

STATEWIDE LOCAL DEVELOPMENT CORPORATION

Meeting of the Members

Tuesday

March 10, 2015

AGENDA

FOR CONSIDERATION

DISCRETIONARY PROJECTS

1. Rochester (Finger Lakes Region – Monroe County) – JDA Loans for the benefit of Beets Factory, Inc. – Authorization to Make Loans with New York Job Development Authority Proceeds and Take Related Actions
2. Ancramdale (Capital Region – Columbia County) – JDA Loan for the benefit of Ronnybrook Farm Dairy – Authorization to Make a Machinery and Equipment Loan with New York Job Development Authority Proceeds and Take Related Actions

Empire State Development

STATEWIDE LOCAL DEVELOPMENT CORPORATION

Date: March 10, 2015

TO: The Members

FROM: Howard Zemsky

Subject: Rochester (Finger Lakes Region – Monroe County) – JDA Loans for the benefit of Beets Factory, Inc. - Authorization to Make Loans with New York Job Development Authority Proceeds and Take Related Actions

JDA Loan Terms (Machinery & Equipment)	
Borrower:	Beets Factory, Inc.
Economic Region:	Finger Lakes Region
Loan Amount Requested:	\$5,340,000
Rate:	3.79% (fixed)
Term:	10 years
Classification:	IA-
Distressed Area:	Yes
Initial Payment:	\$60,150.06

JDA Project Budget					
Uses			Sources		
Acquisition of Machinery & Equipment	\$8,900,000	100%	JDA Loan*	\$5,340,000	60%
			Bank Loan	2,470,000	28%
			Equity	1,090,000	12%
Total JDA Project Cost	\$8,900,000		Total JDA Project Financing	\$8,900,000	
*10-year term at 3.79% fixed apr with co-equal first on all M&E purchased					
Total Project Budget					
Uses			Sources		
Acquisition of Machinery & Equipment	\$8,900,000	52%	Bank Loan	\$10,226,000	60%
Renovation of Existing Property	5,156,000	30%	JDA Loan	5,340,000	31%
M&E Installation/ Freight Charges	2,000,000	12%	Equity	1,090,000	6%
Industrial Sewage Connection	1,100,000	6%	ESD Grant (sewage connection)	500,000	3%
Total Project Cost	\$17,156,000		Total Project Financing	\$17,156,000	

Security: The JDA Loan shall be secured by a co-equal first lien and security interests on the machinery and equipment purchased with the M&E loan.

Guarantors: Repayment of the Loan shall be guaranteed on a pro-rata basis, 50% by G's Fresh, Ltd., 40% by LiDestri Foods, Inc., and 10% by Andrew Schwartz relative to the percentage of their respective ownership of Beets Factory, Inc.

Job Information (at project sites):

Existing: 0 full-time

New Jobs Projected: 89 full-time by three years after loans disbursement, 140 full-time by five years after loan disbursement

JDA Loan Amount per job: \$60,000

Project Summary:

Borrower: Beets Factory, Inc.
1150 Lee Rd.
Rochester, NY 14606

Contact: David Stoklosa, Vice President of Corporate Business Development
Phone: 585-742-1896
DavidS@lidedstrifoods.com

Ownership: Beets Factory, Inc. will be 50% owned by G's Fresh, Ltd. and 40% owned by LiDestri Foods, Inc. and 10% owned by Andrew Schwartz.

Nature of Business: The Company will process, pack, and ship beets and beet products. The brand is already established in the UK and has some sales in the US from imports, but the new factory will allow the product to be produced locally.

This report concerns a proposed New York Job Development Authority ("JDA") loan for the amount of \$5,340,000 (the "JDA Loan"). A participating bank will provide a loan to finance the \$8,900,000 acquisition of machinery and equipment. Once the project is completed, the JDA Loan is to be used to take out 60% of the loan provided (the "M&E Loan"). Including the property renovations and installation costs along with the M&E acquisitions, the total project cost is \$17,156,000. Per the JDA statutes, a firm commitment from the participating bank will be required before the potential JDA loan is approved.

Project locations: 1150 Lee Rd. Rochester, NY 14606 (Eastman Business Park)

Project Completion: First Quarter 2016

1) PROJECT OVERVIEW AND RECOMMENDATION

Background

G's Group ("G's") is Europe's leading fresh produce company. Based in the UK and established in 1952, it supplies multiple premium retailers across UK, Europe and the USA. It is a fully vertically integrated farming and fresh produce processing business, covering salad, vegetables and flowers. G's has over 5,000 employees and annual sales of £400M (equivalent to US\$605M as of 1/21/2015).

