

NEW YORK JOB DEVELOPMENT AUTHORITY

Meeting of the Members

Monday

October 6, 2014 – 3:30 p.m.

AGENDA

CORPORATE ACTION

1. Approval of Minutes of the June 26, 2014 and August 4, 2014 Directors' Meetings

FOR CONSIDERATION

2. Cazenovia (Central New York Region, Madison County) – JDA Loans for the benefit of Chapman Properties, LLC d/b/a Empire Farmstead Brewery – Authorization to Make Real Estate and Machinery & Equipment Loans with New York Job Development Authority Proceeds and Take Related Actions; Determination of No Significant Effect on the Environment

DRAFT – SUBJECT TO REVIEW AND REVISION

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

and

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

and

NYS Department of Agriculture and Markets
10B Airline Drive
Albany, New York 11235

June 26, 2014

MINUTES

Members Present:

Mehul Patel, Designee for Commissioner of DED – Acting
Chairman
Adam Barsky
Andrew Maniglia
Emily Youssouf
Anthony Albanese – Designee – New York State
Department of Financial Services
Richard Ball, Commissioner - NYS Department of
Agriculture and Markets
James Bays, Designee – NYS Department of Agriculture
and Markets
Mario Musolino, Designee – NYS Department of Labor

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JDA Staff: Elizabeth Fine, General Counsel
Kathleen Mize, Controller

Present for ESD: Antovk Pidedjian, Senior Counsel
Ray Salaberrios, Senior Director – Economic Revitalization
Deborah Royce, Acting Secretary

Also Present: The Press
The Public

The meeting was called to order at 12:30 p.m. by Acting Chair Patel. It was noted for the record that notice to the public and news media of the time and place of the meeting had been given in compliance with the New York State Open Meetings Law.

Acting Chair Patel then set forth the guidelines regarding comments by the public on matters on the Agenda.

Acting Chair Patel then entertained a motion to approve the Minutes of the December 9, 2013 Members' meeting.

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

**APPROVAL OF MINUTES AND RATIFICATIONS OF ACTIONS TAKEN AT DECEMBER 9, 2013
MEMBERS' MEETING OF THE NEW YORK JOB DEVELOPMENT AUTHORITY**

RESOLVED, that the Minutes of the meeting of the Authority held on December 9, 2013

DRAFT – SUBJECT TO REVIEW AND REVISION

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

* * *

Mr. Pidedjian then asked the Members to approve the appointment of Margaret Tobin to the Office of Chief Financial Officer of the Authority.

Mr. Pidedjian then introduced Elizabeth Fine, JDA's General Counsel to those present at the meeting. He noted that approximately a year ago, the Members appointed the title of ESD General Counsel as JDA's Ex-Officio General Counsel. Since that time Mr. Pidedjian explained, Ms. Fine joined ESD as Executive Vice President, Legal and General Counsel.

Mr. Pidedjian added that the Members were also being asked to appoint the title of Chief Financial Officer, Controller and Treasurer as Ex-Officio with the corresponding titles at ESD.

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 JOB DEVELOPMENT AUTHORITY -- Officers of the Authority – Appointment of Officer – Chief Financial Officer; and Appointment of the title of ESD Chief Financial Officer, ESD Controller and ESD Treasurer as the Authority's ex-officio Chief Financial Officer, ex-officio Controller and ex-officio Treasurer

DRAFT – SUBJECT TO REVIEW AND REVISION

RESOLVED, that the following individual be, and hereby is, appointed to the office which appears opposite their name, until earlier resignation or removal, their appointment being effective as of the date indicated in the attached materials, a copy of which is hereby ordered to be filed with the records of JDA:

Chief Financial Officer – Margaret Tobin, ESD’s Chief Financial Officer, ex-officio; and

and be it further

RESOLVED, that in accordance with and for all purposes of JDA’s By-Laws, including but not limited to the indemnification provisions thereof, the above-referenced individual is an “officer” of JDA;

and be it further

RESOLVED, that the officer titles of Chief Financial Officer; Controller; and Treasurer, now and henceforth, be appointed ex-officio with the corresponding positions at ESD and confirms that these positions are “officers” of JDA within the meaning of the provisions of JDA’s By-Laws, including the indemnification provisions thereof.

* * *

Next, Ms. Mize asked the Members to approve certain Annual Financial Reports of the Authority and authorize the Authority to take any actions related thereto in accordance with the Public Authorities Law.

Ms. Mize noted that JDA’s Audit Committee had reviewed the report with the outside auditors prior to the meeting. Ms. Mize went on to briefly outline the contents of the Audit Report as prepared by the Authority’s independent audit firm Toski & Company, CPA, P.C.

Ms. Mize then noted that she was available, along with Doug Zimmerman and Brent Jensen, representatives of Toski, to answer any questions the Members may have.

DRAFT – SUBJECT TO REVIEW AND REVISION

Member Barsky then followed up on a question he had at the Audit and Budget meeting that preceded the full Members' meeting. Mr. Barsky asked about a \$26 million debt owed to ESD by JDA. Specifically, he asked if there was a plan to get that amount paid down.

Ms. Mize stated that there is presently no plan per se as it has been ESD's mission since 2004 to continue to help JDA operate and therefore ESD has no intention at this time to collect the money from JDA.

Ms. Mize added that JDA does have the cash and investment wherewithal to repay ESD if it becomes necessary to do so.

Member Barsky then asked if there are any other accounting changes that may happen in the coming year that may have any kind of impact on JDA's Finances.

Mr. Zimmerman stated that there are a number of Governmental Accounting Standards Board Statements that will be adopted but none of those will have any type of impact on the results of the Authority's financial statements.

Mr. Zimmerman further stated that there are no pronouncements outstanding that will impact the financial statements of the Authority.

DRAFT – SUBJECT TO REVIEW AND REVISION

Director Barsky then noted that the only time that information is provided to the Members, on any JDA Local Development Corporations (“LDC’s”) is when they are referred to in the Audit Report. He added that he would appreciate periodic reports on the LDC’s. Member Maniglia stated that that seems more of a staff level reporting and added that he would appreciate such updates as well.

Among other things, Ms. Mize noted that for the most part the LDCs are fairly inactive. She added, however, that if there is activity, she will be happy to report on it. It was agreed that informal e-mail reporting was acceptable.

Acting Chair Patel 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 – (the “Authority”) Approval of Certain Annual Financial Reports and Authorization to take Related Actions

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

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, 2014;

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

NOW, THEREFORE, based on the materials submitted herewith, IT IS HEREBY RESOLVED that

DRAFT – SUBJECT TO REVIEW AND REVISION

the Report is hereby approved; and it is further

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

* * *

Next, Mr. Salaberrios presented JDA's Mission Statement, Related Performance Measurements and the FY 2013-2014 Performance Measurement Report for the Members' approval.

Mr. Salaberrios read JDA's current Mission Statement into the record as well as the related Performance Measurements.

Mr. Salaberrios then explained that with regard to JDA's 2012-2013 performance measurements, the Authority continues to expand its loan portfolio and increase awareness of the Authority's products in the lending and business communities throughout the State.

Mr. Salaberrios further noted that over that time period, the Members approved two loans, one of which, SubZero, has closed. The other project, Fast Linen, Mr. Salaberrios noted, has not yet been completed. He added that one transaction was in default during the fiscal year 2013-2014 and that the JDA Workout Committee extended the loan repayment schedule on that transaction.

DRAFT – SUBJECT TO REVIEW AND REVISION

In answer to a question raised by Member Youssouf, it was noted that the defaulted transaction was a loan from many years ago and the remaining balance is approximately \$7,200. Instead of going after the Company with a lawsuit, Mr. Salaberrios explained, it was decided that the term of the loan would be extended for eight months. He added that the Borrower has resumed payments and is back on schedule.

Member Musolino noted that the performance measures that the Members received include two areas – the amount of capital investment leverage and the number of jobs retained and created with each investment. The materials, he further noted, explain that those are things that will come over time so there really are no measures for those in this year's report.

Member Musolino continued and asked that given the timing issues, are those performance measures something that Members could be looking at regarding older loans to have something that fit into that time frame or are they not really measures that Members can take a look at because there is such a lag in them that it wouldn't be related to the particular performance year we are looking at.

