

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

NEW YORK JOB DEVELOPMENT AUTHORITY

Meeting of the Members

Monday

December 9, 2013 – 3:00 p.m.

AGENDA

CORPORATE ACTIONS

1. Approval of Minutes of the September 13, 2013 Directors' Meetings
2. New York Liberty Development Corporation ("Liberty") Certificate of Incorporation ("Certificate") – Authorization to Amend the Liberty Certificate

FOR CONSIDERATION

3. Yonkers (Mid-Hudson Region – Westchester County) – JDA Real Estate Loan for the benefit of Fast Linen Service, Inc. - Authorization to Make a Real Estate Loan and to Take Related Action

DRAFT – SUBJECT TO REVIEW AND REVISION

NEW YORK JOB DEVELOPMENT AUTHORITY
d/b/a Empire State Development Corporation
Meeting of the Members
Empire State Development Corporation
633 Third Avenue
New York, New York 10017

and

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

September 13, 2013

MINUTES

Members Present:

Kenneth Adams, Commissioner of DED – Chairman
Adam Barsky
Emily Youssouf
Anthony Albanese – Designee – New York State
Department of Financial Services
James Bay - Designee – NYS Superintendent of
Agriculture and Markets
Karen Coleman - Designee – NYS Department of Labor

JDA Staff:

Lawrence A. Jacobs, General Counsel
Eileen McEvoy, Corporate Secretary
Kathleen Mize, Controller
Mehul Patel, Executive Vice President and Chief Operating
Officer
Frances A. Walton, Senior Vice President and Chief
Financial Officer

Present for ESD:

Antovk Pidedjian, Senior Counsel
Ray Salaberrios, Senior Director – Economic Revitalization

DRAFT – SUBJECT TO REVIEW AND REVISION

Mr. Beyer then asked the Members to approve the appointment of two Directors to the Empire State Local Development Corporation (“ESLDC”) Board.

First, Mr. Beyer explained that ESLDC is a JDA formed Local Development Corporation that is authorized by the Not-For-Profit Corporation Law.

Mr. Beyer further explained that ESLDC was initially formed so that ESD could administer and approve loans or grants funded by the Port Authority through their New York program.

Mr. Beyer added that ESLDC continues to fund those programs along with ESD. This LDC, Mr. Beyer further noted, is also used as a holding corporation to effectuate the Empire State New Markets Program.

Mr. Beyer then explained that today, staff is proposing that Lawrence A. Jacobs and Kenneth Adams be appointed as Directors of the Empire State Local Development Corporation.

Member Youssouf asked if the reference to New Markets meant New Markets Tax Credits and Mr. Beyer said that that was correct. In answer to a further question, it was noted that the funding source was an older Port Authority based funding stream from toll bank revenues that the Executive Branch has a say in allocating in certain cases.

DRAFT – SUBJECT TO REVIEW AND REVISION

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

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

New York (New York County) – Appointment of Empire State Local Development Corporation Directors

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.

* * *

Next, Mr. Salaberrios presented a JDA real estate acquisition loan for the benefit of SubZero Insulation and Refrigeration Technologies, LLC for the Members’ consideration.

Mr. Salaberrios provided a detailed background account of the information with regard to this loan.

Specifically, Mr. Salaberrios asked the Members to authorize the Authority to make a real estate loan to SubZero in the amount of \$624,000.

Among other things, Mr. Salaberrios explained that security on the transaction will be a second lien on the real estate with True Fund Financial which will take a first lien on the

DRAFT – SUBJECT TO REVIEW AND REVISION

property.

Mr. Salaberrios explained that the company opened in 2005 and is a manufacturer of fuel-efficient refrigerated delivery vans.

Mr. Salaberrios further explained that the project involves the purchase of a 20,000 square foot commercial facility with two loading docks, an overhead door and approximately 3,000 square feet of office space at the front of the building.

Following the full presentation, Member Youssef commended staff for their diligence in providing Members with an enormous amount of information regarding this project.

Chair Adams spoke favorably with regard to the project noting, in part, that it is providing the types of jobs JDA needs to be incentivizing and supporting across the State.

Member Barsky noted his appreciation to staff for providing many answers to the Members questions and concerns about the project. He specified that his only reluctance involved the fact that he had requested that the loan that the Company made to the CEO be repaid prior to JDA making the present loan and that that was not done.