Established in fall 2010 to market G's beet products, Love Beets Inc. is a fully owned subsidiary of G's. Love Beets is built on the beet growing, innovation and processing expertise that has been

honed over the past 20 years through G's Fresh Beetroot, a world class beetroot processing facility based in Cambridgeshire, UK, that has pioneered the development of value added beet production through flavor infusions, cooking, and unique packaging. The Love Beets brand is managed by a husband and wife team, Guy and Katherine Shropshire.

LiDestri Foods opened in 1975 as Cantisano Foods, founded by Ralph Cantisano. The Cantisano family founded the Ragu Packing Company in their home in Western New York in 1937, which eventually morphed into Cantisano Foods following the sale of Ragu. Current owner Giovanni LiDestri left the Ragu production floor in 1976, when Mr. Cantisano asked him to manage his new business. Before long, Giovanni convinced Ralph to invest in a small but functional pasta sauce production line and, in 1978, began producing pasta sauce for food service. As business quickly grew, the Company relocated to a facility in Rochester, NY.

Looking for ways to expand and improve, LiDestri acquired its proprietary retail brand, Francesco Rinaldi, and also began making pasta sauce for the Newman's Own brand. Throughout the 1980s, its focus was on building a strong foundation by working toward long-term relations with its suppliers and customers. With countless upgrades to its facilities, the Company positioned itself to be the premier pasta sauce manufacturer in the US. In 1990, LiDestri received USDA approval to produce high-content meat and poultry products, and in 1991, the business grew west of the Rockies by opening a Fresno facility to service that market. Three years later, LiDestri moved to its current headquarters in Fairport, NY, a suburb of Rochester.

The LiDestri family retains sole ownership of the company. In the late 1990s/early 2000s, the Company underwent major expansions of the Fairport facility and the Fresno facility. After outgrowing the Fairport footprint, the Company again expanded that location and opened three additional locations in the Northeast— the Dundee and Rochester, NY locations, and a location in Pennsauken, NJ. The Company had over \$490M in sales in 2014, and employs 690 people in New York State (970 nationwide).

Project Description

Looking to expand the reach of the Love Beets brand in the US, G's identified LiDestri as a potential partner in a beet processing facility located within the country. Beets Factory, Inc., which was founded to receive, process, package, and ship beets across the USA, is owned 50% by G's Fresh Ltd., 40% by LiDestri Foods, Inc., and 10% by Andrew Schwartz, a marketing expert who will handle sales expansion in the domestic market.

During the annual harvest, raw beets will be shipped into a 100,000 sq ft facility at 1150 Lee Rd, Rochester, NY for processing. This facility is currently owned by LiDestri and will be renovated and outfitted for beet processing. The beets will be cleaned and graded at the farms of origin before being shipped to the plant. The majority of the beets will eventually be sourced from NYS farmers. Upon arrival to the factory, the beets will be steam cooked, peeled to size, and then prepared for preservation. Initially, there will be three main categories of beet products, and packaging lines will be installed for each, 1) fresh-cooked beets in vacuum packaging, 2) fresh

marinated beets in produce packaging, and 3) 100% bottled beet juice. To maintain a year round supply of these products, a 40,000 sq ft conditioned storage facility will be installed to store raw beets between harvest seasons. Storage conditions will be maintained at 38F and at 98% humidity. In addition, a 20,000 sq ft refrigerated finished goods storage facility will also be installed. The expertise to run this entire cycle, which by year 4 of operations will process 14M kg of beets, will be provided by the team at G's which runs the UK operations in Cambridgeshire.

To renovate the facility and outfit it with the requisite machinery and equipment, the cost will be \$17.156M. The M&E acquisition, which includes a storage racking system, cookers, peelers, retorts, forklifts, conveyors, packaging equipment, sanitization equipment and quality control laboratory equipment, will cost \$8.9M, of which JDA is considering a 60% take-out loan of \$5.34M. The M&E acquisition will take place in three stages, \$6.1M in year one, \$1M in year two, \$900k in year three, and \$900k in year four. ESD is also considering a \$500k grant to assist the factory in connecting to the existing sewage infrastructure and a potential \$500k grant to pay down a portion of JDA loan principal at some time in the future if certain production goals are met.

Market Analysis

In October 2010, Guy and Katherine brought their marinated baby beets to New York City's Fancy Food Show, where the response was overwhelmingly positive. With the help of G's relationship with farmers and major retailers, the Love Beets brand has blossomed and continues to expand its reach across the UK and internationally. The brand is available at Whole Foods, Wegmans, Costco, Target, and other major retailers in the US, and at numerous retailers in the UK, Australia, and New Zealand. The brand includes bottled beet juice, beet snack bars, beet salsa, prepared beet salads, and other products. In the US, the Love Beets brand is positioned as a high end product, with an average sale price of \$7.10/kg, while in the UK it is positioned to the middle market (average sales price of \$3.60/kg). With the reduced costs of transport, marketing, and distribution as a result of the new US factory, the Company hopes to expand its product positioning to a more middle market in the US as well. Love Beets had over \$18M in sales in FY2014.

