

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

STATEWIDE LOCAL DEVELOPMENT CORPORATION

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

Meeting of the Directors

Thursday

September 12, 2013 – 1:00 p.m.

AGENDA

I. CORPORATE ACTIONS

- A. Approval of the Minutes of the November 16, 2012 and January 31, 2013 Directors' Meetings
- B. Statewide Local Development Corporation (the "Corporation") – Removal and Appointment of Officers

II. FOR CONSIDERATION

- A. Deer Park (Long Island Region – Suffolk County) – JDA Real Estate Acquisition Loan for the Benefit of SubZero Insulation and Refrigeration Technologies, LLC. – Authorization to Act and Perform as LDC on JDA Real Estate Loan and Take Related Actions; Determination of No Significant Effect on the Environment

DRAFT – SUBJECT TO REVIEW AND REVISION

STATEWIDE LOCAL DEVELOPMENT CORPORATION

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

November 16, 2012

MINUTES

**In Attendance
Directors:**

Frances Walton, Chief Financial and Administrative
Officer (Acting Chair)
Susan Shaffer, Vice President - Loans and Grants

Present for Statewide:

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

Present for ESD:

Maria Cassidy, Deputy General Counsel
Joseph Chan, Executive Vice President – Business
Development

The meeting of the Statewide Local Development Corporation, a local development corporation created under the New York State law, was called to order at 1:16 p.m. by Acting Chair Walton. It was noted for the record that notices to the public and news media of the time

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and place of the meeting had been given in compliance with the New York State Open Meetings Law.

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

Acting Chair Walton then asked Mr. Salaberrios to present an item relating to a JDA real estate loan for the benefit of Happy Rock Partners, LP for the Directors' consideration.

Mr. Salaberrios explained that the real estate loan to be considered is in the amount of \$483,000.

Mr. Salaberrios further explained that the loan will be used to assist with the costs of redeveloping a building which is currently owned by Happy Rock Partners. The building, he noted, consists of 85,000 square feet of manufacturing space and is located in Woodside, New York.

Mr. Salaberrios added that the space will be retrofitted and renovated and then leased to pre-signed manufacturing and industrial companies at a total project cost of \$854,500.

Among other things, Mr. Salaberrios stated that the JDA Loan will not be funded until all intended improvements are completed and the applicant has executed and signed leases

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acceptable to JDA indicating a minimum rate of \$11 per square foot.

Director Shaffer asked what is in the space at this time and Mr. Nihalani stated that 13,000 square feet are occupied and that the remainder is vacant.

The Acting Chair asked what percentage of the overall space is occupied and Mr. Nihalani stated that approximately 10% is occupied.

Acting Chair Walton then asked if the space will be fully occupied and Mr. Nihalani stated that it will be as there are currently ten perspective tenants and only three tenants are needed to fill the space.

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

Woodside (New York City Region – Queens County) – Happy Rock Partners, L.P. – New York Job Development Authority Special Purpose Fund Direct Loan Project – Real Estate Loan -- Authorization to Make Loan and to Take Related Action

RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, and each of them hereby is, authorized to make a Special Purpose Fund Real Estate Loan to Statewide Local Development Corporation for the benefit of the Happy Rock Partners, L.P. for an amount not to exceed \$483,000 or 57% 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

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

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

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

* * *

There being no further business, the meeting was adjourned at 1:21 p.m.

Respectfully submitted,

Eileen McEvoy
Corporate Secretary

STATEWIDE LOCAL DEVELOPMENT CORPORATION

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

January 31, 2013

MINUTES

**In Attendance
Directors:**

Justin Ginsburgh (Acting Chair)
Susan Shaffer, Vice President - Loans and Grants
Frances Walton, Chief Financial and Administrative Officer

Present for Statewide:

Eileen McEvoy, Secretary
Kathleen Mize, Assistant Treasurer
Antovk Pidedjian, Assistant Secretary
Ray Salaberrios, Senior Vice President

Present for ESD:

Maria Cassidy, Deputy General Counsel
Amit Nihalani, Senior Financial Analyst
Paula Roy, Vice President – Portfolio Management and
Project Finance

The meeting of the Statewide Local Development Corporation, a local development corporation created under the New York State law, was called to order at 12:15 p.m. by Acting Chair Ginsburgh. It was noted for the record that notices to the public and news media of the time and place of the meeting had been given in compliance with the New York State Open

Meetings Law.

