STATEWIDE LOCAL DEVELOPMENT CORPORATION

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

Meeting of the Directors

Wednesday

February 21, 2018 – 10:30 a.m.

AGENDA

I. CORPORATE ACTION

A. Approval of the Minutes of the November 3, 2017 Directors’ Meeting

II. FOR CONSIDERATION

A. New York State – JDA Loans through the JDA Agriculture Loan Fund Program – Authorization to Make Loans to Selected Lenders and to Take Related Actions

III. FOR INFORMATION

A. Mid-Hudson (Woodridge – Sullivan County) – JDA Loan to Sullivan County Fabrication, Inc.

B. New York Job Development Authority – Portfolio Summary
Item I. A.
November 3, 2017

MINUTES

In Attendance
Directors:
  Edwin Lee, Acting Chair
  Kathleen Mize

Present for Statewide:
  Elizabeth R. Fine, General Counsel
  Rafael Salaberrios, Senior Vice President
  London C. Cruz, Acting Corporate Secretary

Present for ESD:
  Elaine A. Kloss, Chief Financial Officer
  Sean Malone, Project Associate
  Benson Martin, Compliance Officer
  Antovk Pidedjian, Senior Counsel

Also Present:
  The Public
  The Press

The meeting of the Statewide Local Development Corporation, a local development corporation created under New York State law (the “Corporation”), was called to order at 10:30 a.m. by Acting Chair Lee. It was noted for the record that notices to the public and news media of the time and place of the meeting had been given in compliance with the New York State Open Meetings Law.
Acting Chair Lee noted that the public is free to comment on any matters on the Agenda.

The Acting Chair then asked the Directors if any of them had a potential conflict of interest with regard to any of the items on the Agenda and if so, to make that information known at this time. If any potential conflict exists, Acting Chair Lee continued, the Directors would be reminded, at the appropriate time, to recuse themselves from the vote on any such item. No conflicts were noted.

The Acting Chair then called for a motion to approve the Minutes of the June 15, 2017 Directors’ meeting.

There being no edits or corrections and upon motion duly made and seconded, the following resolution was unanimously adopted:

**APPROVAL OF MINUTES AND RATIFICATIONS OF ACTIONS TAKEN AT THE JUNE 15, 2017 DIRECTORS’ MEETING OF THE STATEWIDE LOCAL DEVELOPMENT CORPORATION**

RESOLVED, that the Minutes of the meeting of the Corporation held on June 15, 2017 as presented to the meeting, are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Corporation.

* * *
Acting Chair Lee then called on Ray Salaberrios to present the next Agenda item which related to a request for authorization to make a machinery and equipment loan with New York Job Development Authority ("JDA") proceeds to Bread Alone, Inc.

Mr. Salaberrios thanked Acting Chair Lee for the introduction and commenced his presentation.

Next, Mr. Salaberrios explained that the report provided in the Board materials concerned a proposed JDA machinery and equipment loan in the amount of $310,977. He further stated that loan will be used for the purchase of machinery equipment for a facility located in Lake Katrine, New York and that the total project cost is $772,719.

Mr. Salaberrios further advised that JDA’s collateral will consist of a first lien on the machinery equipment. The machinery, he added, is a new 200 kilowatt solar array for utilization at the production facility located at 2121 Ulster Avenue, Lake Katrine, New York.

Mr. Salaberrios further advised that the machinery equipment cost is $403,000; however, he explained that the cost of the loan will be $345,530 after a NYSERDA subsidy of $57,470 is applied.
Furthermore, Mr. Salaberrios explained that JDA will have a second lien on the real estate located at 2121 Ulster Avenue, Lake Katrine, New York. The real estate, Mr. Salaberrios continued, has an appraised value of $4,250,000.

Additionally, Mr. Salaberrios explained that Bread Alone is a certified, organic artisan bakery located in New York’s Hudson River Valley. He further stated that the company produces a variety of hearth baked breads, rolls, cakes, pastries as well as other bakery products.

Mr. Salaberrios stated that Bread Alone has become one of the most recognizable names among New York area artisan bakeries. He further explained that the company continues to distinguish itself from competitors as a pre-eminent, certified, organic artisan bakery in the region.

Mr. Salaberrios added that the company sells its products to four retail locations in the Mid-Hudson Region: (i.) Boiceville; (ii.) Lake Katrine; (iii.) Rhinebeck; and (iv.) Woodstock. He also stated that the company’s products are available through many New York City supermarkets, including Fairway Market, Whole Foods and Fresh Direct.

Furthermore, Mr. Salaberrios reiterated that Bread Alone requested JDA assistance for the acquisition of new machinery, solar array panels and mechanical systems.
Next, Mr. Salaberrios explained that the solar array panels will be installed on the roof of the facility. He then said that the mechanical system will be installed on the roof on equipment pads and within the facility.

Mr. Salaberrios stated that the facility is forecasted to produce all energy necessary for production during peak sunlight hours once the solar array and energy efficient improvements are made. The expectation is that the installation of these new solar panels will save the company in excess of $35,000 a year in energy costs.

Mr. Salaberrios explained that staff was in communication with the Advance Energy Center in Stonybrook, one of his partners from the NYSTAR Division. Mr. Salaberrios stated that the Advance Energy Center advised that the panel prices are reasonably stable and are projected to be sold for the near future.