Following decades of decline, beetroot sales are rising sharply and farmers have had to dramatically increase their planting to meet demand. Retail analysts Kantar suggest total sales of the vegetable are up by 20 per cent in four years.

Beetroot is a good source of iron and folic acid. It also contains nitrates and other antioxidants, which can help lower blood pressure and the risk of cancer. It is particularly rich in nitrates, which is converted to nitric oxide in the body and is understood to lead to a modest reduction in blood pressure.

Research published in 2013 found the high nitrate levels in beetroot juice resulted in 'moderate improvements' in exercise performance, while a 2010 study suggested the juice may increase blood flow to certain areas of the brain.¹

Conclusions

- Based on the IA- rating, the guaranteeing Companies currently generate sufficient cash flow from operations to service all the projected project debt, and staff believes that both Companies are fiscally strong. The liquidation value of the collateral however, will be less than the total value of the JDA loan plus the bank loan.
- G's Fresh, Ltd. and LiDestri Foods, Inc. are financially strong with a history of being profitable and combined sales and EBITDA all increasing over the 3-year historical period. Based on projections provided for the Beet Factory, Inc., the new operation will generate sufficient cash flow to service all the projected debt by the first full year of operations.
- With the approval of the project, JDA would facilitate the creation of 89 full-time jobs by 2018 and 140 full-time jobs by 2020 adjacent to Rochester's Eastman Business Park. Furthermore, NYS beet growers can expect \$6-8M in annual sales to the new facility by three years after loan disbursement.
- The State of New Jersey, where LiDestri also has existing facilities in Pennsauken (outside of Philadelphia) has offered the Beets Factory \$11.4M in potential grants and tax incentives to locate there. G's is considering both New York's and New Jersey's offers in making the decision, and a low-interest rate JDA loan would be an integral part of what New York State could offer the Company.

2) COVENANTS AND CONDITIONS

The JDA Loans are predicated upon the following financial conditions:

- G's Fresh, Ltd. must obtain a letter of credit from the Royal Bank of Scotland, or a bank of equal standing, for 50% of the JDA Loan amount, based on G's Fresh, Ltd.'s pro-rata ownership stake in the Company.
- The Company must obtain firm commitments satisfactory to JDA from responsible financial sources for the total project cost exclusive of any loan requested from JDA.
- The Company must provide evidence of the subject property that indicates a loan to cost not to exceed 90% at the time of closing.
- The Company must maintain a minimum debt service coverage ratio of 1.20 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.

¹ <http://www.dailymail.co.uk/health/article-2621004/Boom-time-beetroot-new-superfood-Sales-20-four-years-claims-root-vegetable-help-treat-bloody-pressure-boost-athletic-performance.html>

- c. Procurement by the Company of funds which shall be used at or prior to the closing to pay the 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, satisfactory to JDA.
- f. Receipt by JDA of financing documents of other lender(s) satisfactory to JDA.
- g. Satisfaction of such other conditions as JDA, with advice of counsel, deems necessary or advisable to effectuate the Loan, secure the interest of JDA and insure compliance with the JDA Statute and applicable provisions of the Internal Revenue Code.
- h. Execution of documents to permit monthly electronic debit of the Company's checking account to repay the Loan.
- i. Compliance with ADDITIONAL REQUIREMENTS stipulated in all Schedules, Exhibits and Riders, attached hereto and made a part hereof.
- j. Compliance with any other terms and conditions deemed to be necessary and appropriate in the opinion of the General Counsel of JDA.
- k. The Company or the Company's owners will contribute at least 10% in equity to the Real Estate Project. Equity is defined as any non-debt source of capital and should be auditable through the Company's financial statements or bank accounts, if so requested by JDA.
- l. Subordination of any loans to the Company from those certain officers and members of the Company stipulated herein in a manner satisfactory to JDA.
- m. The Company 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 Loan.

3) ADDITIONAL MORTGAGE AND LIEN DETAILS

The Corporate guaranties will be on a pro-rata basis, 50% by G's Fresh, Ltd. and 40% by LiDestri Foods, Inc., relative to the percentage of their respective ownership of Beets Factory, Inc. The M&E Loan will be secured by a co-equal first lien on the equipment purchased with the loan.

4) 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.

5) NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Borrower 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 30% (\$1,902,000). The overall goal shall include a Minority Business Enterprise Participation Goal of 15% (\$951,000) and a Women Business Enterprise Participation Goal of 15% (\$951,000), related to the total value of the capital grant (Z605) and the JDA Loan.

6) ADDITIONAL SUBMISSIONS TO MEMBERS

New York State Map
JDA Loan Underwriting Classification System
Photos

March 10, 2015

Rochester (Finger Lakes Region – Monroe County) – JDA Loans for the benefit of Beets Factory, Inc. – New York Job Development Authority Special Purpose Fund Direct Loan Project – 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 and Equipment Loan to Statewide Local Development Corporation for the benefit of Beets Factory, Inc. for an amount not to exceed \$5,340,000 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

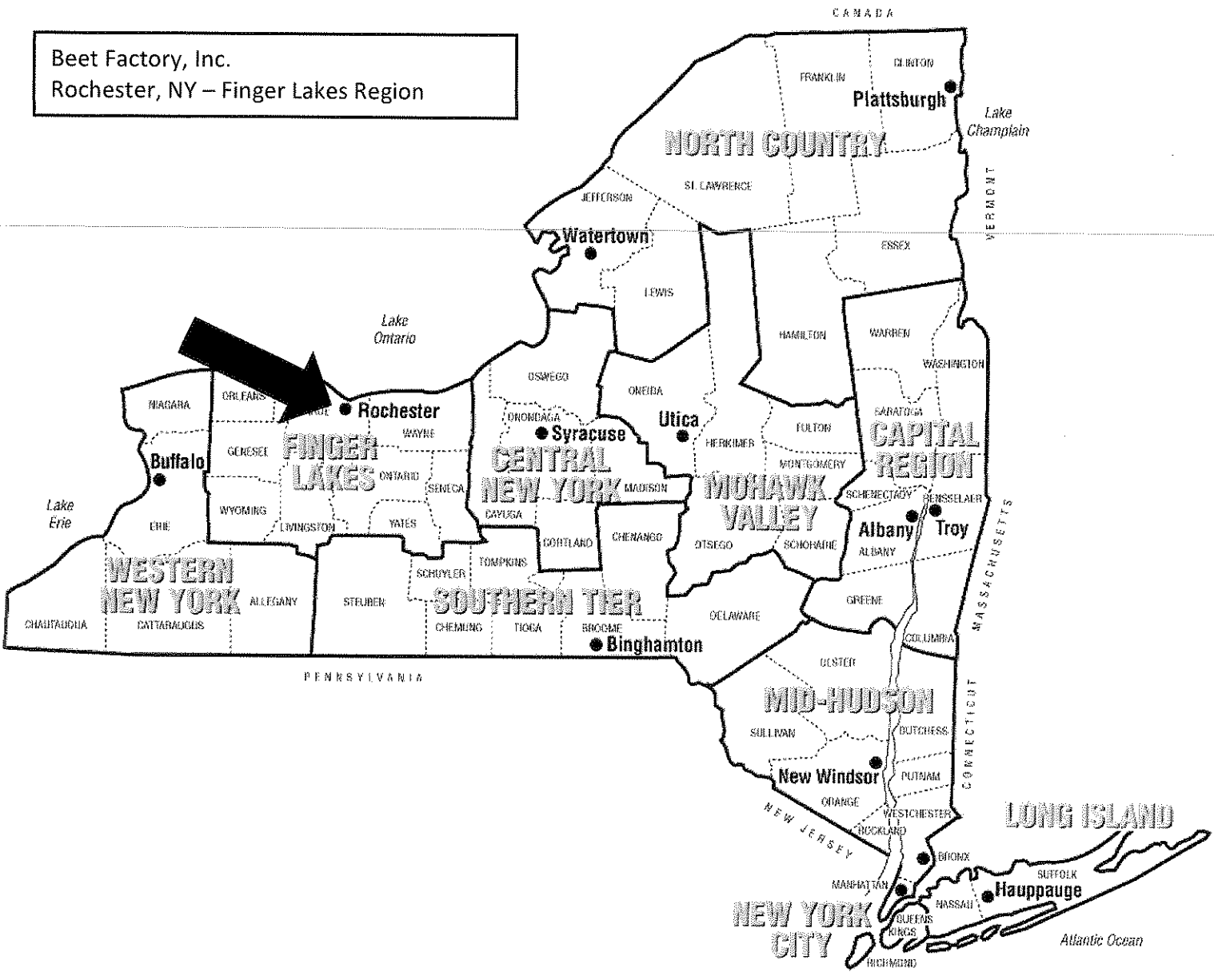
RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, subsequent to the making of the Loans, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the Loans as he or she may deem appropriate in the administration of the Loans;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