Mr. Kwon stated that he believes that it is better to set a distinction between the old JDA loans that were done ten to 20 years ago and the new loans that are starting from SubZero. From SubZero, Mr. Kwon further noted, staff is attempting to set a number of performance measures, including especially jobs.

DRAFT – SUBJECT TO REVIEW AND REVISION

Mr. Kwon added that the old loans are currently good performing loans but they differ from the new loans so it is more prudent to start the performance measures with SubZero.

The Acting Chair 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; and Acceptance of FY 2013-2014 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 FY 2013-2014 Performance Measurement Report contained in the materials presented to this meeting and hereby ordered to be filed with the records of the Authority is hereby accepted.

* * *

Mr. Pidedjian then asked the Members to adopt JDA’s Revised Guidelines for the Use, Awarding, Monitoring and Reporting of Procurement Guidelines.

Mr. Pidedjian outlined the changes made since the Guidelines were adopted last year which were brought about by small changes to the Public Authorities Law, as well as by Executive Orders and directives to the agency.

DRAFT – SUBJECT TO REVIEW AND REVISION

Those changes, Mr. Pidedjian noted, include (1) encouragement to use New York suppliers and subcontractors to the maximum extent possible; (2) with certain real estate repurposing or redevelopment and development projects, the ability to issue Requests for Expressions of Interest to flesh out the development community to obtain ideas for development; and (3) clarifications to the lobbying requirements of the lobbying law.

Mr. Pidedjian noted, with regard to the second change, that it is something that resides beyond the scope of what JDA's mission is at the present time. He added, however, that just as there were changes to the Public Authorities Law, there could also be changes to the JDA Statute broadening the scope of the Authority's mission and therefore the Authority seeks to adopt this change to its guidelines because it wants to be in a position to meet any changes in its mission.

Following the presentation, the Acting Chair called for questions or comments. Member Youssouf stated that the second change is very broad and that she is assuming that it is limited to commercial real estate.

Mr. Pidedjian stated that within the JDA context, it would most likely be commercial real estate. He added that this change is currently beyond JDA's mission as JDA's involvement in real estate projects is not as intensive as, for example, ESD's is. JDA's powers, Mr. Pidedjian explained, are very limited and this change contemplates a more robust agency presence in the transactions.

DRAFT – SUBJECT TO REVIEW AND REVISION

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

NEW YORK JOB DEVELOPMENT AUTHORITY – Adoption of Revised Guidelines for the Use, Awarding, Monitoring and Reporting of Procurement Contracts

BE IT RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered to be filed with the records of the New York Job Development Authority, the Proposed Guidelines for the Use, Awarding, Monitoring and Reporting of Procurement Contracts, a copy of which is attached to the materials, be and hereby is approved and adopted as of the date hereof, and the Chief Executive Officer or his designee is authorized to promulgate the said Guidelines in electronic form and other media for the use of the staff of the JDA and the New York Urban Development Corporation d/b/a Empire State Development, and to take such other and further action as may be deemed necessary or appropriate to effectuate the foregoing Resolution.

* * *

Mr. Salaberrios then presented an item relating to a JDA Real Estate Acquisition Loan for the benefit of the Merola Sales Company, Inc.

Mr. Salaberrios provided the relevant background information with regard to this request, noting that the Members were being asked to authorize JDA to make a \$3,000,000 loan to be used for the acquisition of facilities located in Amityville, New York.

Mr. Salaberrios further noted that the total cost of the real estate project is \$6.8 million and that the Borrower is Mero Realty, Inc. The Company, he added, currently has 35 full time employees and it is expected that there will be 10 additional full time employees by three years

DRAFT – SUBJECT TO REVIEW AND REVISION

after loan disbursement.

Mr. Salaberrios further explained that the Company is a wholesale distributor of ceramic tiles and marble slabs which it imports from factories worldwide. Mr. Salaberrios added that the Company also sells grouts, adhesives, tools and other supplies needed by contractors for the installation of tiles.

In order for the Company to grow, Mr. Salaberrios stated, it seeks to occupy a larger warehouse and distribution space. Their current Brooklyn facility, he added, is 36,000 square feet.

Mr. Salaberrios further explained that the new facility in Amityville, New York consists of two adjoining buildings that will house the Company's 46,000 square foot warehouse, fulfillment and office facility along with 66,000 square feet that will continue to be leased to an existing tenant, Lambro Industries.

This rental income, Mr. Salaberrios noted, will offset the debt service and the cost of running the new facility.

Following the provision of further background information regarding to Company by Mr. Salaberrios, Mr. Bozak provided financial information regarding the Company and the loan to the Members.

DRAFT – SUBJECT TO REVIEW AND REVISION

Mr. Bozak noted that the Company is currently doing about \$21 million in sales and it is expected that they will be able to significantly increase their sales because the current Brooklyn facility is basically restrictive in terms of its location and size.

Among other things, Mr. Bozak explained that it is a very solid company that has been around for 25 years. He further noted that in reviewing their financial statements for the last three years, the appraisal of the Amityville property and the significant equity injection that the Company will put in, he views this as a very solid project.

Member Barsky inquired with regard to the appraisal and Mr. Bozak informed him that Citibank had the appraisal done and that the appraisal for the collateral in the new building in Amityville is \$6.3 million.

Member Youssouf asked what is happening with the Brooklyn facility and Mr. Salaberrios stated that the facility has been sold and that the Company is in the process of closing with a new buyer - a small manufacturing company.

Member Youssouf then asked, if in addition to working with the Department of Labor for job candidates, has JDA looked at contacting local schools.

DRAFT – SUBJECT TO REVIEW AND REVISION

Member Musolino stated that the Department of Labor does reach out to community colleges and the like for job candidates.

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

Long Island (Long Island Region – Suffolk County) – Merola Sales Company, Inc. –
New York Job Development Authority Special Purpose Fund Direct Loan Project –
Real Estate Loan -- Authorization to Make Loans and to Take Related Action

RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, and each of them hereby is, authorized to make a Special Purpose Fund Real Estate Loan to Statewide Local Development Corporation for the benefit of Merola Sales Company, Inc. for an amount not to exceed \$3,000,000 or 50% of 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 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

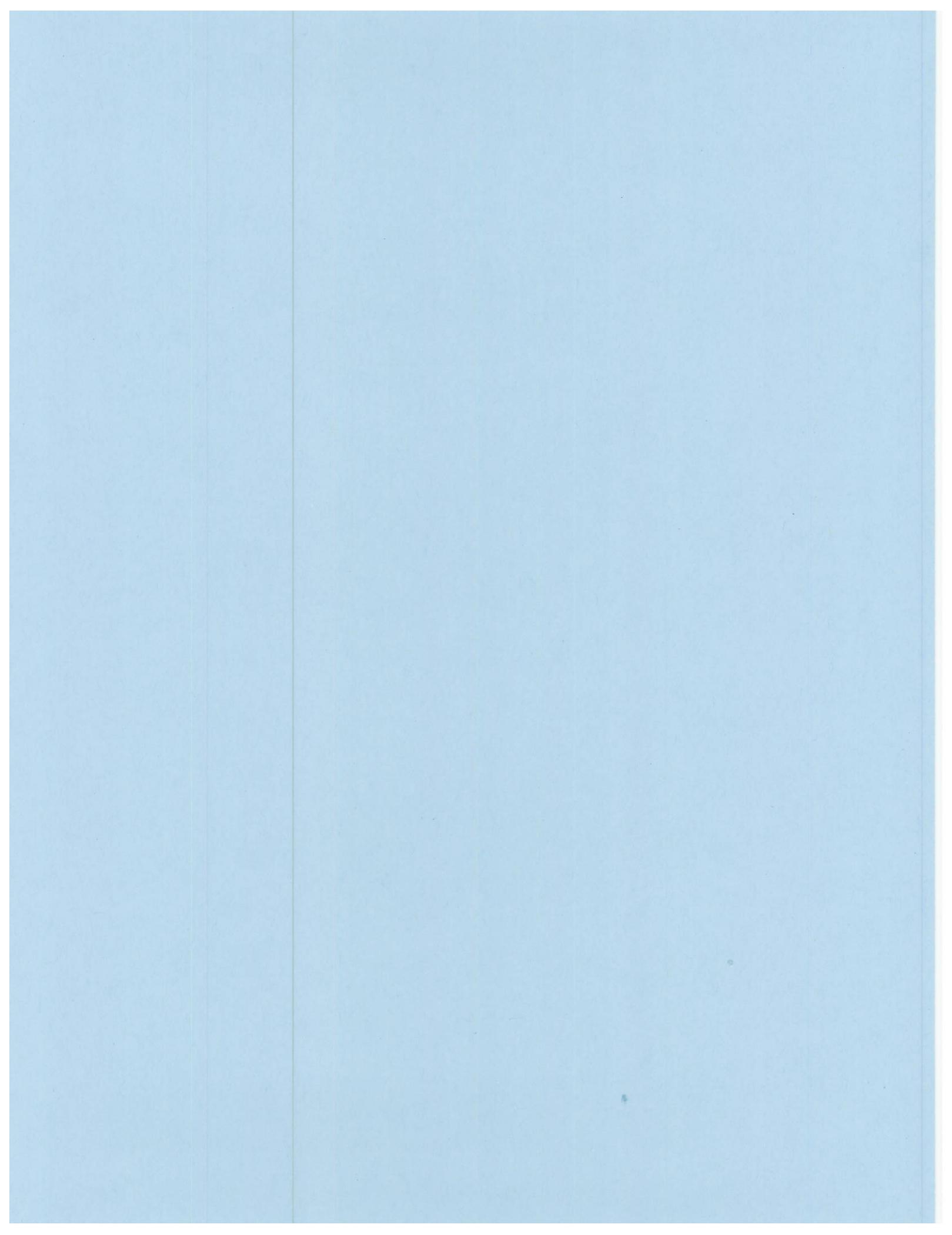
RESOLVED, that the provision of financial assistance by the Authority is expressly contingent upon: (1) the approval of the Public Authorities Control Board, as applicable, and (2) the receipt of all other necessary approvals.