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

The Acting Chair then called for a motion to approve the Minutes of the September 18, 2012 and September 28, 2012 Director's meetings.

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE SEPTEMBER 18, 2012 AND SEPTEMBER 28, 2012 MEETINGS OF THE DIRECTORS OF THE STATEWIDE LOCAL DEVELOPMENT CORPORATION

RESOLVED, that the Minutes of the meetings of the Corporation held on September 18, 2012 and September 28, 2012, as presented to this meeting, are hereby approved and all actions taken by the Directors presented at such meetings as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Corporation.

* * *

Acting Chair Ginsburgh then asked Mr. Salaberrios to present an item relating to a JDA machinery and equipment loan for the benefit of Giumenta Corp. d/b/a Architectural Grille for the Directors' consideration.

Mr. Salaberrios explained that the machinery and equipment loan to be considered is in the amount of \$1,491,000.

Mr. Salaberrios noted that the proposed rate will be JDA's machinery and equipment

rate of 3.32 percent. The term of the loan, he added, will be for seven years.

Mr. Salaberrios explained that in addition to JDA's loan, Bank of America is proposing a loan of \$745,000 and the Borrower will contribute \$248,500 in equity to complete the total project cost.

Among other things, Mr. Salaberrios provided the background information regarding the Company's origins to its present day activities noting, in part, that in October of 2012, the Company was impacted by Hurricane Sandy and has been working feverishly to restore its operations.

Mr. Nihalani then provided the Directors with a breakdown of the financial strengths and weaknesses relating to this company.

Among other things, Mr. Nihalani noted that prior to Hurricane Sandy, the Company was very financially sound. The post Sandy concerns, Mr. Nihalani stated involve whether or not the Company can be as profitable as it was prior to Sandy and whether or not it can retain its customer base.

Mr. Nihalani continued and explained that the Company addressed those concerns to JDA's satisfactions.

Following the full presentation, the Acting Chair called for questions or comments.

Director Walton stated that it appears to be a very strong project. Director Shaffer asked if the Company came to JDA through ESD outreach and Mr. Salaberrios said that that was the case.

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

Brooklyn (New York City Region – Kings County) – Giumenta Corp., D/B/A Architectural Grille – Authorization to Act and Perform as a Local Development Corporation for a New York Job Development Authority Machinery and Equipment Loan for the Benefit of Giumenta Corp., D/B/A Architectural Grille and to Take Related Actions;

RESOLVED, that the Chairman of the Corporation, or his designee(s), hereby authorizes a machinery and equipment loan from the New York Job Development Authority for the benefit of Giumenta Corp., D/B/A Architectural Grille, representing 57% of eligible project costs, not to exceed \$1,491,000, at a fixed tax-exempt rate, for the purposes and substantially on the terms and conditions set forth in the materials presented at this meeting and subsequently to the JDA Board, with such changes as the Chairman of the JDA or his designee(s) may deem appropriate; and be it further

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

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

* * *

There being no further business, the meeting was adjourned at 12:21 p.m.

Respectfully submitted,

Eileen McEvoy
Corporate Secretary

FOR CONSIDERATION

September 12, 2013

TO: The Directors

FROM: Kenneth Adams

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

REQUEST FOR: Removal and Appointment of Officers

I. Background

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

II. Proposed Action

In accordance with Section 15 of the By-Laws, it is proposed that Justin Ginsburgh be removed from the office of President and Leecia Eve be removed from the office of General Counsel.

Additionally, it is proposed that Mehul Patel be appointed to the office of President and Lawrence Jacobs be appointed to the office of General Counsel.