The Chair then called for a motion to approve and all the Members present voted in favor of the project with Member Barsky abstaining.

DRAFT – SUBJECT TO REVIEW AND REVISION

The Chair then noted that the one information item on the Agenda involved JDA’s Investment Report. He stated that there would not be a presentation on that item but that staff was available to answer questions should the Members have any.

As the Chair was adjourning the meeting, Mr. Jacobs noted that a review of the by-laws indicated that six members must approve a loan and with Member Barsky’s abstention, only five Members had approved it.

Member Barsky and Mr. Salaberrios had a further discussion on the loan repayment issue and upon conclusion of that discussion Member Barsky stated that he has more clarity with regard to the borrower’s financial position and the requirements of the loan. He added that while his preference was to see the CEO loan repaid prior to JDA making the present loan, after speaking with Mr. Salaberrios, he is willing to move forward and approve the loan.

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

Deer Park (Long Island Region – Suffolk County) – SubZero Insulation and Refrigeration Technologies, LLC – 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 SubZero Insulation and Refrigeration Technologies,

DRAFT – SUBJECT TO REVIEW AND REVISION

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.

* * *

There being no further business, the meeting was adjourned at 10:31 a.m.

Respectfully submitted,

Eileen McEvoy
Secretary



FOR CONSIDERATION

December 9, 2013

TO: Authority Members

FROM: Kenneth Adams

SUBJECT: New York Liberty Development Corporation (“Liberty”) Certificate of Incorporation (“Certificate”)

REQUEST FOR: Authorization to Amend the Liberty Certificate

I. **INTRODUCTION**

In March, 2002, Congress enacted the Job Creation and Worker Assistance Act of 2002 (the “Act”) as part of its assistance to New York City following the terrorist attacks of September 11, 2001, and the resulting tragic loss of life and property, including the massive destruction of business and business facilities in Lower Manhattan.

Subsection 1400L(d) of the Act authorized the issuance of tax-exempt bonds to be known as qualified New York Liberty Bonds. The Act provided that the Governor may designate a maximum aggregate face amount of \$4,000,000,000 of qualified New York Liberty Bonds.

Given the uniqueness of the of the qualified New York Liberty Bonds; the short time within which all of these bonds were required to be issued and the need for the bonds to be issued efficiently and without delay in order to assure that the beneficiaries of such financing could quickly begin to rebuild the business community in New York City, the Governor requested the New York Job Development Authority (the “Authority”) to create a new Local Development Corporation to be named the New York Liberty Development Corporation. On July 1, 2002 the Authority caused the creation of Liberty to issue qualified New York Liberty Bonds as designated in accordance with the Act and such other non-federally tax-exempt obligations as may be appropriate

II. **AMENDMENT**

Local Development Corporations are an effective tool for the State to issue conduit bonds to finance economic development. Over the past 10 years Liberty has issued, refunded or rolled over at least 15 billion dollars of tax-exempt bonds which are secured and repaid by

private borrowers. Liberty, ESD and the State have no financial obligation to repay the bonds even in the event of a default. As a conduit issuer Liberty does not have the obligation to repay the bonds; a private developer or entity is responsible for repaying conduit bond interest and principal.

The cap imposed on the amount of Liberty Bonds that can be issued has been reached. However, Liberty could continue to issue non Liberty tax-exempt bonds that are permitted by other provisions of Federal tax law. Additional development projects can therefore be funded using Liberty to issue tax-exempt bonds that are not Liberty Bonds without creating a new issuing entity for each new project. However, the current Certificate of Incorporation only permits Liberty to issue tax-exempt Liberty Bonds.

The Authority, as the Class B Member of Liberty, is being asked to authorize an amendment to the Certificate which would permit Liberty to act as a conduit to issue other tax-exempt obligations. The Governor as the Class A Member will also be requested to authorize this amendment. In order to be effective, both the Class A and Class B Members must agree to the proposed Amendment. Similar to Liberty Bonds, the Governor's specific consent or designation will remain a prerequisite to any specific bond issuance.

Section 804 of the Not-for-profit Corporation Law requires that an increase in the powers for this type of not-for-profit corporation requires the approval of a Justice of the Supreme Court and a notice to the Attorney General. These requirements will be complied with after obtaining both the Class A and Class B Members' authorizations.

