<td>$250</td>
</tr>
</tbody>
</table>

6) COVENANTS AND CONDITIONS

This Loan is predicated upon the following financial conditions:

▪ SubZero must provide a term sheet from a Bank at the time of closing.
▪ SubZero must provide an appraisal of the subject property evidencing a value of $1,560,000 at the time of closing.
▪ SubZero must maintain a minimum debt service coverage ratio of 1.20 throughout the term of the loan.
SubZero is prohibited from making future loans to shareholders without the consent and approval of JDA.

The Principal will repay the Shareholder Loan pursuant to the terms of the Shareholder Note.

SubZero must meet all other standard JDA requirements as follows:

a. Completion of the Real Estate Project to the satisfaction of JDA, as evidenced by a certificate of occupancy and such other certification (including environmental approvals) required for the Facility to be used for the purposes intended and the purchase.

b. Execution and delivery of the Note, the Mortgage and Loan Agreement (furnished by JDA) and related documents by SubZero, all satisfactory to JDA. Additionally, execution and delivery of the Mortgage by the IDA.

c. Procurement by SubZero of funds which shall be used at or prior to the closing to pay the Real Estate Project Cost, exclusive of the proceeds of the Loan.

d. Receipt by JDA of policies of insurance, including flood insurance if required, in amount, form and substance and issued by companies satisfactory to JDA.

e. Receipt by JDA of an itemized statement of Real Estate Project Cost, substantiated by cancelled checks and paid bills, satisfactory to JDA.

f. Receipt by JDA of financing documents of other lender(s) satisfactory to JDA.

g. Satisfaction of such other conditions as JDA, with advice of counsel, deems necessary or advisable to effectuate the Loan, secure the interest of JDA and insure compliance with the JDA Statute and applicable provisions of the Internal Revenue Code.

h. Execution of documents to permit monthly electronic debit of SubZero's checking account to repay the Loan.

i. Compliance with ADDITIONAL REQUIREMENTS stipulated in all Schedules, Exhibits and Riders, attached hereto and made a part hereof.

j. Compliance with any other terms and conditions deemed to be necessary and appropriate in the opinion of the General Counsel of JDA.

k. SubZero or SubZero’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 SubZero’s financial statements or SubZero’s accounts, if so requested by JDA.

l. Subordination of any loans to SubZero from those certain officers and members of SubZero stipulated herein in a manner satisfactory to JDA.
m. SubZero shall not enter into any agreement by which the terms of payment of any principal or interest under any other bank loan are waived, modified, deferred, delayed, increased or reduced in rate or amount, without the prior written consent of JDA.

n. Collateralization of the Loan with insurance of the life of Gregory Iovine, Jr. in an amount sufficient to pay the outstanding principal balance of the Real Estate Loan at any time.

o. All certifications and permits for the operating purposes of the Facility to be in full force and effect prior to closing the Loan.

p. Subordination of any leases which may affect the Facility to the Mortgage

7) 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.

8) NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority and women-owned businesses (MWBEs) in the performance of ESD contracts. Accordingly, ESD’s Non-discrimination and Contractor & Supplier Diversity policy will apply to the project. For purposes of this project, however, goals will not be established due to the unavailability of certified MWBEs for performance of this Contract.

9) ADDITIONAL SUBMISSIONS TO MEMBERS

JDA Loan Underwriting Classification System Director Materials dated January 31, 2013
Promissory Note dated August 26, 2013
Letter from Michael J. Brody, CPA
TruFund Financial Services Commitment
Authorizing Resolution
Letter of Intent
New York State Map
RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, and each of them hereby is, authorized to make a Special Purpose Fund Real Estate Loan to Statewide Local Development Corporation for the benefit of SubZero Insulation and Refrigeration Technologies, LLC for an amount not to exceed $624,000 or 40% for the total real estate 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 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.

* * *

September 13, 2013
FOR INFORMATION

August 20, 2013

TO: The Members

FROM: Kenneth Adams

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, 2013, 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, 2013.

With respect to the JDA Investment Portfolio, as of fiscal year end March 31, 2013 investments totaled approximately $53 million (as of 3/31/12 was $50 million), the yield was 0.05% (as of 3/31/12 was 0.18%), the average maturity was 19 days (as of 3/31/12 was 58 days). The total investment earnings for the fiscal year were $87 thousand (for the prior fiscal year was $109 thousand). 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, 2013

Table of Contents

1. Investment Guidelines .............................................. 1 – 2

2. Results of the Annual Independent Audit ..................... 3 – 8

3. Investment Summary and Income Records ..................... 9 – 10

4. Statement of Fees, Commissions and Related Service Charges 11

5. Investment Portfolio with market value as of March 31, 2013 12

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 of the State of New York, as of and for the years ended March 31, 2013 and 2012, and the related notes to the 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 of 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, 2013 and 2012, 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 3 through 8 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, 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 7, 2013, 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 7, 2013 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.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 7, 2013
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’s (the “Authority”), a component unit of the State of New York, which comprise the combined statement of net position as of March 31, 2013, 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 the combined financial statements, and have issued our report thereon dated June 7, 2013.

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 entity’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 of 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.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 7, 2013
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, 2013.