* * *

There being no further business, the meeting was adjourned at 1:15 p.m.

Respectfully submitted,

Deborah Royce
Acting Secretary



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

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

and

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

August 4, 2014

MINUTES

Members Present:

Kenneth Adams, Commissioner of DED – Chairman
Adam Barsky
Emily Youssouf
Anthony Albanese, Designee - NYS Department of
Financial Services
James Bays, Designee - NYS Department of Agriculture and
Markets
Mario Musolino, Designee - NYS Department of Labor

JDA Staff:

Eileen McEvoy, Corporate Secretary
Kathleen Mize, Controller
Mehul Patel, Executive Vice President and Chief Operating
Officer
Margaret Tobin, Chief Financial Officer

DRAFT – SUBJECT TO REVIEW AND REVISION

Present for ESD:

Jonathan Beyer, Senior Counsel
John Bozek, Senior Financial Analyst – Real Estate and
Project Finance
Maria Cassidy, Deputy General Counsel
Ross Freeman, Assistant Vice President – Real Estate and
Project Finance
Antovk Pidedjian, Senior Counsel
Ray Salaberrios, Senior Director – Economic Revitalization

Also Present:

The Press
The Public

The meeting was called to order at 3:09 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, as well as with regard to any conflicts of interest the Member’s may have regarding any of the items on the Agenda. It was noted that no such conflicts exist.

Mr. Beyer then asked the Members to approve the appointment of a Director to the New York Liberty Development Corporation (“NYLDC”) Board.

Mr. Beyer explained that NYLDC was formed by JDA over a decade ago. He then further explained that NYLDC has a membership body consisting of two Members; the Class A Member is the Governor and the Class B Member is JDA.

DRAFT – SUBJECT TO REVIEW AND REVISION

Mr. Beyer added that each of the Members may elect three Directors to the Corporation’s Board of Directors. Mr. Beyer further noted that there is currently a vacancy on JDA’s appointments and in accordance with the NYLDC’s by-laws, staff is proposing that Mehul Patel be appointed as a Director by JDA as a Class B Member.

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 JOB DEVELOPMENT AUTHORITY – New York Liberty Development Corporation - Election of Director by the Authority

WHEREAS, there exist vacancies among the Directors of the New York Liberty Development Corporation (the “Corporation”) elected by the Class B Member thereof, being the New York Job Development Authority (the “Authority”); and

WHEREAS, the Corporation’s By-Laws permit each Class Member of the Corporation to elect members of the Corporation’s Board of Directors (each a “Director”); and

WHEREAS, the Authority is the Class B Member of the Corporation; now therefore be it

RESOLVED, that Mehul Patel be and he hereby is elected by the Class B Member of the Corporation to serve as a Director of the Corporation until the annual meeting of the Corporation to be held in 2019, or until he resigns or is removed.

* * *

Next, Mr. Salaberrios presented a JDA real estate acquisition loan for the benefit of the United New York Sandy Hook Pilot’s Benevolent Association and the United New Jersey Sandy Hook Pilot’s Benevolent Association for the Members’ consideration.

DRAFT – SUBJECT TO REVIEW AND REVISION

Mr. Salaberrios provided a detailed synopsis of the information regarding this loan.

Specifically, Mr. Salaberrios asked the Members to authorize the Authority to make a real estate loan to the above named entity in the amount of \$3,435,000 for a rate to be set at closing. Mr. Salaberrios noted that the rate is currently 4.73 percent.

Among other things, Mr. Salaberrios explained that Northfield Bank will participate in this transaction in the amount of \$1,717,000. Borrowed equity of \$572,000, he continued, will complete the total project cost at \$5,725,000.

Mr. Salaberrios further explained the United New York Sandy Hook Pilots Benevolent Association and United New Jersey Sandy Hook Pilots Benevolent Associations are the sole providers of pilotage service to ships entering and departing from the port. He added that the base of operations, located on the North Shore of Staten Island, suffered severe damage as a result of Hurricane Sandy and an entire new building is needed.

Mr. Salaberrios noted that the project calls for the construction of a 14,000 square foot facility. The facility will house a machine and energy repair shop, administrative offices, pilot dispatch and operations command center and will include the installation of back-up systems for communication systems and power.

DRAFT – SUBJECT TO REVIEW AND REVISION

Mr. Salaberrios further noted that the \$5.7 million project will support 20 construction jobs and retain 130 jobs at the Staten Island location. He further added that the project is currently in the design and permitting phase and that construction is expected to begin in May 2014 and to be completed in April of 2015.

Mr. Salaberrios noted that the economic priority of this project stems directly from the pilotage services the Association provides throughout the intra-state, interstate and international commerce created on the waters of New York.

Mr. Salaberrios added that the pilots are responsible for significant job retention and creation within New York State and New Jersey with a direct support of over 279,000 jobs in the New York/New Jersey region and nearly \$11.6 billion in personal income and \$37.1 billion in business income.

Combined, Mr. Salaberrios further explained, the Associations are also responsible for creating over \$45 million in direct workforce revenue each year.

Following the full presentation, Chair Adams called for questions or comments. Member Youssouf noted that a considerable amount of time was spent on this project at the Finance Committee meeting and she believes it to be a great project. Member Youssouf further stated that she believed that the presentation was very well done.

DRAFT – SUBJECT TO REVIEW AND REVISION

Member Musolino then stated that he also believes this to be a great project. He then asked for clarification as to the start date of the construction as Mr. Salaberrios stated May 2014 as the start date of construction and it is already August.

Mr. Salaberrios stated that he had misspoken and that the actual start date of construction is October 2014.

Member Musolino then asked if that will push the completion date past April 2015. Mr. Salaberrios stated that the anticipated completion date will not change.

Member Bays noted that he believed this to be a worthwhile project as well. Member Bays then asked for clarification as to whether or not the debt to service ratio can be met.

Mr. Salaberrios noted that the staff has reviewed the financial statements and that they are very strong.

Mr. Salaberrios then stated that, as the Chair had pointed out earlier, the pilotage fees are tremendous and JDA expects those alone will meet the debt service.

Ms. Tobin noted that the debt service comes before any payments out.

DRAFT – SUBJECT TO REVIEW AND REVISION

Mr. Salaberrios added that before the pilots are compensated, all their debts and operating expenses have to be covered.