* * *

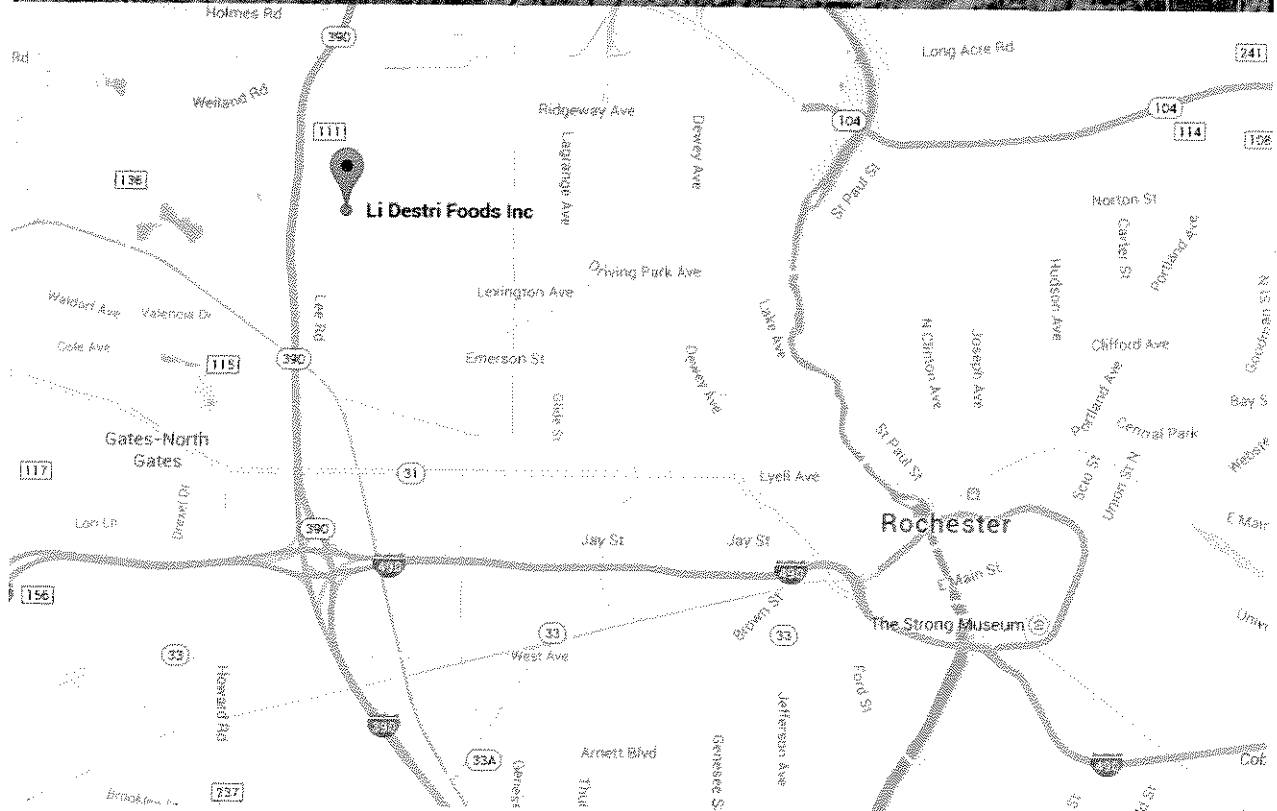
Beet Factory, Inc.
Rochester, NY – Finger Lakes Region

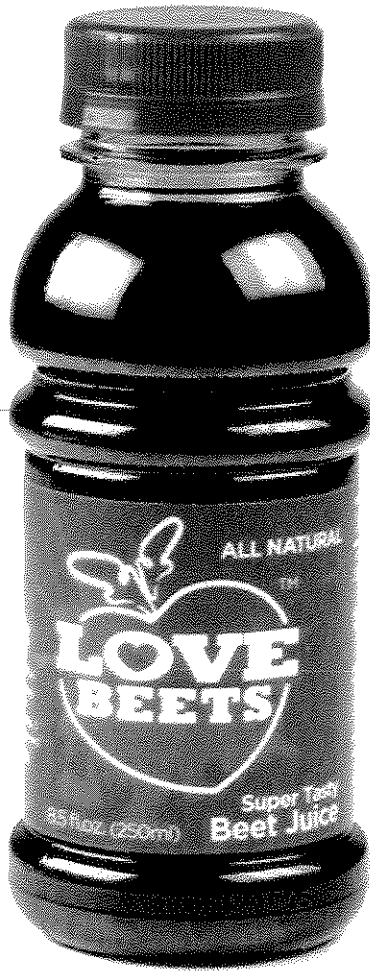


JDA Underwriting Classification Chart

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	

Photos





Empire State Development

STATEWIDE LOCAL DEVELOPMENT CORPORATION

FOR CONSIDERATION

DATE: March 10, 2015

TO: The Members

FROM: Howard Zemsky

Subject: Ancramdale, NY (Capital Region – Columbia County) – JDA Loan for the benefit of Ronnybrook Farm Dairy – Authorization to Make a Machinery and Equipment Loan with New York Job Development Authority Proceeds and Take Related Actions