Moreover, Mr. Salaberrios explained that the panels have a five-year full warranty, a twenty-five year module warranty and a thirty year life expectancy. He added that the installer of the panels, Hudson Valley Wind and Solar, is a leader in renewable wind and energy in the Mid-Hudson region.

Mr. Salaberrios provided the following information regarding Hudson Valley Wind and Solar: (i.) fully insured up to $2,000,000 in liability; and (ii.) licensed by NYSERDA to write/apply for NYSERDA grants and to install panels.
Mr. Salaberrios explained that Bread Alone has a 1B plus rating and generates sufficient cash flow from its operations to service the projected debt. He concluded that the company’s default risk is moderate based on the company’s performance over the three year historical period. He also advised that the revenue growth has been strong and cash flow projections show that the company will be able to service the debt going forward.

Mr. Salaberrios further stated that JDA will have a first lien position on the machinery equipment collateral and a second lien position on the real estate, concluding that, there will be sufficient security for JDA to be completely collateralized.

While discussing the project’s completion, Mr. Salaberrios explained that there will be one hundred and forty full-time jobs retained and that there is an expectation that thirty new jobs will be created over the next five years.

Acting Chair Lee asked the Directors and the public if there were any questions or comments.

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

STATEWIDE LOCAL DEVELOPMENT CORPORATION – Mid-Hudson (Lake Katrine – Ulster County) – JDA Loan to Bread Alone, Inc. – Authorization to Make a Machinery and Equipment Loan with New York Job Development Authority Proceeds and Take Related Actions
RESOLVED, that the Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make a New York Job Development Authority Machinery & Equipment Loan for the benefit of Bread Alone, Inc. for an amount not to exceed $310,977 for machinery and equipment or 40.2% of the total machinery and equipment acquisition 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 Corporation or his designee(s) may deem appropriate; and be it further

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

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

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

* * *

Acting Chair Lee then called on Mr. Salaberrios to present the last Agenda item which related to a request for authorization to make a real estate loan with JDA proceeds to The Development Corporation ("TDC").

Mr. Salaberrios explained that the report presented to the Board related to a proposed JDA real estate loan for the amount of $1,200,000. He further stated that the JDA loan is to be used for construction of real property located at the Plattsburgh International Airport in Plattsburgh, New York.
Mr. Salaberrios said that the total project cost is $6,075,000. He also explained that JDA collateral will be secured by a second lien on the real estate located at the Plattsburgh International Airport in Plattsburgh, New York.

Furthermore, Mr. Salaberrios stated that the property will be a 60,000 square foot industrial building, with an expected value of $6,075,000.

Mr. Salaberrios stated that JDA will also have a first lien on real estate located at 651 Route 3 in Plattsburgh, New York, which currently has an appraised value of $1,500,000.

Next, Mr. Salaberrios explained that TDC owns and operates industrial parks in Plattsburgh, New York.

Mr. Salaberrios then said that TDC was formed in 1961 for the purpose of promoting industrial development by providing financing for plant construction and property acquisition.

Moreover, Mr. Salaberrios explained that TDC can sell, rent, manage or lease property to expand industries in which they are rendering services.

Mr. Salaberrios further stated that TDC leases out space to businesses in 17 multi-tenant buildings for various terms and options in order to provide space to industries in the Clinton
County area for job creation purposes. He added that the 17 industrial buildings total 700,000 square feet.

Mr. Salaberrios explained that there are thirty companies currently occupying various buildings, which employ more than 1,700 workers, and provided the following companies as examples: (i.) APG-Neuros; (ii.) Nova Bus Prevost; and (iii.) Bombardier.

Additionally, Mr. Salaberrios explained the following regarding the aforementioned companies: (i.) APG-Neuros manufactures high efficiency turbo blowers; (ii.) Nova Bus Prevost is the leading manufacturer of transit buses; and (iii.) Bombardier is the world’s leading supplier of rapid transit cars. He also stressed that these companies are only a small sample of the total number of companies that are tenants in the properties currently managed by TDC.

Mr. Salaberrios explained that JDA was requesting authorization to assist TDC with part of the redevelopment of the Plattsburgh International Airport. He stated that this redevelopment represents a tremendous opportunity for aviation-related and general industries at the site of the former Plattsburgh Air Force Base.

Mr. Salaberrios added that the airport and its industrial park are located adjacent to Interstate 87 at the south end of Plattsburgh. He stated that there are several major industries and numerous small companies thriving at this location.
Next, Mr. Salaberrios stated that Clinton County was recently awarded a $40,000,000 grant under the Upstate Airport Economic and Revitalization Grant Program. He stated that the airport development program provides an opportunity for TDC and Clinton County to help realize the full potential of the airport as a regional economic engine.

As part of the redevelopment of the airport, TDC and Clinton County are looking to undertake the construction of a 60,000 square foot industrial building. Mr. Salaberrios stated that the proposed building will support new industrial use at the airport.

Mr. Salaberrios then explained that the construction of the 60,000 square foot building will also include site work consisting of landscaping, loading docks and employee parking. He stated that the total estimated cost for the construction of the facility and adjacent work is $6,075,000.