The Authority has the power to create additional local development corporations without complying with the formal amendment process noted above and has done so in the past by forming Brooklyn Arena Local Development Corporation. However, the amendment will permit the consolidation of all future JDA formed local development corporation bond activities into one not-for-profit corporation and is consistent with current Governor Initiatives to minimize the number of State entities. Ongoing reporting, record keeping, appointments of officers and directors and compliance within other Public Authorities Law requirements will be simplified and consolidated without any diminution in disclosure or transparency. No additional financial exposure for the Authority, Liberty or the State will be created or authorized by this amendment.

III. REQUESTED ACTION

The Members are requested to adopt a resolution authorizing: (1) an amendment to the Certificate to permit Liberty to issue tax-exempt obligations in addition to Liberty Bonds; and (2) to do all things necessary to accomplish the amendment.

**NEW YORK JOB DEVELOPMENT AUTHORITY
RESOLUTION AMENDING THE CERTIFICATE OF
INCORPORATION FOR NEW YORK LIBERTY
DEVELOPMENT CORPORATION**

WHEREAS, in March, 2002, Congress enacted the Job Creation and Worker Assistance Act of 2002 (the "Act") as part of its assistance to New York City following the terrorists attacks of September 11, 2001, and the resulting tragic loss of life and property, including the massive destruction of business and business facilities in Lower Manhattan.

WHEREAS, the Governor requested and the New York Job Development Authority (the "Authority") did cause to be created a new Local Development Corporation to be named the New York Liberty Development Corporation ("Liberty") to issue qualified New York Liberty bonds as designated in accordance with the Act and such other non-federally tax-exempt obligations as may be appropriate.

WHEREAS, the Members of Liberty, consisting of the Governor as the Class A member and the Authority as the Class B Member, together have the authority to amend the Liberty Certificate of Incorporation ("Certificate") including an amendment permitting Liberty to issue other tax exempt obligations in addition to Liberty Bonds.

NOW THEREFORE; the Members of the Authority hereby adopt the following resolutions:

RESOLVED, that in accordance with the attached materials, hereby incorporated in full, and pursuant to Article 8 of the New York Not-for-Profit Corporation Law and Section 14 of the Certificate, the Authority authorizes the filing of an amended Certificate with the New York Department of State to permit Liberty to issue tax-exempt debt obligations in addition to Liberty Bonds; and be it further

RESOLVED, that the Chairman of the Authority, and as appropriate, the other officers of the Authority be, and each acting singly hereby is, authorized, empowered and directed for and on behalf of and in the name of the Authority to execute and deliver such further instruments, documents, certificates and filings, with such changes in the terms and provisions thereof as the officer executing the same shall deem necessary and appropriate, and to do and perform such acts and deeds as they or any of them deem necessary or appropriate in order to effectuate the purposes and intent of the foregoing resolutions.

FOR CONSIDERATION

December 9, 2013

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Yonkers (Mid-Hudson Region – Westchester County) – JDA Real Estate Loan for the benefit of Fast Linen Service, Inc.

RE: Authorization to Act and Perform as LDC on JDA Real Estate Loan and Take Related Actions

JDA Loan Terms	
Borrower:	Fast Linen Service, Inc.
Economic Region:	Mid-Hudson
Loan Amount Requested:	\$1,695,000
Rate:	5.16% taxable rate
Term:	10 years, with 20-year amortization schedule
Classification:	IA-
Distressed Area:	Yes
Initial Payment:	\$11,336.58

JDA Budget				
	Hudson Valley			
	JDA*	Bank**	Equity	Total
SOURCES				
USES OF FUNDS				
Acquisition of Real Property	\$1,695,000	\$847,500	\$282,500	\$2,825,000
Improvements to Building	0	0	\$90,950	\$90,950
	\$1,695,000	\$847,500	\$373,450	\$2,915,950
* 10-year term with a 20-year amortization schedule at 5.16% with a second lien on real estate				
** 10-year term with a 20-year amortization schedule at 5.25% with a first lien on real estate				

Debt Service Coverage Ratio		
Most Recent Year End Debt Service Coverage Ratio:	4.50	:1
Projected Year End Debt Service Coverage Ratio:*	1.33	:1
Projected Year End Debt Service Coverage Ratio: **	1.24	:1
*The coverage ratio after including JDA and Hudson Valley Bank loans		
** The coverage ratio with the JDA loan, Hudson Valley Bank loan, and a machinery and equipment loan.		