JDA Loan Terms	
Borrower:	Ronnybrook Farm Dairy
Economic Region:	Capital Region (Columbia County)
Loan Amount Requested:	\$960,000
Rate:	4.10% (fixed)
Term:	10 years
Classification:	IA+
Distressed Area:	No
Initial Payment:	\$9,765.22

JDA Budget					
Uses			Sources		
Machinery & Equipment	\$ 1,600,000	100%	JDA*	\$ 960,000	60%
			Equity	640,000	40%
Total Project Costs	\$ 1,600,000	100%	Total Project Financing	\$ 1,600,000	100%

* 10-year term at 4.10% (fixed)

Security: A first lien on the M&E collateral purchased with the loan. The discounted value of the collateral is \$1,280,000.

Guarantors: A personal guaranty will be provided by Richard and Ronald Osofsky, whose personal net worth exceeds the amount of the loan.

Job Information (at project site):

Existing: 47 full-time and 5 seasonal

New Jobs Projected: 27 full-time by three years after loan disbursement

JDA Loan Amount per job: \$13,000

Project Summary:

Borrower: Ronnybrook Farm Dairy
310 Prospect Hill Road
Ancramdale, NY 12503

Contact: Joe Croghan, CFO
Phone: 518-398-6455
Email: Joe.Croghan@gmail.com

Ownership: Family-owned by Richard and Ronald Osofsky
Industry: Dairy product (except dried or canned) producers and merchant wholesalers

This report concerns a proposed New York Job Development Authority (“JDA”) loan for the amount of \$960,000 (the “JDA Loan”). The \$960,000 loan is to be used to take out an interest-only loan provided by Salisbury Bank for the acquisition of machinery and equipment (the “M&E Loan”). The total cost of the Project is \$1,600,000 (the “JDA Project Cost”).

Project location: 310 Prospect Hill Road
Ancramdale, NY 12503

Project Completion: 1st Quarter 2015

1. PROJECT OVERVIEW AND RECOMMENDATION**Background**

Ronnybrook Farm Dairy (“RFD” or the “Company”) was established in 1941 by the Osofsky family. It has remained a family-owned farm since that time. The current operators are brothers Rick and Ronny Osofsky. RFD is located on hundreds of rolling acres that straddle Pine Plains and Ancramdale (Dutchess and Columbia Counties). RFD began bottling milk in glass bottles and making quality value added dairy products in 1991. The farm is committed to producing a local product by only using milk produced on its property and nearby Hudson Valley dairy farms that share its values. Since the early 90s, RFD has identified and built a lucrative market niche, providing high quality and high value added dairy products to upscale, discerning consumers in the greater NYC region.

RFD’s current premium dairy products – milk, butter, yogurt, crème fraiche, and ice cream – use farm fresh milk produced using the values of sustainable agriculture. RFD serves the greater NYC metro area, and operates a retail location at Chelsea Market in Manhattan. RFD also sells to more than 150 supermarkets, specialty food stores and gourmet delis, 50 food service clients and top restaurants, and at various green and farmers’ markets. The Company’s 2013 annual sales were \$7.9MM, and it operates with 47 full-time employees at the farm location and in NYC and an additional 5 seasonal jobs. RFD’s distribution is through a fleet of company owned trucks and independent dairy distributors.

ESD staff performed a site visit on October 30, 2014 to tour the farming operations and talk with the Osofsky brothers about the JDA loan request and expansion project. Photos from that visit are attached to the end of this loan report.

Project Description

In order for the Company to continue to expand, it seeks to invest \$1.6MM in capital improvements in order to grow its output by increasing the hours of operation of their processing, pasteurization, and bottling plants, allowing greater throughput and cutting operating costs. The Solar Electric System will allow the RFD a greater level of autonomy from the electric grid (it already produces some of its electricity from solar power), lower energy costs, and increased cache to market to its high-end clientele. The two additional milk delivery trucks will allow RFD to keep transportation costs in-house and be more flexible with its delivery schedule (Ronnybrook currently relies partially on outside trucking companies). RFD will also be making improvements to expand its Greenmarket capacity.