Furthermore, Mr. Salaberrios explained that TDC is responsible for $3,000,000 of the project costs, and stated that the amount will be provided from the combined financial assistance of JDA and Glen Falls National Bank. The remaining balance of $3,075,000, Mr. Salaberrios continued, will be covered by Clinton County from the $40,000,000 New York State grant the county was awarded under the Airport Development Program.

Mr. Salaberrios explained that TDC will own the building and will enter into a 100 year land lease for the 5.6 acre parcel on which the building will be constructed.
Moreover, Mr. Salaberrios stated that the project has a 1A rating and explained that TDC currently generates sufficient cash flow from operations to service the projected debt. He added that the default risk, based on the corporation’s performance over the three year historical period, is low.

While referencing TDC’s revenue growth, Mr. Salaberrios stated that it has been strong and explained that cash flow projections suggest that TDC will be able to service the debt going forward.

Lastly, Mr. Salaberrios explained that JDA will have a second lien position on the real estate and concluded that there will be sufficient security for JDA to be completely collateralized.

Acting Chair Lee asked the Directors of the Board and the public if there were any questions.

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

STATEWIDE LOCAL DEVELOPMENT CORPORATION – North Country (Plattsburgh – Clinton County) – JDA Loan to The Development Corporation – Authorization to Make a Real Estate Loan with New York Job Development Authority Proceeds and Take Related Actions; Determination of No Significant Effect on the Environment

RESOLVED, that the Chief Executive Officer of the Corporation or his designee(s) be, and each of
DRAFT – SUBJECT TO REVIEW AND REVISION

them hereby is, authorized to make a New York Job Development Authority Real Estate Loan for the benefit of The Development Corporation for an amount not to exceed $1,200,000 or 19.8% of the total real estate construction 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 Corporation or his designee(s) may deem appropriate; and be it further

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

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

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

RESOLVED, that based on the materials submitted to the Corporation with respect to the project, the Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby determines that the proposed action will not have a significant effect on the environment.

* * *

There being no further business, the meeting was adjourned at 10:44 a.m.

Respectfully submitted,

London C. Cruz
Acting Corporate Secretary
Item II. A.
FOR CONSIDERATION
February 21, 2018

TO: The Directors
FROM: Howard A. Zemsky
SUBJECT: New York State – JDA Loans through the JDA Agriculture Loan Fund Program
REQUEST FOR: Authorization to Make Loans to Selected Lenders and to Take Related Actions

1. SUMMARY

On June 23, 2016, the Statewide Local Development Corporation ("Statewide" or the "Corporation") approved the creation of the JDA Agriculture Loan Fund Program (the "Program"), under which selected lenders would be authorized to make loans to New York State agribusiness firms ranging from $50,000 to $200,000. The Program will target agribusiness firms that are looking to expand, but have limited opportunities aside from providing their own capital contributions. In June 2016, the Corporation approved the following lenders to serve specific regions of New York State:

1. New York Business Development Corporation (NYBDC)
   a. Region Served: Statewide

2. PathStone Enterprise Center, Inc. (PECI)
   a. Region Served: Finger Lakes

3. Farm Credit East (FCE)
   a. Regions Served: Statewide

4. Genesee/Finger Lakes Regional Planning Council (G/FLRPC)
   a. Region Served: Finger Lakes
   b. The organization later informed JDA staff that it would decline participation in the Program.

In December 2016, the Corporation approved the organizations listed below as additional participating lenders in the Program:

5. Delaware County Local Development Corporation (DCLDC)
   a. Region Served: Southern Tier
6. Development Authority of the North Country (DANC)
   a. Region Served: North Country

7. Hudson Valley Agribusiness Development Corporation (HVADC)
   a. Regions Served: Mid-Hudson & Capital District

8. Mohawk Valley Economic Development District (MVEDD)
   a. Region Served: Mohawk Valley

9. REDEC Relending Corporation (RRC)
   a. Region Served: Southern Tier

10. Southern Tier Enterprise Development Organization, Inc. (STEDO)
    a. Region Served: Western New York

Upon further analysis and discussion, JDA staff has determined that the following organizations be considered and approved as additional participating lenders ("Additional Lenders") in the Program:

11. Central New York Enterprise Development Corporation (CNYEDC)
    a. Region Served: Central New York

12. Mohawk Valley Rehabilitation Corporation (MORECO)
    a. Region Served: Mohawk Valley
    b. It is noted that MORECO will be taking the place of its parent organization, MVEDD, as the Mohawk Valley’s participating lender in the JDA Agriculture Loan Fund. This was determined at the request of MVEDD’s leadership.

For the additional lenders listed above, JDA Staff has included a brief synopsis and a JDA Finance Memorandum in these materials. Having incorporated the changes outlined above, the participating lenders in the JDA Agriculture Loan Fund program are as follows:

1. Central New York Enterprise Development Corporation (CNYEDC)
2. Delaware County Local Development Corporation (DCLDC)
3. Development Authority of the North Country (DANC)
4. Farm Credit East (FCE)
5. Hudson Valley Agribusiness Development Corporation (HVADC)
6. Mohawk Valley Rehabilitation Corporation (MORECO)
7. New York Business Development Corporation (NYBDC)
8. PathStone Enterprise Center, Inc. (PECI)
9. REDEC Relending Corporation (RRC)
10. Southern Tier Enterprise Development Organization, Inc. (STEDO)
All terms, covenants and conditions contained in the Original Materials shall apply to the Additional Lenders. The Original Materials, dated June 23, 2016, as well as the amended Materials, dated December 9, 2016, are attached hereto and made a part hereof.