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, 2013.
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.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 7, 2013
<table>
<thead>
<tr>
<th>FUND/PROGRAMS</th>
<th>PAR AMOUNT (in $)</th>
<th>AVERAGE WEIGHTED YIELD (%)</th>
<th>AVERAGE WEIGHTED MATURITY (DAYS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>JDA General Purpose Fund (BAC 036J)</td>
<td>29,515,000.00</td>
<td>0.05</td>
<td>18</td>
</tr>
<tr>
<td>CP Series &quot;H&quot; (BAC 371J)</td>
<td>22,000,000.00</td>
<td>0.05</td>
<td>18</td>
</tr>
<tr>
<td>1992 Bond Series A, B (BAC 389J)</td>
<td>1,300,000.00</td>
<td>0.07</td>
<td>39</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52,815,000.00</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FUND TYPE</td>
<td>EARNINGS ($)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>--------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JDA General Purpose Fund (BAC 036J)</td>
<td>67,782</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CP Series &quot;H&quot; (BAC 371J)</td>
<td>16,984</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1992 Bond Series A, B (BAC 389J)</td>
<td>1,789</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>86,555</strong></td>
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<td></td>
</tr>
</tbody>
</table>
NEW YORK JOB DEVELOPMENT AUTHORITY

Statement of Fees, Commissions and Related Service Charges for
The Period of April 1, 2012 through March 31, 2013

For FY 2012/2013, fees totaling $94,593.88 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 3/31/13

<table>
<thead>
<tr>
<th>BAC</th>
<th>Instrument Type</th>
<th>Sodate Date</th>
<th>Maturity Date</th>
<th>Exit YTM</th>
<th>Market Price a/q 3/31/13</th>
<th>Market Value</th>
<th>Par Amount</th>
<th>Cost (Incl Purch Int.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>034J</td>
<td>US Treasury Bill</td>
<td>3/27/2013</td>
<td>4/18/2013</td>
<td>0.05</td>
<td>99.998</td>
<td>29,514,409.70</td>
<td>29,513,000.00</td>
<td>29,514,289.13</td>
</tr>
<tr>
<td>371J</td>
<td>US Treasury Bill</td>
<td>3/27/2013</td>
<td>4/16/2013</td>
<td>0.05</td>
<td>99.998</td>
<td>21,999,560.00</td>
<td>22,000,000.00</td>
<td>21,999,321.50</td>
</tr>
<tr>
<td>380J</td>
<td>US Treasury Bill</td>
<td>2/7/2013</td>
<td>5/9/2013</td>
<td>0.07</td>
<td>99.995</td>
<td>1,299,915.00</td>
<td>1,300,000.00</td>
<td>1,299,769.04</td>
</tr>
</tbody>
</table>

**TOTALS**  
52,813,984.70  
53,815,000.00  
52,813,179.83
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 dealers. (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 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:

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

CRITERIA AND STANDARDS

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

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Investment of Type Firm</th>
<th>Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Financial</td>
<td>All</td>
<td>Stable or Increasing*</td>
</tr>
<tr>
<td>- Financial Trends</td>
<td>Repos (Securities Dealers)</td>
<td>Not less than $75 million</td>
</tr>
<tr>
<td>- Liquid Capital</td>
<td>Non CD’s (Securities Dealers)</td>
<td>Not less than $1 billion</td>
</tr>
<tr>
<td>- Total Assets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# APPENDIX E

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Investment of Type Firm</th>
<th>Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CD’s (Banks)</td>
<td>Not less than $100 million except minority banks**</td>
</tr>
<tr>
<td>Shareholders’ Equity</td>
<td>Non CD’s (Securities Dealers)</td>
<td>Not less than $100 million</td>
</tr>
<tr>
<td></td>
<td>Non CD’s (Banks)</td>
<td>Not less than $100 million</td>
</tr>
<tr>
<td></td>
<td>CD’s (Banks)</td>
<td>Not less than $10 million except minority banks**</td>
</tr>
<tr>
<td>Non-Financial</td>
<td>All</td>
<td>NYS Office</td>
</tr>
<tr>
<td>Location</td>
<td>All</td>
<td>At least 20 years in financial services business</td>
</tr>
<tr>
<td>Age of Firm/Experience</td>
<td>All</td>
<td>On FRBNY’s list of Government Primary Securities Dealers</td>
</tr>
<tr>
<td>Primary Dealer</td>
<td>Repos</td>
<td>Willing to Sign Treasury’s Master Repurchase Agreement</td>
</tr>
<tr>
<td>Contract</td>
<td>Repos</td>
<td>Must not be convicted of securities fraud, insider trading, or undergoing major security investigation for above</td>
</tr>
<tr>
<td>Securities Fraud/Insider</td>
<td>All</td>
<td>Must not be convicted of tax fraud or be tax delinquent</td>
</tr>
<tr>
<td>Trading</td>
<td></td>
<td>Provides good service</td>
</tr>
<tr>
<td>Tax Fraud/Delinquency</td>
<td>All</td>
<td>- Returns phone calls promptly</td>
</tr>
<tr>
<td>Service</td>
<td>All</td>
<td>- Gives competitive quotes</td>
</tr>
</tbody>
</table>

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

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
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 II

PSA MASTER REPURCHASE AGREEMENT
## APPENDIX I

### BANKERS ACCEPTANCES

| Eligible for Purchase in the Open Market by Federal Reserve Banks and accepted by: | Sec. 235 of the Banking Law  
Workers Compensation & ERDA (1) | Sec. 98 of the State Finance Law  
HFA, MCFFA, AHC, HFTC  
IDA
| - a bank  
- trust company  
- private banker  
- investment company  
- banking corporation | - a bank  
- trust company
| Maturity limit of investment | No statutory limit | 90 days
| Dollar limit | No statutory limit | No more than $250 million may be invested in bankers' acceptances of any one bank or trust company
| Purchase date limitation | No statutory limit | No statutory limit
| Other limitations | 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. | Short-term obligation of bank or trust company must receive the highest rating of two independent rating services for preceding six months.

(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

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

(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.