Member Barsky noted that page 17 of the materials provides the best analysis of this issue.

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

Staten Island (New York City Region – Richmond County) – United New York Sandy Hook Benevolent Association & United New Jersey Sandy Hook Benevolent Association – New York Job Development Authority Special Purpose Fund Direct Loan Project – Real Estate Loan -- Authorization to Make Loans and to Take Related Action

RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, and each of them hereby is, authorized to make a Special Purpose Fund Real Estate Loan to Statewide Local Development Corporation for the benefit of United New York Sandy Hook Benevolent Association & United New Jersey Sandy Hook Benevolent Association for an amount not to exceed \$3,435,000 or 60% of the total project cost, whichever is less, to be funded from the proceeds of New York State Guaranteed Special Purpose Fund bonds or notes, for the purposes and substantially on the terms and conditions set forth in the materials presented at this meeting, with such changes as the Chief Executive Officer of the Authority or his designee(s) may deem appropriate; and be it further

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

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

RESOLVED, that the provision of financial assistance by the Authority is expressly contingent

DRAFT – SUBJECT TO REVIEW AND REVISION

upon: (1) the approval of the Public Authorities Control Board, as applicable, and (2) the receipt of all other necessary approvals.

* * *

Mr. Salaberrios then presented a JDA real estate loan and a machinery and equipment loan to The Case Group, LLC for the Members' consideration.

Mr. Salaberrios provided a detailed synopsis of the information regarding this project.

Mr. Salaberrios noted that the real estate loan is in the amount of \$1,380,000. The rate, which is currently 4.54 percent, he added, will be fixed at closing. Mr. Salaberrios further noted that it will be a ten year loan with a 20 year amortization.

The machinery and equipment loan, Mr. Salaberrios explained, will be in the amount of \$900,000 and the rate will be fixed at closing.

Mr. Salaberrios went on to explain that First Niagara Bank is JDA's partner in this transaction. He explained that the Bank's participation will be in the amount of \$690,000.

Mr. Salaberrios further explained that the equity portion for the borrower for the real estate transaction is \$327,000 and that the total real estate financing is \$2,397,000.

DRAFT – SUBJECT TO REVIEW AND REVISION

For the machinery and equipment transaction, Mr. Salaberrios noted, the first line for participation will be \$450,000, JDA's equity will be \$186,000 and the total project financing is \$1,536,000.

Mr. Salaberrios then explained that The Case Group was established in 2001 to manufacture high quality wood and metal windows and doors.

Mr. Salaberrios further explained that the real estate project involves construction of a 20,811 square foot addition to its existing 50,000 square foot facility. The expansion, he added, will enable the company to increase capacity to meet current demand and provide space for climate control storage of its wood and metal inventory.

Mr. Salaberrios went on to note that the acquisition of new machinery and equipment will decrease manufacturing time and allow for upgrades at a higher level of efficiency and enhance overall production performance.

Mr. Salaberrios further noted that at the completion of this project, 29 jobs will be retained and 26 jobs will be created.

Mr. Salaberrios added that the company is also applying to the Start-Up New York Program.

DRAFT – SUBJECT TO REVIEW AND REVISION

Following the full presentation, Chair Adams called for questions or comments. Member Youssouf noted that the debt service works if the contracts are completed on schedule. She asked how bad it will be if contracts are not completed on time.

Mr. Salaberrios asked Mr. Freeman to respond to that question.

Mr. Freeman stated that it could be an issue. He added that the size of their facility is rather limited causing their projects to be somewhat long term.

This project, Mr. Freeman stated, will allow the Company to take on other projects so they can move forward more efficiently.

Member Youssouf asked for the exact timing on the contracts. Mr. Salaberrios stated that they last approximately a year.

Further brief discussion was had on this issue and Ms. Tobin noted that it is really a factory floor capacity problem which causes a lumpy revenue issue and this project will allow the Company more flexibility to smooth their revenues out.

Member Youssouf expressed concern about the Company expanding as a solution to its revenue issues.

DRAFT – SUBJECT TO REVIEW AND REVISION

Mr. Salaberrios went on to explain that the borrower is a ten year customer of JDA with the outstanding balance on his loan being \$800,000. Mr. Salaberrios noted that all payments have been on time.

A discussion was then had with regard to the First Niagara loan and whether the Company will opt for the fixed or floating rate option. It was agreed that JDA will confirm that the Company will go with a fixed rate on the First Niagara loan.

Member Bays expressed concern with regard to the window and door market and the potential for growth in that market. He stated that there is greater potential in the high-end market and that he assumes there is good reason to believe the Company will shift to the high-end market.

The Chair noted that the Company already competes in the high-end market.

A brief discussion was had with regard to the various aspects of the Company applying to the New York Start-Up Program.

There being no further questions or comments, Chair Adams called for a motion to approve the following resolution contingent upon confirmation that the First Niagara loan will be a fixed rate loan in an amount at or near the amount provided in the materials. Then, upon motion duly made and seconded, the following resolution was unanimously adopted:

DRAFT – SUBJECT TO REVIEW AND REVISION

Green Island (Capital Region – Albany County) – The Case Group, LLC – New York Job Development Authority Special Purpose Fund Direct Loan Project – Real Estate Loan and Machinery and Equipment Loan -- Authorization to Make Loans and to Take Related Action

RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, and each of them hereby is, authorized to make a Special Purpose Fund Machinery & Equipment Loan and a Special Purpose Fund Real Estate Loan to Statewide Local Development Corporation for the benefit of The Case Group, LLC for an amount not to exceed \$1,380,000 or 60% of the total real estate project cost, whichever is less, and \$900,000 for machinery and equipment or 60% of the total machinery and equipment project cost, whichever is less, to be funded from the proceeds of New York State Guaranteed Special Purpose Fund bonds or notes, for the purposes and substantially on the terms and conditions set forth in the materials presented at this meeting, with such changes as the Chief Executive Officer of the Authority or his designee(s) may deem appropriate; and be it further

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

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

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

* * *

There being no further business, the meeting was adjourned at 3:51 p.m.

Respectfully submitted,

Eileen McEvoy
Secretary



TO: The Members

FROM: Kenneth Adams

DATE: October 6, 2014

SUBJECT: Cazenovia (Central New York Region, Madison County) – JDA Loans for the benefit of Chapman Properties, LLC d/b/a Empire Farmstead Brewery

RE: Authorization to Make Real Estate and Machinery & Equipment Loans with New York Job Development Authority Proceeds and Take Related Actions; Determination of No Significant Effect on the Environment

JDA Loan Terms (Real Estate)	
Borrower:	Chapman Properties, LLC dba Empire Farmstead Brewery
Economic Region:	Central New York (Cazenovia)
Loan Amount Requested:	\$2,196,000
Rate:	4.83% (fixed)
Term:	20 years
Classification:	IIC+, projected IA+
Distressed Area:	No
Initial Payment:	\$14,287.19

JDA Loan Terms (Machinery & Equipment)	
Borrower:	Chapman Properties, LLC dba Empire Farmstead Brewery
Economic Region:	Central New York (Cazenovia)
Loan Amount Requested:	\$1,398,300
Rate:	4.83% (fixed)
Term:	20 years
Classification:	IIC+, projected IA+
Distressed Area:	No
Initial Payment:	\$9,097.35

JDA Budget			
Uses		Sources	
Building Construction	\$3,660,000	JDA Loans	\$3,594,300 60%
Brewery Equipment	2,330,500	Oneida Bank Loan	1,797,150 30%
		Equity	599,050 10%
Total JDA Project Cost	\$5,990,500	Total JDA Project Financing	\$5,990,500
Pre-Construction Soft Costs	1,195,499	Grant Funding (Bridge Loan)	1,530,000
Inventories and Working Capital	943,263	Additional Equity	573,762
Land Acquisition	265,000	Madison County IDA Loan	300,000
Total Project Costs	\$8,394,262	Total Project Sources	\$8,394,262

Security: A second lien on the real estate located at 33 Rippleton Road, Cazenovia, New York. The expected appraised value of the real estate collateral is \$3,500,000. JDA will also have a co-equal first lien on all equipment purchased with the Machinery & Equipment Loan. The value of the equipment is \$2,330,500.