2. **ENVIRONMENTAL REVIEW**

ESD staff on behalf of the JDA has determined that the requested authorization constitutes a Type II ministerial 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. The recipient of loan funds will be responsible for complying with SEQRA as applicable. No further environmental review is required in connection with this authorization.

3. **NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY**

Pursuant to New York State Executive Law Articles 15-A and 17-B, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority-and women-owned business enterprises (MWBEs) and service-disabled veteran-owned businesses (SDVOBs) in the performance of ESD projects. The Office of Contractor and Supplier Diversity has reviewed the project and has determined that MWBE and SDVOB participation goals cannot be applied to this project. The borrowers/lenders shall still adhere to ESD’s Non-Discrimination and Equal Employment Opportunity ("EEO") policy.

4. **ADDITIONAL SUBMISSIONS**

Resolution
JDA Finance Memorandums for Potential Lenders
Original Statewide Local Development Corporation Directors’ Materials (June 23, 2016)
Amended Statewide Local Development Corporation Materials (December 9, 2016)
RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, and on the basis of the materials presented at the meetings dated June 23, 2016, and December 9, 2016, respectively, as previously ordered filed with the records of the Corporation (attached hereto and made a part hereof) (collectively, the “Materials”) relating to the JDA Agriculture Loan Fund Program (the “Project” or the “Program”), the Corporation is hereby authorized to make loans to the organizations identified in the Materials in an amount not to exceed Two Million Dollars ($2,000,000) each, for an aggregate amount not to exceed Ten Million Dollars ($10,000,000), for the purposes and substantially on the terms and conditions described in the Materials, with such changes therein as the President and Chief Executive Officer, or his designee(s), may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation 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 necessary or appropriate in the administration of the loans; and be it further

RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

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

* * *
JDA FINANCE MEMORANDUMS FOR POTENTIAL LENDERS
Central New York Enterprise Development Corporation (CNYEDC)

**Background and Lending History**

Central New York Enterprise Development Corporation ("CNYEDC" or the "Corporation") is a nonprofit corporation formed by the Central New York Regional Planning and Development Board in 1988. The primary function of CNYEDC is the administration of a revolving loan fund targeted toward companies that are unable to secure financing through conventional lending institutions. The loan recipients in turn create jobs in the Central New York area and stimulate economic growth.

Currently, CNYEDC administers nearly $2.9 million in low interest loans. The Corporation's existing loan portfolio consists of 41 loans, with a default rate of 0% and a delinquency rate of approximately 3% of the entire portfolio.

**Grantee**
- Name: Central New York Enterprise Development Corporation
- Corporate Form: Not-For-Profit

**ESD Finance Rating (Score):** Satisfactory (3)

**Financial Information**

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*Financials are audited.*

Income Statement:
- The 39% decrease in revenues in 2015 followed by the 2% increase in 2016 was due to fluctuations in grant and loan fund revenue.
- Expenses increased in 2016 primarily due to higher management fees, but the Corporation has operated with a surplus each year.

Balance Sheet:
- The Corporation’s current ratio has been high each year, consistently surpassing the industry median of 1.20.
- The increases in current assets in 2015 and 2016 were primarily due to higher cash and loan receivable balances.
- The 50% decrease in 2015 current liabilities was due to a decline in loans payable.
- The 144% increase in 2016 current liabilities was due to an increase in deferred revenue.
- CNYEDC has low debt; the Corporation’s total debt to total assets ratio has consistently been below the industry median, and has decreased each year.
Mohawk Valley Rehabilitation Corporation (MORECO)

Background and Lending History
The Mohawk Valley Economic Development District, Inc., (“MVEDD”) is one of nine economic development districts in New York State, and one of seventeen revolving loan fund grantees of the US Department of Commerce Economic Development Administration (“EDA”). The Organization was established in 1966, and currently administers Mohawk Valley Rehabilitation Corporation (“MORECO” or the “Corporation”), an EDA Revolving Loan Trust Fund. MORECO is a nonprofit corporation engaged in one activity, the loaning of money to eligible Mohawk Valley businesses with a view to redevelop and recycle existing land and facilities for job-creating economic activities. MORECO itself also administers a Revolving Loan Trust Fund from the New York State Urban Development Corporation.

Currently, MVEDD administers nearly $3.6 million in low interest loans funds. The Corporation’s existing loan portfolio consists of 67 loans, with a default rate of approximately 15% and a delinquency rate of approximately 5% of the entire portfolio.