III. Requested Action

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

IV. Attachment

Resolution

September 12, 2013

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

RESOLVED, that Justin Ginsburgh is hereby removed from the office of President of the Corporation; and

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

RESOLVED, that Leecia Eve is hereby removed from the office of General Counsel of the Corporation; and

RESOLVED the Lawrence Jacobs is hereby appointed to hold the office of General Counsel in the manner as provided in the By-Laws.

* * *

FOR CONSIDERATION

September 12, 2013

TO: The Directors

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 Act and Perform as LDC on JDA Real Estate Loan and Take Related Actions; Determination of No Significant Effect on the Environment

JDA Loan Terms (Real Estate)	
Borrower:	SubZero Insulation and Refrigeration Technologies, LLC
Economic Region:	Long Island Region
Loan Amount Requested:	\$624,000
Rate:	5.91%
Term:	20 years
Classification:	1A-
Distressed Area:	No
Initial Payment:	\$4,438.19

JDA Budget (Real Estate)				
SOURCES	JDA*	Bank**	Equity	Total
USES OF FUNDS				
Acquisition of Real Property	\$610,000	\$762,500	\$152,500	\$1,525,000
Soft Costs	\$14,000	\$17,500	\$3,500	\$35,000
	\$624,000	\$780,000	\$156,000	\$1,560,000
* 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		
Most Recent Year-End Debt Service Coverage Ratio:	3.18	:1
Projected Year-End Debt Service Coverage Ratio:*	1.41	:1
*The coverage ratio after including the JDA and Bank loans		

Security:

JDA 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. 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.

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 made a \$637,000 loan to its shareholder which has not been paid back. The shareholder loan is a serious risk as it reduces Subzero's cash and liquidity. The shareholder has indicated that he will repay a minimum of \$180,000 of the outstanding balance in 2013. Furthermore, it is the shareholder's intent to repay the remaining balance of approximately \$457,000 over the next five-year period (from 2014 to 2018). The source for the

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repayment of the remaining balance will be future distributions of earned income from the Company. Any remaining balance at the end of the five-year period will be re-categorized as a shareholder distribution.

- 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 Gregory Iovine.
- 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.

2) DESCRIPTION OF SUBZERO AND THE PRINCIPALS

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

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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.

Profitability			
	2010	2011	2012
Net Sales	2,125,905	2,530,080	2,637,283
COGS *	993,010	1,039,209	1,065,691
Gross Profit	1,132,895	1,490,871	1,571,592
Gross Profit Margin	53%	59%	60%
Total Expenses **	1,123,629	1,239,802	1,347,906
Net Income	1,139	217,324	221,137
Net Profit Margin	0.05%	8.59%	8.39%
* COGS = Cost of Goods Sold			
** Excludes COGS			

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.

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- 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			
Current Assets			
	2010	2011	2012
Cash	537	6,507	8,132
Other Current Assets	0	0	0
	537	6,507	8,132
Current Liabilities			
	2010	2011	2012
Current Portion	48,240	59,786	93,867
Other Current Liabilities	0	0	15,219
	48,240	59,786	109,086
Current Ratio	0.01	0.11	0.07

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.

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SubZero Insuation and Refrigeration, Inc.				
Years Ending December 31				
	Industry Median	2010	2011	2012
Net Sales		\$2,125,905	\$2,530,080	\$2,637,283
EBITDA		\$72,825	\$245,886	\$331,555
Pre-tax Profit		\$1,139	\$217,324	\$221,137
Pre-tax Profit/Net Sales	2.00%	0.05%	8.59%	8.39%
Net Income		\$1,139	\$217,324	\$221,137
Current Assets		\$537	\$6,507	\$8,132
Current Liabilities		\$48,240	\$59,786	\$109,086
Current Ratio	2.00	0.01	0.11	0.07
Total Assets		\$429,781	\$572,149	\$740,635
Long-term Debt		\$244,708	\$175,471	\$203,363
Total Debt		\$266,676	\$191,720	\$228,872
Total Liabilities		\$266,676	\$191,720	\$228,872
Net Worth		\$163,105	\$380,429	\$511,763
Total Debt/Total Assets	0.06	0.62	0.34	0.31
EBITDA/Debt Service		1.11	3.47	3.18