Security:

A second lien on the real estate with Hudson Valley Bank taking the first lien. The value of the collateral is \$2,950,000 (\$92 per square foot) based on an appraisal conducted by R.P. Hubbell and Company, Inc. on May 29, 2013.

Guarantors:

An unlimited personal guarantee of Frank and Lauri Duffy (the "Guarantors"), who have a personal net worth that exceeds the value of the JDA loan.

Job Information: Existing: 25 full-time **New Jobs Projected:** 8 full-time

Project Summary:

Borrower: Fast Linen Service, Inc.
3739 White Plains Road
Bronx, New York 10467

Contact: Lauri Ann Duffy, President
Phone: 917- 513-0365
Fax: 914-738-1439

This is a proposed \$1,695,000 New York Job Development Authority ("JDA") loan (the "JDA Loan") towards the purchase and renovation of a 32,173 square foot ("SF") building in Yonkers (the "Project"). The total project cost is \$2,915,950 (the "Project Cost"). Remaining Project Cost will be covered by an \$847,500 loan from Hudson Valley Bank (the "Hudson Valley Loan") and a \$373,450 equity contribution (the "Equity") by Fast Linen Service, Inc. ("Fast Linen" or the "Company").

Project Location: 945 Nepperhan Avenue
Yonkers, New York 10701

Project Completion: First Quarter 2014

1) PROJECT OVERVIEW AND RECOMMENDATION

Background

Fast Linen was established in the Bronx in 2002. The Company services private clubs, hotels, caterers, country clubs, college dormitories, day spas and restaurants. Fast Linen is a Woman-Owned Company and a family-run and operated business that has built a reputation for quality, excellent service and competitive pricing.

Owner Lauri Duffy established and cultivated Fast Linen from a small, local business into a well-respected company serving the Tri-state area. Mrs. Duffy is involved in every aspect of the business, from quality of linens to client relations and daily operations.

All textiles are serviced in the Company's headquarters, with the use of the latest technology and with delivery available seven days a week. Furthermore, the Company purchases top-grade linen and uses the highest quality material. The Company provides a full range of front and back of house products, bed and bath linen and logo mats.

The Company is at a point where it has outgrown its current facility which is 6,300 SF. Due to constraints of the size of the facility, the Company is forced to turn away business. As a result, it has searched for and identified a larger 32,173 SF facility at 945 Nepperhan Avenue in Yonkers (the "Project Location"). A facility of this size could not be identified in the Bronx. The Company's move out of the Bronx has a minimum impact on the local economy.

Project Description

The project involves the purchase of a 32,173 SF facility in Yonkers and renovations that consist of plumbing line installation, electrical work and trench work.

With the new facility at the Project Location, the Company believes that it will have the capability of tripling sales.

Currently, the Company has a contract for \$700,000 in sales pending this move that will add 10 to 12 jobs immediately. Unfortunately at this time, due to the limited size of its building in the Bronx, the Company is at a standstill with new business. A move to the Project Location would allow the Company to expand its business.

In addition, the Company will purchase equipment for the facility which will be financed by an MWBE loan.

The Company will lease its interests in the Project Location to the Yonkers Industrial Development Agency (the "IDA"). The IDA will then lease the Project Location back to the Company and designate the Company as agent of the IDA to undertake the improvements. The IDA will then provide the Company a sales tax exemption on purchases made in connection with the improvements and enter into a PILOT agreement providing property tax certainty for a period of 7 years.

Strengths

- Fast Linen is financially strong with a history of being profitable with sales, EBITDA and pre-tax profit all increasing over the 3-year historical period. Furthermore, the Company is liquid with a current ratio of 3.32 and a strong existing debt service coverage ratio.
- The Company has the ability to repay the JDA Loan and the Hudson Valley Loan with a projected Debt Service Coverage Ratio ("DSCR") of 1.33. With the inclusion of the MWB loan, the DSCR is 1.24.
- The Company meets JDA's loan-to-value requirement of 90% with a loan-to-value of 86.19%.
- The business is a certified Minority and Women owned Business.
- Currently, the Company is operating at capacity and is turning away business and unable to meet demand. With the move to the Project Location, the Company expects sales to triple. Recently, the Company signed \$381,000 worth of contracts and has an agreement to do business with Dee's Linen. However, the limited capacity of the current facility will not enable Fast Linen to meet Dee's full demands.