Grantee
- Name: Mohawk Valley Rehabilitation Corporation
- Corporate Form: Not-For-Profit

ESD Finance Rating (Score): Good (4)

Financial Information

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<td>$ 1,606,371</td>
<td>-10%</td>
<td>$ 1,525,462</td>
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<td>Long-term Debt</td>
<td>$ 190,071</td>
<td>$ 115,018</td>
<td></td>
<td>$ 107,946</td>
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<td>Total Debt</td>
<td>$ 210,509</td>
<td>$ 191,815</td>
<td></td>
<td>$ 135,019</td>
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<tr>
<td>Total Liabilities</td>
<td>$ 1,090,799</td>
<td>$ 1,030,614</td>
<td>-6%</td>
<td>$ 930,695</td>
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<tr>
<td>Unrestricted Net Assets</td>
<td>$ 688,986</td>
<td>$ 575,757</td>
<td></td>
<td>$ 594,767</td>
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<tr>
<td>Unrestricted Net Assets/Expenses</td>
<td>2.52</td>
<td>3.68</td>
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<td>32.81</td>
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<td>Net Assets</td>
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<td>$ 575,757</td>
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<td>$ 594,767</td>
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<td>Total Debt/Total Assets</td>
<td>53.00%</td>
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<tr>
<td>Debt Coverage</td>
<td>-7.13</td>
<td>-1.29</td>
<td></td>
<td>2.15</td>
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</tbody>
</table>

*Financials are audited.
(1) Operating Income Before Depreciation and Amortization.
**Income Statement:**
- MORECO has had decreasing revenues each year since 2014 due to lower loan interest and service charges, but expenses have also decreased which resulted in an operating surplus and a positive change in net assets in 2016.

**Balance Sheet:**
- The Corporation’s current ratio has been very high each year, consistently surpassing the industry median of 1.20.
- The 21% increase in 2015 current assets was due to a higher cash balance.
- The 22% decrease in 2016 current assets was due to lower cash and loans receivable balances.
- The 91% increase in current liabilities in 2015 followed by the 72% decrease in 2016 was due to fluctuations in current portion of loan funds payable.
- Although the Corporation has some debt, its total debt to total assets ratio has consistently been below the industry median.
ORIGINAL STATEWIDE LDC MATERIALS
(June 23, 2016)
I. Background

According to a report published in May 2014 and prepared by the college of Agriculture and Life Sciences at Cornell University, an analysis of the New York State (NYS) economy for 2011 confirmed that agricultural production, support services, and manufacturing directly generated $37.6 billion in economic activity within the agriculture industry, 115,000 jobs, and $9.8 billion in gross domestic product.

The agriculture industry has a very strong multiplier effect. It is estimated that for every $1 of output in agriculture there is an additional $0.43 in non-agricultural industries activity, every additional job in agriculture generates 0.80 in non-agricultural jobs, and, every additional $1 spent in the agriculture industry generates an additional $1.13 in non-agricultural contributions to the NYS GDP. When factoring in these indirect and induced economic impacts, the value of direct output grows to $53.7 billion, 206,000 jobs, and $19.6 billion in GDP impact.

A statement of legislative findings in the New York Job Development Authority (JDA) statute acknowledges that the agriculture industry is one of the largest industries in the state. Furthermore, it notes that the agriculture industry growth is often impaired by high interest rates and the inability of agribusiness firms to attract investment capital at reasonable terms and conditions. With that in mind, the NYS legislature has specifically authorized JDA to create a Loans to Lenders Program (Public Authorities Law, Section 1835 et seq.).

II. The Project

To remain successful, agribusiness firms need to effectively and continuously adapt to changing economic conditions, consumer preferences, and technological advancements. In order to retain or grow their share of the consumer food dollar, small agribusinesses require aggressive and innovative financing methods to expand existing facilities, purchase new machinery and equipment to expand existing markets, and develop new markets for their commodities and products.
The proposed JDA Loans to Lenders Fund (the “Fund”) will attempt to address the financing needs of NYS agribusiness firms by providing access to capital within a range of $50,000-$200,000.

Traditional banks have historically not made loans to this sector of the industry. Many of the federal agriculture programs are geared toward farmers and agriculture production affiliated with farms. The small agribusinesses that the fund would seek to assist are not necessarily located within rural communities, and may not be directly affiliated with farms.

Descriptions of the few major capital providers in the agriculture financing business, and a summary of how the Fund would complement—not compete with—the existing financing sources for NYS agribusiness firms, are provided below:

1) **Farm Credit East** lends to businesses in the agriculture industry in the Northeast and offers an array of loans and specialized financial products to serve the agriculture, commercial fishing, and forest product businesses. Due to credit limitations, Farm Credit East is not currently meeting the needs of the agribusiness companies that do not directly have a farm connection. Agribusiness firms, like breweries, food hubs, and distribution companies that need financing in the $50,000-$200,000 range would only receive assistance from Farm Credit East on an “exception” basis because these agribusinesses may not have a direct farm connection.

2) **The Farm Service Agency (FSA)** provides financing assistance to the agriculture industry, but potential projects are only eligible if the project is vertically integrated with a farm. Also, in order to be recognized as a farm, the agribusinesses have to produce a commodity in sufficient quantity. A small aggregator in Athens NY, for example, would be ineligible for FSA assistance, but would be a potential client for the Fund.

3) **The USDA Rural Development Program** offers access to business capital through loan guarantees that enable approved commercial lenders to provide affordable financing for businesses in eligible rural communities—“rural community” being defined as any area other than a city or town with a population of less than 50,000 inhabitants. The program bolsters the existing private credit structure through the guaranteeing of loans for rural businesses, allowing private lenders to extend more credit than they would typically be able to offer. Under the program, a small urban agribusiness not located in a rural community is not eligible for assistance and loans from $50,000 to $200,000 would not be financially feasible for participating banks under the guaranty program.