4) CREDIT ANALYSIS

I. Debt Service Coverage and Net Cash Flow Analysis

Debt Service Coverage Ratio	
2012	
EBITDA	\$331,555
Annual Debt Service	
Existing Debt	104,397
JDA Loan	53,258
Bank Loan	78,291
Total Debt Service	\$235,946
DSCR	1.41

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:

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Debt Breakdown				
	2010	2011	2012	Notes
Line of Credit	\$21,968	\$16,249	\$10,290	(1)
Seedco Loan A	194,708	112,471	50,442	(2)
Seedco Loan B	0	0	90,000	(3)
Shareholder Loan	50,000	63,000	0	(4)
Truck Loan	0	0	62,921	(5)
Credit Card Debt	0	0	15,219	
Total Debt:	\$266,676	\$191,720	\$228,872	
Current Portion	\$48,240	\$59,786	\$93,867	
Interest Expense	17,357	11,117	10,530	
Debt Service	\$65,597	\$70,903	\$104,397	

- (1) From Capital One Bank at a rate of 4.00%
- (2) Towards M&E at 8.00% with a maturity date of December 31, 2017
- (3) Towards M&E at 8.00% Loan was issued on December 28, 2012 with a maturity date of December 31, 2017
- (4) A non-interest bearing loan that was paid off in 2012
- (5) Loan from Ally Bank

II. Collateral Analysis

Loan-to-Value for Real Estate Loans	
Loans	
JDA Loan	\$624,000
Bank	780,000
Total Loans	\$1,404,000
Collateral Value	
Real Estate	\$1,560,000
Total Value	\$1,560,000
Loan to Value:	90.00%

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

5) **POTENTIAL LOAN TERMS**

JDA Real Estate Loan	
Funding Source	Job Development Authority
Funding Condition	Project completion
Principal	\$624,000
Minimum Debt Service	1.20:1

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Coverage Rate	
Interest Rate	JDA standard rate at time of closing, which is currently 5.91%
Term	20-year term
Collateral	A second lien on the real estate subordinate to the Bank Loan
Guarantees	Personal guarantee of Gregory Iovine, Jr. and corporate guarantee of Subzero.
Conditions	<ul style="list-style-type: none">▪ Receipt and acceptance of interim financial statements acceptable to JDA.▪ Bank reference check acceptable to JDA.
Commitment Fee	1% upon commitment.
Application Fee	\$250

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 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.
- 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.
 - 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.

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- 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.
- n. Subordination of any loans to Subzero from those certain officers and members of Subzero stipulated herein in a manner satisfactory to JDA.
- o. 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.
- p. 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.
- q. All certifications and permits for the operating purposes of the Facility to be in full force and effect prior to closing the Loan.
- r. 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

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women-owned businesses (MWBs) 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 MWBs for performance of this Contract.

9) ADDITIONAL SUBMISSIONS TO MEMBERS

New York State Map
JDA Loan Underwriting Classification System

September 12, 2013

Deer Park (Long Island Region – Suffolk County) – SubZero Insulation and Refrigeration Technologies, LLC – Authorization to Act and Perform as LDC on JDA Real Estate Loan for the benefit of SubZero Insulation and Refrigeration Technologies, LLC and to Take Related Action

RESOLVED, that the Chairman of the Corporation, or his designee(s) be, and each of them hereby, authorizes a real estate loan from the New York Job Development Authority for the benefit of SubZero Insulation and Refrigeration Technologies, LLC, representing 40% of eligible project costs, not to exceed \$624,000, to be funded from the proceeds of New York State Guaranteed Special Purpose Fund bonds or notes, for the purposes and substantially on the terms and conditions set forth in the materials presented at this meeting and subsequently to the JDA Board, with such changes as the Chief Executive Officer of the JDA or his designee(s) may deem appropriate; and be it further

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

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