Weaknesses

- At this time, the Company does not have the Equity required to fund the acquisition of the Project Location and the M&E. To come up with the Equity for the Project, the Company plans to use the proceeds from the sale of its current facility (3739 White Plains Road) as well as the proceeds from another property (3280 Layton Avenue, Bronx, NY 10465) that the Guarantors own. The second property has already been sold for \$521,449 and the current facility will be sold once the financing is approved for the new facility. The current facility has received an offer of \$635,000. As of December 31, 2012, the mortgage balance on the properties was \$569,549, leaving \$586,900 available for equity.
- Although the Guarantors have a net worth that exceeds the amount of the JDA Loan, much of their net worth is tied to illiquid assets such as their business and their real estate holdings.
- A balloon payment risk exists for both the JDA Loan and the Hudson Valley Loan at the end of the term. The balloon payment for the JDA Loan would be \$1,060,928 and for the Hudson Valley Loan it would be \$522,352.

Recommendation

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

- The Company is operating at maximum capacity in its current 6,300 SF facility forcing them to turn away business as a consequence. In the new 32,173 SF facility at the Project Location, the Company expects to meet growing demands with the anticipation of tripling of sales.
- The Company has a history of operating profitably and is able to service all loans.
- The JDA Loan will be senior to both the MWB loan and shareholder loans.
- At the completion of this project, a total of 8 full-time jobs is expected to be created.

2) DESCRIPTION OF THE COMPANY AND THE PRINCIPALS

BORROWER NAME: Fast Linen Service, Inc.

ADDRESS: 3739 White Plains Road
Bronx, New York 10467

PHONE#: (917) 513-0365

Ownership: Lauri Duffy (President) owns 51% and Frank Duffy (Vice-President) owns 49%

Nature of Business: Supplier of linen rentals, including tablecloths, napkins, table skirting, chair covers and sashes, as well as kitchen uniforms, aprons and towels.

Major Competitors: White Plains Linen, Arrow Linen, Polo Linen, and Seacrest Linen

Major Customers: Oyester Bar Grand Central, Katz's Delicatessen, Gallagher's Steak House, Club 101 and Cosmopolitan Club

3) FINANCIAL INFORMATION

Historical Financial Information

- Industry: Linen Supply
- NAICS Code: 812331
- JDA Classification: IA-
 - Profitability:
 - Sales: Increasing over 3-year historical period. The growth in sales is due to new customers who were obtained via marketing efforts from website and advertisements.
 - Profit Margin: Above the industry median in most recent year.
 - EBITDA: Increasing over the 3-year historical period.
 - Net Income: Increasing over 3-year historical.
 - Liquidity:
 - Current ratio: Above the industry median and greater than 1. The current ratio increased substantially in 2012 due to a 13% increase in sales and a greater pre-tax profit margin resulting in larger cash generation. This enabled the Company to pay off a machinery and equipment loan and reduce its accounts payables. At the same time, accounts receivables increased by 214% from 2011 to 2012 because the Company implemented a 30 to 60 day trade credit option to customers rather than cash on delivery.

- Solvency:
 - Total debt/total assets: Above the industry median and greater than 65%. However, a larger percentage of the Company's debt structure is now composed of shareholder loans and a smaller percentage composed of bank debt.
 - EBITDA/Debt Service: Strong. The EBITDA/ Debt Service coverage ratio has improved significantly over the 3-year historical period due to repayment of a machinery and equipment loan in 2011.
- Other:
 - Financial Statements: Tax returns were used for the analysis of Fast Linen's financial condition.

Fast Linen Service Years Ending December 31					
	Industry Median	2010	2011	2012	8/31/2013
Net Sales		\$1,609,276	\$1,603,634	\$1,808,484	\$1,055,458
EBITDA		\$300,907	\$357,618	\$385,107	\$297,802
Pre-tax Profit		\$74,473	\$60,129	\$96,088	\$297,802
Pre-tax profit/net sales	4.80%	4.63%	3.75%	5.31%	28.22%
Net Income		\$74,473	\$60,129	\$96,088	\$297,802
Current Assets		\$153,739	\$204,983	\$487,578	
Current Liabilities		\$250,478	\$260,284	\$146,806	
Current Ratio	1.70	0.61	0.79	3.32	
Total Assets		\$1,219,657	\$1,140,584	\$1,285,121	
Long-term Debt		\$808,257	\$717,618	\$569,549	
Total Debt		\$999,159	\$881,275	\$964,830	
Total Liabilities		\$1,124,152	\$1,030,329	\$1,078,778	
Net Worth		\$95,505	\$110,255	\$206,343	
Total debt/total assets	0.19	0.82	0.77	0.75	
EBITDA/Debt Service		1.65	2.37	4.50	