4) **The USDA Value Added Producer Grant ("VAPG") Program** helps agricultural producers enter into value-added activities related to the processing and/or marketing of bio-based products. In order to qualify, the farm has to be the applicant and grow/raise at least 51% of the agricultural commodity to which the value is being added. There is no rural community component for the VAPG program. Independent producers, agricultural producer groups, farmer or rancher cooperatives, and majority-controlled producer-based business ventures are eligible to apply for the grant program and some of these businesses could also be potential applicants to our proposed fund.
To address and help alleviate the economic barriers faced by many small NYS agribusiness owners, staff is seeking the Directors approval to establish a $10 Million Loans to Lenders Program which would be capitalized with existing available JDA funds. The Fund will be established to promote, develop, and advance NYS agribusiness firms throughout the state. Staff believes that the ancillary economic benefit of the Fund will further NYS’ efforts to improve the general prosperity and economic welfare of the people residing within rural and surrounding communities. Via selected lenders, the Fund would make loans available to small-scale agribusiness firms that are looking to expand, but face steep economies of scale.

Based on conversations and meetings the JDA staff has had with professionals in the agricultural economic development field, such as faculty at Cornell University’s College of Agriculture and Life Sciences and NYS Agriculture and Markets, JDA staff has ascertained that there is a relatively large segment of the agriculture industry that is not directly tied to agricultural production, as defined by the FSA, in need of the type of loans the Fund would provide.

The JDA Loans to Lenders Fund would target agribusiness firms that are looking to scale-up, but have limited opportunities aside from their own capital contributions. There will also be a strong focus to finance agricultural and food businesses’ capital project needs by funding requests for equipment and hard assets which are essential to their success. The fund would also consider working capital loans.

The requested $10 million in JDA capital would be utilized to make a low interest loan to selected third party lenders, as per the requirements of the JDA statutes. The loan capital would help expand the selected lenders’ capital base and increase access to capital for NYS agribusiness owners. While initially requesting up to $10 million in JDA capital, staff will only utilize $6 million of the approved $10 million funds for the first 5 years in order to assess the success of the program.

Loans to these selected lenders would be made at an interest rate of 1% with a Ten (10) year term. Terms may be extended if performance standards, as established by JDA staff and articulated within the loan agreements, are met. The Fund would offer selected lenders, in different sections of NYS up to $2 million in loans to be earmarked for lending under the Fund. Prospective participating lenders could include:

- New York Business Development Corp (NYBDC)
- Community Capital Corp.
- PathStone
- Kinderhook Bank
- Alternatives Federal Credit Union
- Farm Credit East
- Evans Bank
- Pioneer Bank
- The First National Bank of Long Island
- Genesee/ Finger Lakes Regional Planning Council
Each selected lender will submit financial statements and go through a complete financial review process to ascertain whether it has a solid capital base, the financial capabilities to repay the JDA loan, and a history of lending to the agriculture industry.

III. Fund Structure

1) Eligible business borrowers of program funds would include value-added processors, food distribution companies, food aggregators, wineries, breweries, distillers, cider producers, Food Hub participants, and any firm, partnership, corporation, or other entity that meets the lender’s criteria and program guidelines, and is approved for a loan from a participating lender to pay the cost of an agriculture business project.

2) An eligible agricultural business project would be the acquisition of and/or improvements to land or buildings located within the state, which would be used for manufacturing, warehousing, research, commercial, industrial, or other business purposes in support of the NYS agricultural industry. An eligible agricultural business project would also include the purchase of machinery and equipment and working capital used in support of the NYS agricultural industry.

3) An eligible lender would be any organization identified by sub-division eleven of section two of the NYS Banking law including any National Bank, Federal Savings and Loan Association, and NYS and Federal Credit Unions. NYBDC and any institution within the state authorized to originate and service loans, such as CDFIs, would also be eligible.

**Loan Terms:**

A. All loan funds should be deployed within 18-24 months after execution of the loan agreement.

B. The terms of the loans to lenders would be ten (10) years, and, at the JDA staff’s discretion. An extension of up to four (4) year could be granted if the borrower is not in default of the loan agreement.

C. Loan advances will be subject to the agreed upon provisions of the loan agreement and funds will be advanced in three (3) installments to be disbursed within twenty-four (24) months of the signed loan agreement. The initial advance will be equal to 33.33% of the loan amount; the second advance will be for an additional 33.33%, and the third advance will equal the undisbursed portion of the loan.

D. For the second and third advances, the borrower will have to represent that it has disbursed at least 70% of the aggregate of the previous advances.

E. The lenders will cap interest rates charged to potential borrowers at 8.5%.

Loans to small businesses would range from $50K-$200K, with no individual business receiving more than $200K within any 12 month period. Loans would be intended for agricultural business projects.
IV. Conclusion

Staff recommends approval of the JDA Loans to lenders program based on the fact that NYS agriculture industry is an economic engine driving growth and expanding opportunity. The JDA Loans to Lenders program will provide support for crucial funding to projects designed to help agribusinesses expand and grow their operations while creating and retaining employment throughout NYS.