Guarantors: Repayment of the Loans shall be guaranteed by Walton Street Brewing Corp.; Empire Farmstead Brewery, Inc.; Empire Brewing Company, Inc.; and a personal guaranty will be provided by David Katleski.

Job Information (at project site):

New Jobs Projected: 35 full-time permanent jobs by the first anniversary date of disbursement, 50 full-time permanent jobs the third anniversary date of disbursement, and 75 full-time permanent jobs by the fifth anniversary date of disbursement. **JDA Loan Amount per job:** \$47,924

Project Summary:

Borrower: Chapman Properties, LLC dba Empire Farmstead Brewery
33 Rippleton Road,
Cazenovia, NY 13035

Contact: David Katleski, President & Founder
Phone: 315-256-7608
Fax: 315-475-7103

This report concerns two proposed New York Job Development Authority ("JDA") loans for the amount of \$2,196,000 and \$1,398,300, respectively (collectively, the "JDA Loans"). The Real Estate portion of \$2,196,000 is to be used to take out 60% of an interest-only loan provided by Oneida Savings bank for the construction of a facility located in Cazenovia, New York (the "Real Estate Project"). The \$1,398,300 loan is to be used to take out 60% of an interest-only loan provided by Oneida Savings Bank for the acquisition of brewing equipment (the "M&E Loan"). The total amount of the JDA Loans is \$3,594,300.

Project location: 33 Rippleton Road,
Cazenovia, NY 13035

Project Completion: 2nd Quarter 2015

1) PROJECT OVERVIEW AND RECOMMENDATION

Background

Empire Brewing Company (“Empire” or “the Company”), established in 1994, is an award-winning brewer of handcrafted ales and lagers. The Company utilizes all-natural ingredients that are fresh and locally sourced products from over sixty Central New York farmers. In 2007, Empire modified its business model to focus on sustainability. Empire defines their business philosophy with the phrases “Eat Where You Live™” and “We Grow Beer™” and attempts to embody the practice “Be Excellent” in all facets of business.

Empire operates a successful brewery with an award-winning contemporary downtown bar and grill on the premises in Armory Square, Syracuse. The food menu is complemented by a diverse selection of hand-crafted ales and lagers. In addition to beer, the Empire offers cocktails and wines. The atmosphere is casual. The brewing facility is housed in a glass-enclosed work area which provides a view of the massive copper and stainless steel brewing vessels. The food is prepared in an open-performance kitchen allowing patrons clear visibility of the chef and his assistants.

In 2010 the Company began distributing its beer off-premise to wholesalers and retailers throughout New York, but has never bottled its own beer for sale on store shelves. With bulk distribution, Empire Brewing has reached its production capacity at its Syracuse brewpub and at its contract-brewing partner, Greenpoint Beer Works (GPBW), in Brooklyn. GPBW is producing four types of Empire’s beer in kegs for distribution within New York State. Distribution is handled in the New York City region by Manhattan Beer Distributors, a partnership that is slated to continue and expand as Empire opens its farmstead brewery. Empire presently has three other New York State distributors covering all of Upstate New York: A.L. George LLC, McCraith Beverages, Inc., and McCraith’s subsidiary High Peaks Distributing. Agreements are pending with additional distributors in eastern New York, New Jersey, and Pennsylvania.

In order to meet increasing demand, Empire has decided to expand its operations with the launch of its Empire Farmstead Brewery, a 22-acre farm with a 28,000-square-foot brewery and packaging plant located on Route 13 in Cazenovia.

The new facility will expand production from 4,500 barrels per year to 17,000 barrels in year one, and 20,000 barrels by year three (1 barrel = 31 gallons).

Construction Cost Breakdown	
Building Envelope	\$ 1,235,000
Excavation work	\$ 590,000
HVAC	\$ 378,000
Concrete & Stone Work	\$ 357,000
Electrical	\$ 275,000
Plumbing	\$ 185,000
Interior build-out and finishes	\$ 150,000
Closing and Soft Costs	\$ 125,000
Glass, door, framing	\$ 118,000
Utility infrastructure	\$ 100,000
Agricultural & Landscaping	\$ 75,000
Sprinkler system	\$ 72,000
TOTAL	\$3,660,000

Project Description

Empire Farmstead Brewery is slated to open in Cazenovia in spring of 2015 and is poised to be the first Farm Brewery in New York State of its kind. The 28,000 square foot building will be situated on an undeveloped 21.7-acre property at 33 Rippleton Road (Route 13) in Cazenovia, NY. The objective of the Empire Farmstead Brewery is to expand the existing brewing facility and agricultural component of Empire Brewing Company to a stand-alone manufacturing and agritourism facility. The site will be developed for educational and beer production purposes, and

the owner is working in partnership with Morrisville State College. The College is in the process of implementing a new Brewing Studies program and is working directly with Empire's team to develop and manage the program using the farmstead to provide practical business and brewing experiences.

The agricultural component is being designed in conjunction with Professor Matthew Potteiger and the graduate student body from the Department of Landscape Architecture, State University of New York, College of Environmental Science and Forestry ("ESF"). The Empire Farmstead Brewery was the class project for ESF's spring 2012 semester.

Beer manufactured in Cazenovia will be packaged in kegs, bottles and cans for regional, national and international distribution. The agricultural component will include hops, lavender, vegetables, herbs, and fruits for use in the brewing process and to support the food production needed at both facilities. There will be a tasting room/gift shop and restaurant that will maintain a carbon footprint of 30 miles.

The \$8.39MM project is expected to support 20 construction jobs and create 35 permanent, full-time jobs in year one, 50 by year three, and 75 by five years after loan disbursement. Currently in design and permitting phase,

Brewery Equipment Cost Breakdown		
Equipment	Supplier	Cost
Brewhouse Tanks*	JVNW	\$ 751,500
Bottling Line*	Prospero	\$ 420,000
Fermentation Vessels*	JBF	\$ 330,500
Centrifuge*	Westalia by GEA	\$ 252,000
Grain Handling: Mill, Augers and Motors*	Malt Handling Inc	\$ 101,400
Steam Boiler*	Modular Comfort Systems	\$ 95,000
Keg Filler/Cleaner*	Lambrechts	\$ 85,000
Glycol Chiller*	G&D Chillers	\$ 82,100
Brewery Cooler	Gerharz	\$ 57,000
Temperature Control System	Zajac Processing	\$ 55,000
Grain Silos	Briss	\$ 41,000
Warehouse Forklift	Thomson Equipment	\$ 15,000
Pallet Wrapper	Wolftec	\$ 11,000
Portable Hose and Pump	CPE Systems	\$ 10,000
Process Water Treatment System	ESIL	\$ 10,000
Air Compressor	D&W Diesel	\$ 9,000
Domestic Water Treatment System	Kissain Water Treatment	\$ 5,000
	TOTAL	\$2,330,500

* Documented useful life of 20 years +

the construction is expected to begin in September 2014 and be completed by May 2015. The Company came to JDA for permanent financing of \$3.594MM in conjunction with Oneida Savings Bank. JDA proposes to provide 60% of permanent financing, extending over 20 years for both the construction portion and the equipment portion. Since JDA would be providing permanent, take-out financing, the entire project would need to already be completed and the other funding sources, including Oneida Savings Bank and the other grants/loans listed below would have had to been realized. The owner has already invested over \$1MM in equity to finance the soft costs and design aspects of the Project.

Other sources of financing include a \$300k Madison County IDA loan, a CFA award from the Regional Council for \$550k, and Community Development Block Grant money. Oneida Savings Bank has agreed to a 2% interest-only line of credit for \$1.53MM to cover additional start-up costs for the brewery while the approved grants are awaiting funding triggers to be disbursed.