Financial Projections

Financial Projections	
	2014
Total Revenue	2,477,905
Operating Expenses	1,345,179
EBITDA	1,367,708
Debt Service:	
Existing Debt	46,692
JDA Loan	136,039
Bank Loan	68,530
Total Debt Service	251,261
Debt Coverage	5.44

- The Company is projecting revenues to increase from \$1.8MM in 2012 to \$2.48MM in 2014 when the new facility is fully operational. This figure is based on new contracts that have already been signed and contracts available that have not been committed to by Fast Linen due to the lack of capacity in the current facility.
- Revenues will also be generated by leasing 5,000 square feet of the new facility.
- In addition, by purchasing the new facility it is expected that there will be a \$5,000 decline in insurance expenses; a 50% reduction in water costs; and a 20% reduction in electricity costs.

4) CREDIT ANALYSIS

I. Debt Service Coverage and Net Cash Flow Analysis

Debt Service Coverage Ratio	
2012	
EBITDA	\$385,107
Annual Debt Service	
Existing Debt	\$85,579
JDA Loan	136,039
Hudson Valley Bank	68,530
Total Debt Service	\$290,148
DSCR	1.33

Based on 2012 cash flow, the Company will be able to service the JDA Loan and the Hudson Valley Loan with a DSCR of 1.33, which exceeds JDA's minimum standard of 1.20.

Additionally, the Company plans to take on additional debt in the amount of approximately \$125,000 at 3.74% with a 7-year term from the Minority and Women-Owned Business Development (MWB) Loan Program to purchase machinery and equipment. The projected DSCR with the MWB loan in addition to the JDA Loan and Hudson Valley Loan is 1.24, as illustrated below.

Debt Service Coverage Ratio	
2012	
EBITDA	\$385,107
Annual Debt Service	
Existing Debt	\$85,579
JDA Loan	136,039
Hudson Valley Bank	68,530
MWB	20,324
Total Debt Service	\$310,472
DSCR	1.24

Below is a breakdown of the Company's debt:

Debt Breakdown			
	2010	2011	2012
Loans from Shareholders	\$190,902	\$163,657	\$395,281
Loans/Mortgages	808,257	717,618	569,549
Total Debt:	\$999,159	\$881,275	\$964,830
Current Portion	\$125,485	\$111,230	\$38,883
Interest Expense	56,728	39,961	46,696
Debt Service	\$182,213	\$151,191	\$85,579

The debt the Company currently has is two auto loans, a loan on the real estate the Company operates out of, and a shareholder loan (collectively, the "Debt"). The auto loans have an outstanding balance of \$108,917. The real estate loan is from Wells Fargo and has an outstanding balance of \$460,632 at 7.4% with a maturity date of July 26, 2017. The shareholder loan is non-interest bearing with no maturity date which was used to acquire machinery and equipment. Additionally, all shareholder loans will be subordinate to the JDA Loan.

II. Collateral Analysis

Loan to Value for Real Estate Loan	
Loans	
JDA Loan	\$1,695,000
Hudson Valley Bank	847,500
Total Loans	\$2,542,500
Collateral Value	
Real Estate	\$2,950,000
Total Value	\$2,950,000
Loan to Value:	86.19%

The value of the real estate is based on the appraised value.

5) POTENTIAL LOAN TERMS

JDA Loan	
Funding Source	Job Development Authority
Funding Condition	Project completion.
Principal	\$1,695,000
Minimum Debt Service Coverage Rate	1.20:1
Interest Rate	Taxable rate at time of closing which is currently 5.16%
Term	10-year term with a 20 year amortization schedule
Collateral	A second lien on the real estate behind the Hudson Valley Loan.
Guarantees	Personal guarantees from Lauri Ann Duffy, Frank Duffy, and corporate guarantee of the Company.
Conditions	<ul style="list-style-type: none"> ▪ Receipt and acceptance of interim financial statements acceptable to JDA. ▪ Bank reference check acceptable to JDA.
Fees-Commitment	1% upon commitment.
Application	\$250