V. Environmental Review

ESD staff on behalf of the JDA has determined that the requested authorization constitutes a Type II ministerial 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. The recipient of loans funds will be responsible for complying with SEQRA as applicable. No further environmental review is required in connection with this authorization.

VI. Non-Discrimination and Contractor & Supplier Diversity

Pursuant to New York State Executive Law Article 15-A, JDA recognizes its obligation under the law to promote opportunities for maximum feasible participation of NYS certified Minority and Women-owned Business Enterprises ("MWBEs") in the performance of the Corporation’s contracts. JDA’s Non-Discrimination and Contractor & Supplier Diversity policy will apply to this initiative.

VII. Additional Submissions

Resolution
June 23, 2016

STATEWIDE LOCAL DEVELOPMENT CORPORATION – JDA Agriculture Loan Fund Program –
New York Job Development Authority; Authorization to Make Loans Utilizing JDA
Agriculture Loan Fund Program and to Take Related Actions

RESOLVED, that on the basis of the materials presented to this meeting (the “Materials”), a copy
of which is hereby ordered filed with the records of the Corporation, relating to the JDA
Agriculture Loan Fund Program (the “Project”), the Corporation is hereby authorized to make
loans to the Organizations identified in the Materials in an amount not to exceed Two Million
Dollars ($2,000,000) each, for an aggregate amount not to exceed Ten Million Dollars
($10,000,000), for the purposes and substantially on the terms and conditions described in the
Materials, with such changes therein as the President and Chief Executive Officer, or his
designee(s), may deem appropriate, subject to the availability of funds and the approval of the
State Division of the Budget; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation 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 necessary
or appropriate in the administration of the loans; and be it further

RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the
approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other
necessary approvals; and be it further

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

***
AMENDED STATEWIDE LDC MATERIALS
(December 9, 2016)
FOR CONSIDERATION
December 9, 2016

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: New York State – JDA Loans through the JDA Agriculture Loan Fund Program

REQUEST FOR: Authorization to Make Loans to Selected Lenders and to Take Related Actions

1. SUMMARY

On June 23, 2016, the Statewide Local Development Corporation ("Statewide" or the "Corporation") approved the creation of the JDA Agriculture Loan Fund Program (the "Program"), under which selected lenders would be authorized to make loans to New York State agribusiness firms ranging from $50,000 to $200,000. The Program will target agribusiness firms that are looking to expand, but have limited opportunities aside from providing their own capital contributions. In June 2016, the Statewide Board of Directors approved the following lenders to serve specific regions of New York State:

1. Pathstone Enterprise Center, Inc. (PECI)
   a. Region Served: Finger Lakes

2. Farm Credit East (FCE)
   a. Regions Served: Statewide

3. Genesee/Finger Lakes Regional Planning Council (G/FLRPC)
   a. Region Served: Finger Lakes

In consulting with the various Economic Development Corporations focused on agribusiness, JDA Staff has determined that the following Local Development Corporations be considered and approved as additional lenders (the "Additional Lenders") under the Program:

4. Delaware County Local Development Corporation (DCLDC)
   a. Region Served: Southern Tier

5. Development Authority of the North Country (DANC)
a. Region Served: North Country

6. Hudson Valley AgriBusiness Development Corporation (HVADC)
   a. Regions Served: Mid-Hudson & Capital District

7. Mohawk Valley Economic Development District (MVEDD)
   a. Region Served: Mohawk Valley

8. REDEC Relending Corporation (RRC)
   a. Region Served: Southern Tier

9. Southern Tier Enterprise Development Organization, Inc. (STEDO)
   a. Region Served: Western New York

For each potential lender, JDA Staff has included a brief synopsis and a JDA Finance Memorandum in these materials. It is noted that the overall program dollar amount and the $200,000 cap on Program loans, as approved in the original Statewide Directors’ Materials (the "Original Materials"), will remain the same. Each participating lender will receive an initial allocation of $500,000 and, as noted in Section III(3)C of the Original Materials dated June 23, 2016:

Loan advances will be subject to the agreed upon provisions of the loan agreement and funds will be advanced in three (3) installments to be disbursed within twenty-four (24) months of the signed loan agreement. The initial advance will be equal to 33.33% of the loan amount; the second advance will be for an additional 33.33%, and the third advanced will equal the undisbursed portion of the loan.

All terms, covenants and conditions contained in the Original Materials shall apply to the Additional Lenders. The Original Materials are attached hereto and made a part hereof.

2. ENVIRONMENTAL REVIEW

ESD staff on behalf of the JDA has determined that the requested authorization constitutes a Type II ministerial 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. The recipient of loan funds will be responsible for complying with SEQRA as applicable. No further environmental review is required in connection with this authorization.

3. NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY

Pursuant to New York State Executive Law Article 15-A, JDA recognizes its obligation under the law to promote opportunities for maximum feasible participation of NYS certified Minority and Women-owned Business Enterprises ("MWBEs") in the performance of the Authority's
contracts. JDA’s Non-Discrimination and Contractor & Supplier Diversity policy will apply to this initiative.