Capital Improvements Cost Breakdown	
Equipment	Cost
100 kW Solar Electric System	\$ 300,000
Milk Processing Machine	\$ 259,000
Milk Bottling Machine	\$ 214,000
Greenmarket Equipment	\$ 127,000
Yogurt & Butter Processing Equipment	\$ 120,000
Loading Dock Improvement	\$ 111,000
Milk delivery trucks	\$ 110,000
Pasteurization & Homogenization Equip.	\$ 105,000
Sterilization & Waste Removal Equip.	\$ 102,000
Freezer & Cooling Equipment	\$ 65,000
Solar thermal system	\$ 50,000
Laboratory & Quality Testing Equipment	\$ 37,000
Total	\$ 1,600,000

The Company provided us with a very detailed list of the Machinery & Equipment associated with its expansion project. Above is an overview summary of those costs.

Market Analysis

The dairy industry is New York’s leading agricultural sector, accounting for more than one-half of the state’s total agricultural receipts. In 2013, New York State became the country’s third largest producer of milk. Compared to 2012, New York’s milk production increased by 2.2% in 2013, compared to 0.4% growth nationwide. This strong growth represents the fourth consecutive year that New York has registered an increase in milk production.

The increased milk supply has been very important in helping to meet the tremendous growth in the production of yogurt by plants located in New York State. In fact, New York is officially America’s Yogurt Capital, surpassing California in 2012 as the top producer of yogurt in the United States. New York State's dairy industry had an economic output of \$14.8 billion in 2011, according to a 2014 study published by Professor Todd Schmit of Cornell University. The report also noted that for each extra dollar of dairy industry output, \$0.42 is generated in additional economic activity.

Highlights

- RFD is financially strong with a history of being profitable with sales, EBITDA, and pre-tax profit all increasing over the 3-year historical period.
- Based on 2013 cash flow, the Company has the ability to repay the JDA loan with a projected Debt Service Coverage Ratio (“DSCR”) that meets JDA’s minimum standard of 1.20.
- RFD meets JDA’s loan-to-value requirement of 90%. ESD will have a first lien on all machinery and equipment purchased as part of the project.
- With the project, Ronnybrook expects capacity to increase significantly from existing levels.

Recommendation

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

- RFD’s sales and profitability have been increasing over the 3-year historical period and are expected to trend upward enabling it to pay back the JDA loan.
- If RFD successfully completes the proposed projects, RFD management projects that the Company will experience a substantial increase in total revenue and profitability. The increase in profitability will stem from heightened capacity to meet the growing demand for its products.
- At the completion of this project, 47 full-time jobs will be retained and 27 new jobs will be created over three years.
- Based on the 1A+ rating, the Company currently generates sufficient cash flow from operations to service the debt, and staff believes there are adequate collateral and guarantees to mitigate the risks involved with the request.

2. COVENANTS AND CONDITIONS

This Loan is predicated upon the following financial conditions:

- The Company must obtain firm commitments satisfactory to JDA from responsible financial sources for the total project cost exclusive of any loan requested from JDA.
- The Company must provide evidence of the subject property that indicates a loan to value not to exceed 90% at the time of closing.
- The Company must maintain a minimum debt service coverage ratio of 1.20 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.
 - c. Procurement by the Company of funds which shall be used at or prior to the closing to pay the 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, satisfactory to JDA.
- f. Receipt by JDA of financing documents of other lender(s) satisfactory to JDA.
- g. Satisfaction of such other conditions as JDA, with advice of counsel, deems necessary or advisable to effectuate the Loan, secure the interest of JDA and insure compliance with the JDA Statute and applicable provisions of the Internal Revenue Code.
- h. Execution of documents to permit monthly electronic debit of the Company's checking account to repay the Loan.
- i. Compliance with ADDITIONAL REQUIREMENTS stipulated in all Schedules, Exhibits and Riders, attached hereto and made a part hereof.
- j. Compliance with any other terms and conditions deemed to be necessary and appropriate in the opinion of the General Counsel of JDA.
- k. The Company or the Company's owners will contribute at least 10% in equity to the Real Estate Project. Equity is defined as any non-debt source of capital and should be auditable through the Company's financial statements or bank accounts, if so requested by JDA.
- l. Subordination of any loans to the Company from those certain officers and members of the Company stipulated herein in a manner satisfactory to JDA.
- m. The Company shall not enter into any agreement by which the terms of payment of any principal or interest under any other bank loan are waived, modified, deferred, delayed, increased or reduced in rate or amount, without the prior written consent of JDA.
- n. Collateralization of the Loan with insurance of the life of Richard Osofsky in an amount sufficient to pay the outstanding principal balance of the JDA Loan at any time.
- o. All certifications and permits for the operating purposes of the Facility to be in full force and effect prior to closing the Loan.