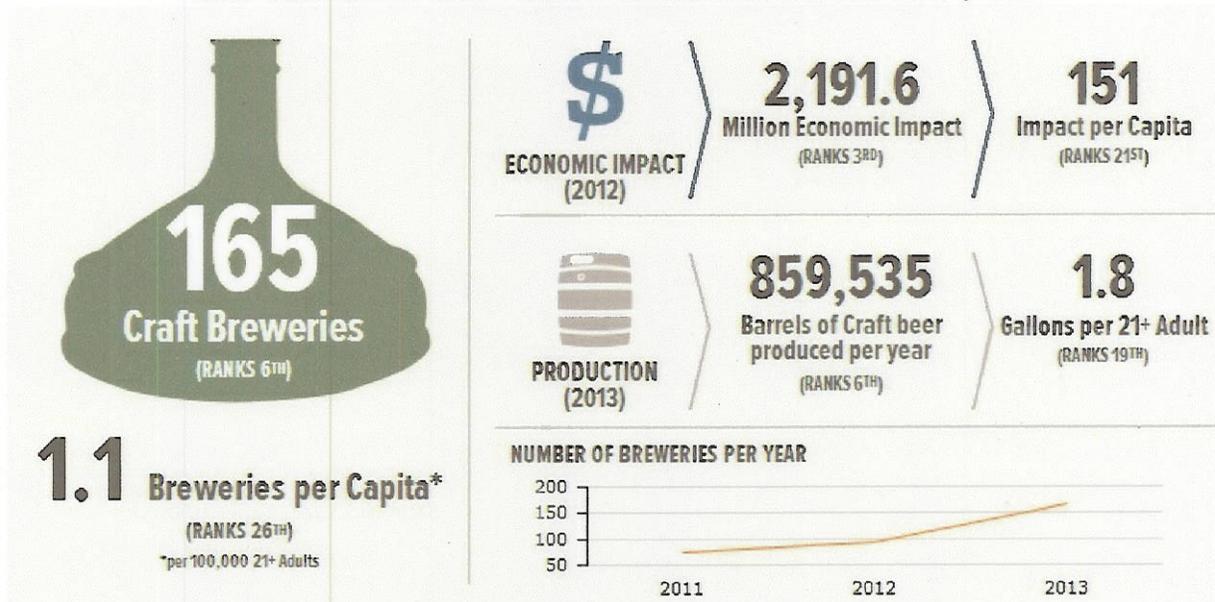
Market Analysis

Craft beer is big business in New York State and around the country. There are now more than 2,500 breweries operating in the US, with another 1,500 in planning stages. "Craft" brewers are defined as being independently owned and producing less than 6 million barrels a year.

Today, New York State is home to over 150 acres of hops production and 1,500 acres of barley production that support almost 150 breweries. This heightened agriculture production is the result of the increased demand driven by the new wave of breweries being established across the State. In 2011, the State Liquor Authority has issued 99 new brewery licenses representing an increase of 177 percent over the prior year. The number of New York State based craft breweries grew from 95 in 2012 to 165 in 2013. New York State craft beer sales currently rank 3rd in the country with an Economic Impact of \$2.2 Billion dollars. The State's craft breweries increased production by 26% from 557k barrels in 2011 to 860k barrels in 2013. Nationally, the craft beer segment grew by 21% by volume and 24% by dollar sales in the first quarter of 2014.¹

¹ NYS Brewers Association State of the State 2014. <http://thinknydrinkny.com/about/education/>

NEW YORK STATE CRAFT BEER PRODUCTION & SALES DATA, 2013



(Source: <http://www.brewersassociation.org/statistics/by-state/?state=NY>)

Governor Cuomo has introduced several reforms to help strengthen and grow New York State's brewing industry. Recognizing the success of the State's farm wineries, the Governor signed legislation creating a new farm brewery license. This new license allows New York State breweries to operate like the State's farm wineries if they use primarily New York State agricultural ingredients. This innovative licensing process resulted in the State's issuance of 32 new farm brewery licenses in just 15 months. As a result, the demand for New York State grown hops and barley has exploded. Since 2012 all small breweries have been eligible for tax credits against personal income and business taxes for beer made in New York.

Recommendation

ESD staff acknowledges that this analysis is based on projections and can be deemed riskier than our normal JDA loans. However, in determining our recommendations on why to proceed with the Project, there are some compelling factors that lead staff to recommend approval. JDA was created to assist, promote, encourage develop and advance the general prosperity and economic welfare of the people of New York State and to improve their standard of living. The Company meets the definition of a company in need of special assistance under section 1823 of the JDA Act (the "Act"), in that:

- The Company has shown that funds equal to the amount of the proposed JDA Loans are not reasonably available from other sources at a comparable cost of borrowing;
- There is potential for the Company to create jobs in New York State;
- The community will derive measurable benefits for the approval of the Project; and
- There is interaction with the economic development programs administered by ESD and other New York State economic development programs.

Also, the Company qualifies as an agriculture business in need of assistance under section 1835 of the Act, which states that “[t]he legislature has continuously acknowledged the importance of farming by establishing a variety of programs to promote a strong agriculture economy.”

Due to an uncertain economic climate, the agriculture industry has difficulty attracting investment capital upon reasonable terms. JDA is authorized to provide financing to businesses that serve farmers and which would otherwise face difficulties in obtaining capital at a reasonable cost for establishing or expanding their enterprises and businesses.

In addition to meeting these goals and requirements of the Act, this Project demonstrates a strong potential to further enhance the success of the Governor’s initiative to grow New York’s strength in agribusiness, tourism and artisanal food and beverage production.

The JDA Loans are also recommended for approval based on the following:

- Based on projected financials, the Company is expected to have the ability to repay the JDA loans with a projected Debt Service Coverage Ratio (“DSCR”) that meets JDA’s minimum standard of 1.20.
- Empire Brewing Company is a well-established business that has operated successfully for 20 years, has a strong network of NYS distributors, and an owner that has good experience in the industry.
- At the completion of the Project, 50 permanent, full-time jobs will be created by three years after loan disbursement.

2) COVENANTS AND CONDITIONS

The JDA Loans are predicated upon the following financial conditions:

- The Chapman Properties, LLC must obtain firm commitments satisfactory to JDA from responsible financial sources for the total project cost exclusive of any loan requested from JDA.
- The Chapman Properties, LLC must provide an appraisal of the subject property that indicates a loan to value not to exceed 90% at the time of closing.
- The Chapman Properties, LLC must maintain a minimum debt service coverage ratio of 1.20 throughout the term of the JDA Loans.
- The Chapman Properties, LLC 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 for the Facility to be used for the purposes intended and evidence of the purchase and installation of the machinery and equipment.
- b. Execution and delivery of the Note, the Security Agreement, the Mortgage and Loan and Use Agreement (furnished by JDA), and related documents by the Chapman Properties, LLC, all satisfactory to JDA.
- c. Procurement by the Chapman Properties, LLC of funds which shall be used at or prior to the closing to pay the Project Cost, exclusive of the proceeds of the JDA Loans.
- 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, 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 JDA Loans, 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 the Chapman Properties, LLC's checking account to repay the JDA Loans.
- 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. Chapman Properties, LLC 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 Chapman Properties, LLC's financial statements or the Chapman Properties, LLC's accounts, if so requested by JDA.
- l. Subordination of any loans to the Chapman Properties, LLC from those certain officers and members of Chapman Properties, LLC stipulated herein in a manner satisfactory to JDA.
- m. The Chapman Properties, LLC 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. All certifications and permits for the operating purposes of the Facility to be in full force and effect prior to closing the JDA Loans.
- o. Subordination of any leases which may affect the Facility to the Mortgage.

3) ENVIRONMENTAL REVIEW

The Village of Cazenovia Board of Trustees, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project to be a Type I Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on June 12, 2013. ESD staff on behalf of the JDA reviewed the Negative Declaration and supporting materials and concurs. It is recommended that the JDA make a Determination of No Significant Effect on the Environment.

4) NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise ("MWBEs") for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 25%. The overall goal shall include a Minority Business Enterprise ("MBE") Participation Goal of 9% and a Women Business Enterprise ("WBE") Participation Goal of 16% related to the total value of ESD's funding.