6) COVENANTS AND CONDITIONS

This Loan is predicated upon the following financial conditions:

- The Company must secure its equity financing at the time of closing.
- The Company must maintain a minimum debt service coverage ratio of 1.2 throughout the term of the loan.
- The Company must meet all other standard JDA requirements as follows:
 - a. Completion of the Project to the satisfaction of JDA, as evidenced by a certificate of occupancy and such other certification (including environmental approvals) required before the Project Location may be used for the purposes intended.
 - b. Execution and delivery of the Note, the Mortgage, the Loan and Use Agreement (furnished by JDA) and related documents by the Company, all satisfactory to JDA.
 - c. Procurement by the Company of funds which shall be used at or prior to the closing to pay the total Project Cost, exclusive of the proceeds of the Loan.
 - d. Receipt by JDA of policies of insurance, including flood insurance if required, in amount, form and substance and issued by companies satisfactory to JDA.

- e. Receipt by JDA of an itemized statement of Project Cost, substantiated by cancelled checks and paid bills, satisfactory to JDA. (PLEASE BE ADVISED THAT, FOR ACQUISITION OF EXISTING BUILDINGS, THERE MUST BE SUFFICIENT ELIGIBLE BUILDING CONSTRUCTION/REHABILITATION COSTS TO SATISFY THE REQUIREMENTS SET FORTH IN THE INTERNAL REVENUE CODE (THE "CODE") AS DETERMINED BY JDA'S BOND COUNSEL.)
- 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 Code.
- h. Delivery of the Company's waiver and consent, in form furnished by JDA, permitting entry by JDA.
- i. Execution of documents to permit monthly electronic debit of the Company's checking account to repay the Loan.
- j. Compliance with ADDITIONAL REQUIREMENTS stipulated in all Schedules, Exhibits and Riders, attached hereto and made a part hereof.
- k. Compliance with any other terms and conditions deemed to be necessary and appropriate in the opinion of the General Counsel of JDA.
- l. Receipt by JDA of an Intercreditor Agreement setting forth terms of lien position shared with other lender(s), satisfactory to JDA (form furnished by JDA).
- m. The Company or the Company's owners will contribute at least 10% in equity to the Project. Equity is defined as any non-debt source of capital and should be auditable through the Company's financial statements or the Company's accounts, if so requested by JDA.
- n. Subordination of any loans to the Company from those certain officers and members of the Company stipulated herein in a manner satisfactory to JDA.
- o. The Company shall not enter into any agreement by which the terms of payment of any of the Debt 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 lives of Lauri Ann Duffy and Frank Duffy in an amount sufficient to pay the outstanding principal balance of the 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 Project Location to the Mortgage.
- s. Receipt by JDA of financial statements of the Company and the Guarantors prepared within three (3) months prior to closing and a copy of review basis financial statements for the most recently concluded fiscal year, satisfactory to JDA.

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.

Due to the JDA’s mortgage position on the loan, a Phase I Environmental Site Assessment must be submitted to the JDA for review and approval prior to closing on the loan.

8) NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY

JDA’s Non-discrimination & Contractor and Supplier Diversity policy will apply to the Project. The Recipient shall be required to use good faith efforts to achieve an overall Minority and Women Business Enterprise (“MWBE”) Participation Goal of 5% related to the total value of JDA’s funding and to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project.

9) ADDITIONAL SUBMISSIONS TO MEMBERS

Resolution
New York State Map
JDA Loan Underwriting Classification System
Hudson Valley Bank Commitment Letters