3. 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.

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 20%.

5. ADDITIONAL SUBMISSIONS TO MEMBERS

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

March 10, 2015

Ancramdale (Capital Region – Columbia County) – Ronnybrook Farm Dairy – New York Job Development Authority Special Purpose Fund Direct Loan Project –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 Loan to Statewide Local Development Corporation for the benefit of Ronnybrook Farm Dairy for an amount not to exceed \$960,000 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

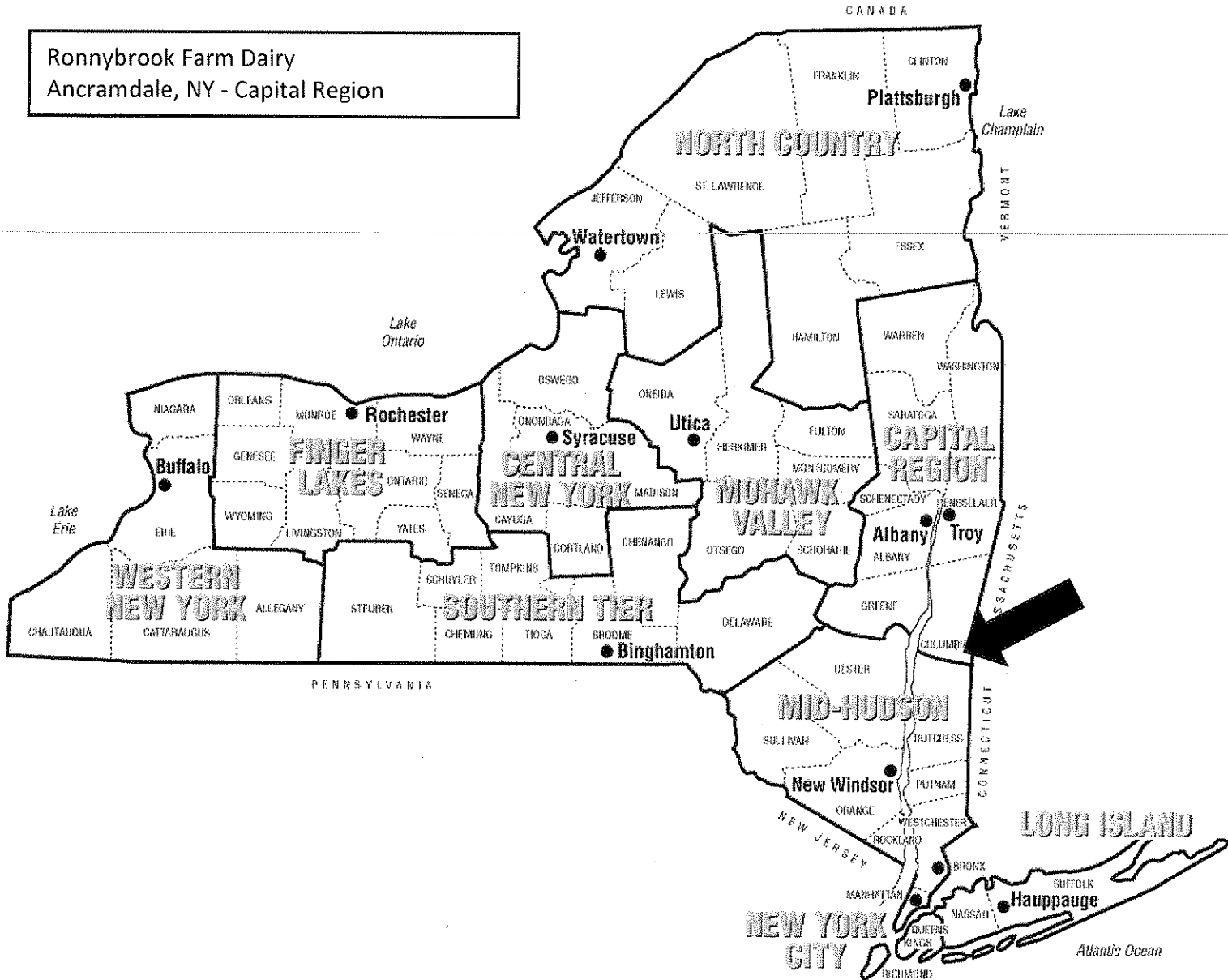
RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, subsequent to the making of the Loans, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the Loans as he or she may deem appropriate in the administration of the Loans; 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 upon: (1) the approval of the Public Authorities Control Board, as applicable, and (2) the receipt of all other necessary approvals.

* * *

Ronnybrook Farm Dairy
Ancramdale, NY - Capital Region



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