5) ADDITIONAL SUBMISSIONS TO MEMBERS

New York State Map
JDA Loan Underwriting Classification System
Diagrams and Photos
Bank Commitment Letters

October 6, 2014

Central New York (Cazenovia - Madison County) – Empire Farmstead Brewery, Inc. –
New York Job Development Authority Special Purpose Fund Direct Loan Project –
Real Estate Loan and Machinery and Equipment Loan -- Authorization to Make
Loans and to Take Related Action

RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, and each of them hereby is, authorized to make a Special Purpose Fund Machinery & Equipment Loan and a Special Purpose Fund Construction Loan to Statewide Local Development Corporation for the benefit of Empire Farmstead Brewery, Inc. for an amount not to exceed \$2,196,000 or 60% of the total construction project cost, whichever is less, and \$1,398,300 for machinery and equipment or 60% of the total machinery and equipment project cost, whichever is less, for the purposes and substantially on the terms and conditions set forth in the materials presented at this meeting, with such changes as the Chief Executive Officer of the Authority or his designee(s) may deem appropriate; and be it further

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

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

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

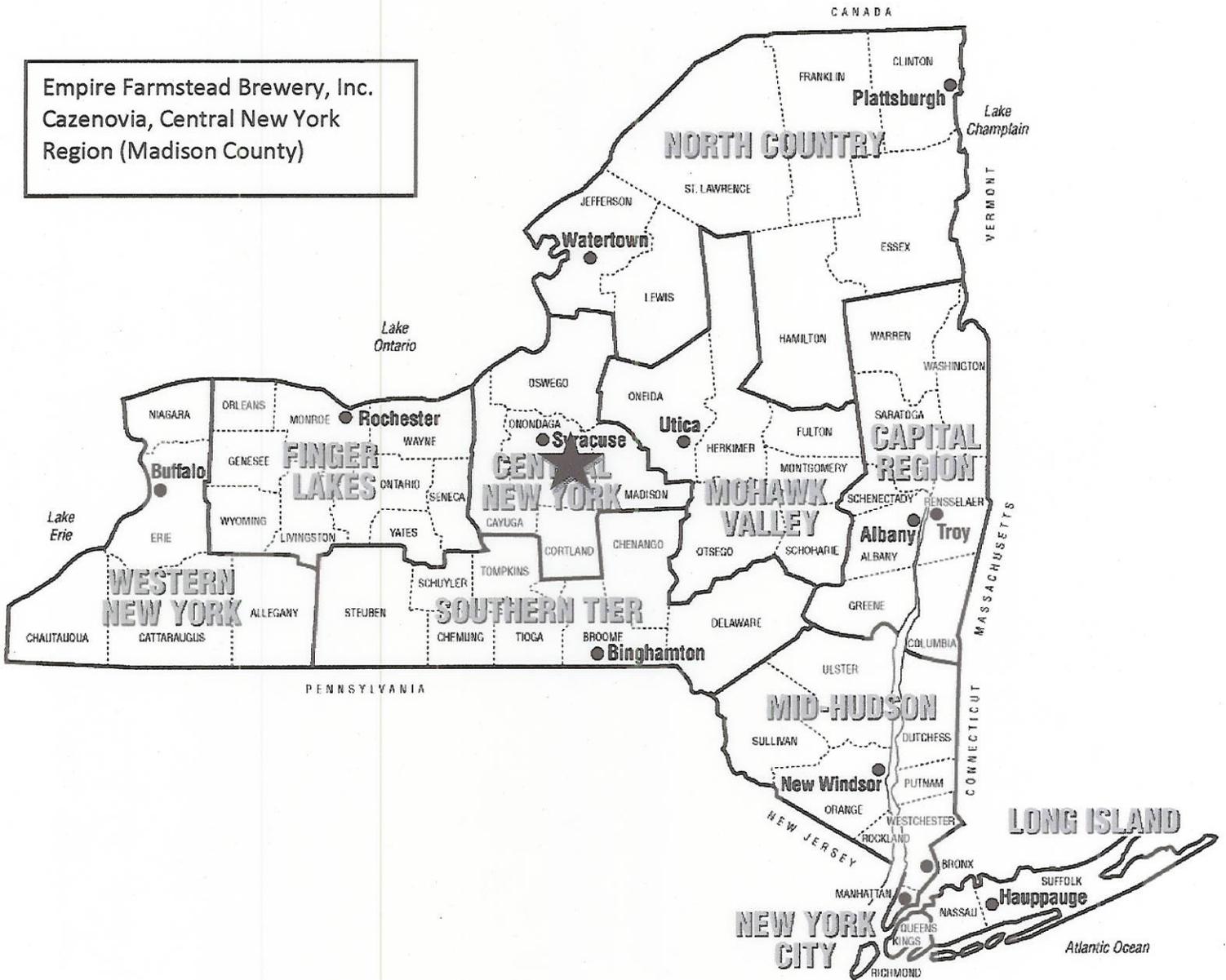
October 6, 2014

Central New York (Cazenovia) – Empire Farmstead Brewery, Inc. – New York Job Development Authority Special Purpose Fund Direct Loan Project – Real Estate Loan and Machinery and Equipment Loan – Determination of No Significant Effect on the Environment

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

* * *

Empire Farmstead Brewery, Inc.
Cazenovia, Central New York
Region (Madison County)



JDA Underwriting Classification Chart

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

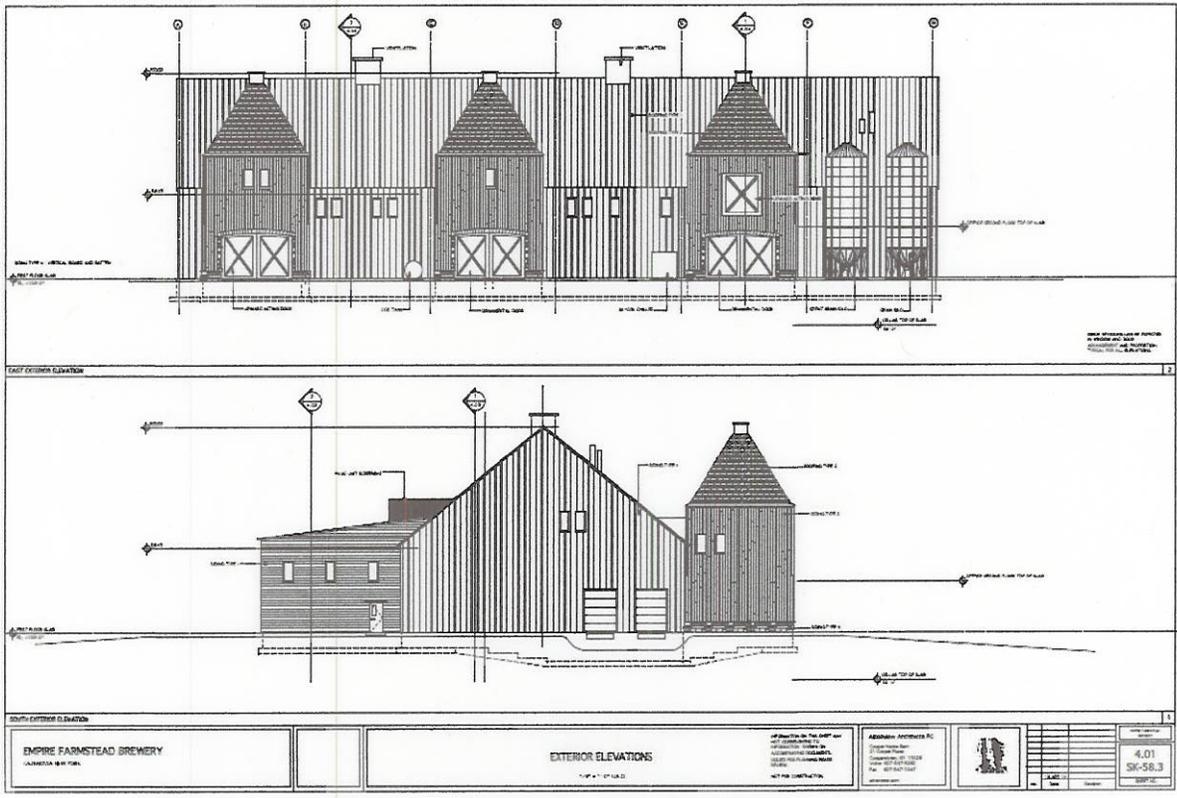
Diagrams and Photos

Map of 21.7 acre Empire Farmstead Brewery Site in relation to downtown Cazenovia





Renderings of Empire Farmstead Brewery



Interior and Exterior View of Empire Brewing current location – Walton St. in Syracuse



Press

Cuomo: 'Showstopper Ale,' brewed by Empire Brewing Co. in Syracuse, to debut at New York State ROBERT HARDING

A central New York brewery will use local ingredients, including water from Skaneateles Lake, to brew a special beer that will debut at this year's New York State Fair.