STATEWIDE LOCAL DEVELOPMENT CORPORATION

December 9, 2013

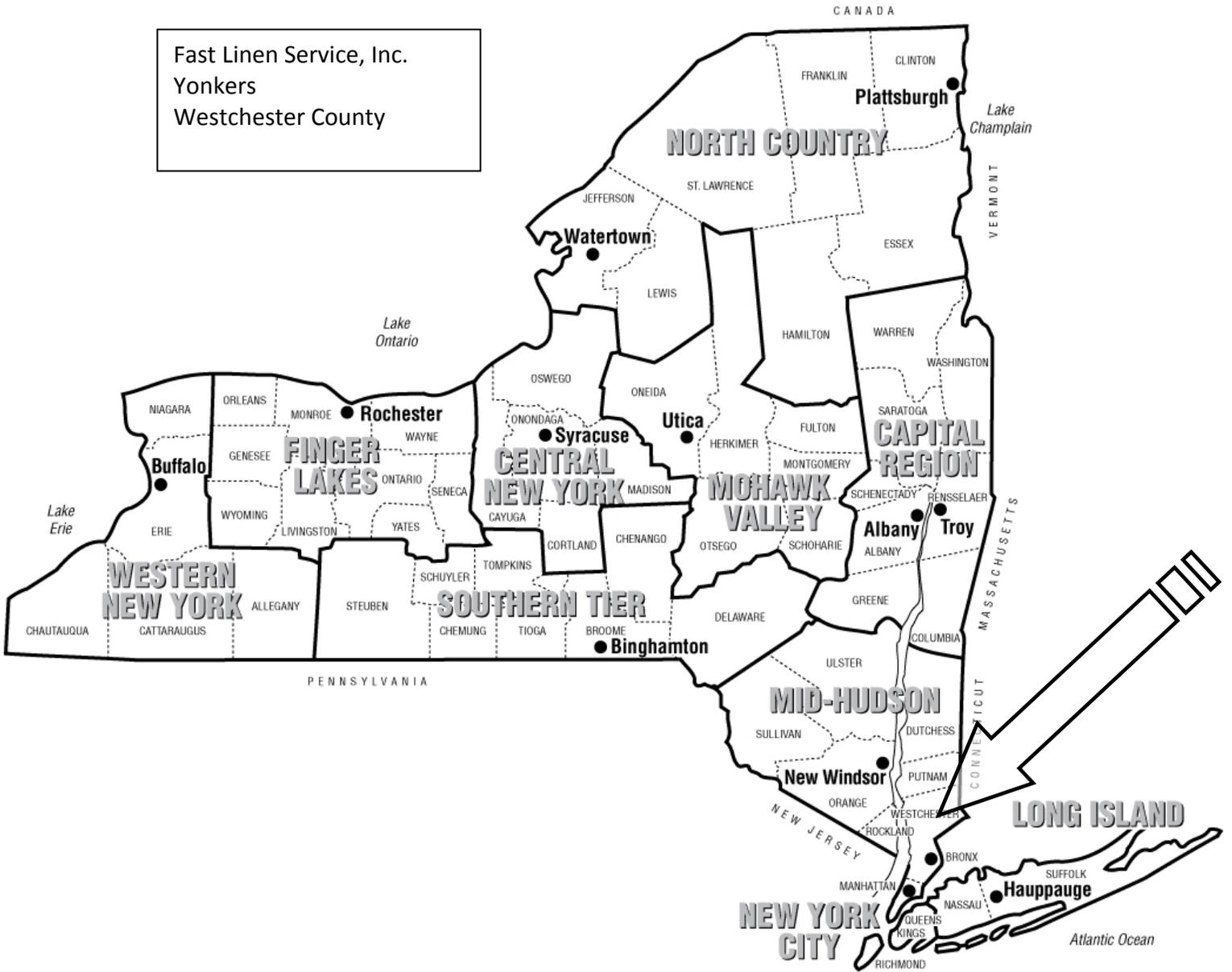
Yonkers (Mid-Hudson Region – Westchester County) – Fast Linen Service, Inc. –
Authorization to Act and Perform as LDC on JDA Real Estate Loan for the benefit of
Fast Linen Service, Inc. and to Take Related Action

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 Fast Linen Service, Inc., representing 60% of eligible project costs, not to exceed \$1,695,000, 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, and (2) receipt of funds from JDA and (3) the receipt of all other necessary approvals.

Fast Linen Service, Inc.
Yonkers
Westchester County



JDA Underwriting Classification Chart

Level I: Cash Flow	Level II: Default Risk	Level III: Collateral Value
I Actual or Adjusted Cash Flow \geq 1.2:1	A Score of \geq 4 on the Default Risk Model Low Risk	+ Liquid value of collateral + adjusted value of personal guarantee \geq total loan value
II Actual or Adjusted Cash Flow $<$ 1.2:1, but with Projected Cash Flow \geq 1.2:1	B Score of 3 on the Default Risk Model Moderate Risk	- Liquid value of collateral+ adjusted value of personal guarantee $<$ total loan value
	C Score of \leq 2 on the Default Risk Model Higher Risk	