The fair-themed beer, "State Fair Showstopper Ale," will be brewed by Empire Brewing Company in Syracuse and available at several venues throughout the fair, including the Taste NY Wine, Beer and Spirits Bar.

Gov. Andrew Cuomo, who announced the beer's upcoming debut in a statement Monday, called Showstopper Ale "a perfect fit" to represent the fair.

"A beer bearing the name of one of the most exciting agricultural events in the nation will help promote the fair beyond the borders of this state, and gives people yet another reason to visit the annual celebration," Cuomo said. "I congratulate the team behind Showstopper and wish them continued success."

According to Empire Brewing Company President David Katleski, the recipe for Showstopper Ale is based on the brewery's award-winning Skinny Atlas Light Ale.

To brew Showstopper Ale, Empire will use its own yeast, Skaneateles Lake water and New York barley and hops.

Tim Butler, brewing operations director at Empire Brewing Company, said he is "honored" to brew the first New York State Fair-themed beer.

"We have put a lot of thought into the design of this beer and I think we have come up with something that represents both the Great New York State Fair and Empire Brewing Company," Butler said.

(Appeared on 7/30/2014 in <http://auburnpub.com/>)

Empire Brewing Company seeking federal funding for expansion – CNY Business Journal

ERIC REINHARDT

SYRACUSE, N.Y. — Empire Brewing Company, a Syracuse-based brewer of handcrafted ales and lagers, has plans to expand its operations and add jobs.

The brewery is working to build its Empire Farmstead Brewery in Cazenovia to grow hops and create a bottling facility. The brewery would use the facility to bottle its own beer for the first time in the company's 20-year history.

The expansion will create at least 50 jobs in Central New York and enable the craft brewery to expand its footprint across the state and the country.

That's according to U.S. Senator Charles Schumer (D-N.Y.), who today visited the local establishment to launch his push to secure federal funding for the expansion.

Empire Brewing is currently seeking \$200,000 in funding from the U.S. Department of Agriculture (USDA) to assist the expansion effort.

Schumer pledged his full support of Empire's efforts.

"They're looking to create a new model and become the next upstate New York brewer to take a major step forward and begin distributing their beer across the state," Schumer said in his remarks at the Armory Square restaurant.

Empire's model of having a brew pub, hops farm and bottling plant could help "propel" Central New York's craft-beer industry, he added.

The expansion will allow the company to better meet demand, seize more of the craft-beer market, and prepare for further expansion, the Democrat said.

Specifically, Empire is seeking \$200,000 in funding from the USDA Value-Added Producer grant program.

The program helps beginning farmers like Empire who are seeking to develop "value-added" products, according to Schumer's office.

"I will be calling Secretary of Agriculture [Thomas] Vilsack personally to tell him this should be a priority," Schumer told those gathered at the late-morning announcement.

In Empire's case, the grant would ultimately help to offset the costs of third-party ingredients, packaging, inventory management software, and product marketing, the office added.

"If it weren't for the [legislation permitting a] Farm Brewery license, this project would not exist," said David Katleski, owner of Empire Brewing and the current president of the New York State Brewers Association.

Gov. Andrew Cuomo in July 2012 signed the legislation establishing farm-brewery licenses. The legislation took effect in January 2013.

The farm-brewery license allows craft brewers that use products grown in New York to operate in a fashion similar to the state's farm wineries, the governor's office said in an Oct. 9, 2013 news release that welcomed 14 newly licensed farm breweries.

Empire Brewing started operations in 1994 at 120 Walton St. in Syracuse's Armory Square and has contract brewing operations in Brooklyn.

The company in 2010 began distributing its beer off-premise to wholesalers and retailers throughout New York, but has never bottled its own beer for sale on store shelves.

With bulk distribution, Empire Brewing has reached its production capacity at its Syracuse brewpub and at its contract-brewing partner, Greenpoint Beer Works, in Brooklyn.

In order to meet increasing demand, Empire decided to expand its operations with the launch of its Empire Farmstead Brewery, a 22-acre farm with a 28,000-square-foot brewery and packaging plant located on Route 13 in Cazenovia.

The new facility will expand production from 4,500 barrels per year to 20,000 barrels, according to Schumer's office.

The Farmstead Brewery is scheduled to open this fall, according to the brewer's website. (Appeared on 7/14/2014 in <http://www.cnybj.com/>)

Empire Farmstead Brewery in Cazenovia will be among the state's largest craft beer makers – Post-Standard DON CAZENTRE

When the Empire Farmstead Brewery opens (as planned) next year in Cazenovia, it will have its own bottling line, a European-style beer hall and a farm that will grow much of its own hops, some of its own barley and many of its other beer ingredients.

It will instantly find itself among the largest breweries in the state (out of about 160 total), possibly even among the Top 5 largest New York craft brewers.

The Cazenovia brewery, to be located on a 22-acre farm on Route 13 adjacent to the Lorenzo State Historic Site, is a spin-off of the 20-year-old Empire Brewing Co. brewpub in Armory Square.

The Cazenovia brewery will have a brewhouse capable of producing 60 barrels of beer in a single batch. A barrel is 31 gallons, and is the standard measure for a brewery's size and output.

"It's going to be lot of fun," said Empire Brewing owner David Katleski. "It's going to be the biggest challenge of most of our lives."

New York's largest brewery, by far, is the Anheuser-Busch plant near Baldwinville, which is capable of producing four 1,000-barrel batches at a time.

It's followed by Rochester's Genesee (a 900-barrel brewhouse), and Utica's Matt/Saranac (500 barrels). Then comes Southern Tier near Jamestown (a total of 160 barrels in two brewhouses), and Olde Saratoga/Mendocino in Saratoga Springs (110 barrels).

At 60 barrels, the Empire farm brewery will slip in ahead of such recently opened 50-barrel brewhouses as Ithaca Beer Co. Schmaltz Brewing Co. in Clifton Park (near Albany), Davidson Bros.

in Queensbury/Glens Falls and Brown's Brewing Co. in Hoosick Falls. Captain Lawrence is a 40-barrel brewery in Westchester County.

Empire's Cazenovia brewery will be twice as large as Syracuse's 30-barrel Middle Ages Brewing Co., and nearly 9 times bigger than the 7-barrel brewhouse at Empire's Armory Square brewpub.

Katleski hopes to break ground on the new brewery in August, begin producing bottled beer by February 2015 and open to the public by May. The site already has a working farm, where beer ingredients (and produce for the brewpub restaurant) are grown.

New York state had only about 10 breweries 20 years ago, and now has more than 160, many of them small craft or nano-breweries. Another 100 or so are in the planning stages. About 45 of the current breweries are operating under the state's farm brewery license, which offers incentives for using New York-grown ingredients.

Some of those farm breweries buy New York ingredients, while others grow at least a portion of their own. Empire will more than likely be the largest brewery in the state with plans to grow much of its own ingredients.

Katleski, who serves as president of the New York State Brewers Association, helped spearhead the farm brewery law as it won approval in the state Legislature in 2012.

On Monday, U.S. Sen. Charles Schumer stopped in to the Empire's Armory Square brewpub to pledge his aid in helping Katleski secure a \$200,000 grant from the U.S. Department of Agriculture. The grants go to businesses that grow and build in rural areas.

With the new brewery, Empire is likely to expand its payroll from the current 70 employees to about 120 or 140.

Schumer said the USDA grant is aimed at helping small companies like Empire, "which operate on the margins," get the financial support they need to grow. "It's a great thing for the local economy," Schumer said.

Since 2010, Empire has been operating at full capacity in Armory Square, and began making beer under contract at Greenpoint Beer Works in Brooklyn to supply draft accounts in the New York City area.

With the new brewery, Katleski's goal is to supply beer across New York state -- and possibly beyond. He notes that craft beer (as opposed to mass-market domestic lagers) now accounts for about 8 percent of New York state beer sales, while it's 38 percent in Colorado and 30 percent in Oregon. By that standard, Katleski said, New York could probably accommodate more than 700 breweries.

"We have the room to grow," he said.

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