4. **ADDITIONAL SUBMISSIONS**

Resolution
JDA Finance Memorandums for Potential Lenders
Original Statewide LDC Directors’ Materials (June 23, 2016)
RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, and on the basis of the materials presented at the meeting dated June 23, 2016 as previously ordered filed with the records of the Corporation (attached hereto and made a part hereof) (collectively, the “Materials”) relating to the JDA Agriculture Loan Fund Program (the “Project” or the “Program”), the Corporation is hereby authorized to make loans to the organizations identified in the Materials in an amount not to exceed Two Million Dollars ($2,000,000) each, for an aggregate amount not to exceed Ten Million Dollars ($10,000,000), for the purposes and substantially on the terms and conditions described in the Materials, with such changes therein as the President and Chief Executive Officer, or his designee(s), may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation 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 necessary or appropriate in the administration of the loans; and be it further

RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation 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.

***
Delaware County Local Development Corporation

The Delaware County Local Development Corporation ("DCLDC" or the "LDC") was formed in 1998 for the public purposes of reducing adult unemployment and encouraging the development of new and existing businesses. The mission of the LDC is to improve the quality of life in Delaware County by assisting businesses and industry for the purpose of retaining and expanding existing job opportunities, attracting new jobs, and stimulating investment of capital in the county.

Currently, DCLDC administers nearly $3.2MM in low interest loan funds. The LDC’s existing loan portfolio consists of 36 loans, with a default rate of 0% and a delinquency rate of approximately 3% of the entire portfolio. Over the last three years, the LDC has also overseen the successful implementation of over $1.4MM in project grants.

**JDA Finance Rating (Score):** Satisfactory (3)

**Financial Information**

<table>
<thead>
<tr>
<th>County of Delaware Local Development Corporation</th>
<th>Industry Median</th>
<th>Years Ending December 31,</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>2013</td>
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<tr>
<td><strong>Statement of Activities</strong></td>
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<td>OIBDA*</td>
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<td>Current Assets</td>
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<td>Current Liabilities</td>
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<td>Total Assets</td>
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<td>Total Debt</td>
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<td>Total Liabilities</td>
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<td>Net Assets</td>
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<td>Total debt/total assets</td>
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<tr>
<td>Debt Coverage</td>
<td>-1.22</td>
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</table>

*Operating income using average revenues over past 3 years.

Financial Statements Audited
**Income Statement:**
Delaware County LDC has had fluctuating revenues over the past three years, with a large increase in 2015, mostly due to a substantial increase in grant income from 2014 to 2015. The Organization operated with a surplus in its most recent two years.

**Balance Sheet:**
Delaware County LDC has a strong balance sheet. The Organization has had a current ratio above the industry median each year. In its most recent year, however, Delaware County LDC had a high level of debt, with a total debt to total assets ratio above the benchmark. The Organization's debt service coverage ratio was low in its most recent year.
Development Authority of the North County

The Development Authority of the North Country ("DANC" or the "Authority") was created by New York State legislature in 1985 to assist with the development of infrastructure and services associated with the re-activation of the 10th Mountain Division at Fort Drum, NY. Today, the Authority owns and operates water and wastewater pipelines and associated facilities, a regional solid waste management facility, over 1,600 miles of fiber optic open access telecommunications network, and manages its own affordable housing and business revolving loan programs.

DANC has just over $32.7MM currently lent out through their Affordable Housing Program, Community Rental Housing Program, Community Development loan fund, and the North County Economic Development loan fund. There are no loans currently in default and as of March 31, 2016, only 1.4% of loan funds were overdue no more than 89 days.

**JDA Finance Rating (Score):** Good (4)

**Financial Information**

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<tr>
<td><strong>Statement of Activities</strong></td>
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<tr>
<td>Revenues</td>
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<td>OIBDA*</td>
<td>13,249,408</td>
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<td>12,878,537</td>
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<td>Change in Net Assets</td>
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<td>2,603,737</td>
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<td>1,793,408</td>
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<td>Current Assets</td>
<td>19,807,604</td>
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<td>19,988,180</td>
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<td>Current Liabilities</td>
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<td>17%</td>
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<td>Current Ratio</td>
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<td>Total Assets</td>
<td>197,064,753</td>
<td>209,153,537</td>
<td>6%</td>
<td>217,249,887</td>
<td>4%</td>
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<td>Total Debt</td>
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<td>13,860,534</td>
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<td>Total Liabilities</td>
<td>34,964,021</td>
<td>44,421,950</td>
<td>27%</td>
<td>51,481,379</td>
<td>16%</td>
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<td>50,153,371</td>
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<td>Unrestricted Net Assets/Expenses</td>
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<td>Net Assets</td>
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<td>2%</td>
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<td>Total debt/total assets</td>
<td>0.53</td>
<td>0.06</td>
<td>0.04</td>
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</table>

*Operating income using average revenues over past 3 years.

Financial Statements Audited
**Income Statement:**
DANC had decreasing revenues from 2014 to 2015; revenues remained relatively flat from 2015 to 2016. Expenses have remained generally flat each year, and the Authority has consistently operated with a surplus.

**Balance Sheet:**
The Authority has a strong balance sheet. DANC has had a current ratio well-above the benchmark each year. The Authority has some debt, but it’s total debt to total assets ratio has consistently been below the industry median. DANC also has a very strong debt service coverage ratio, suggesting that its ability to make payments is secure.
Hudson Valley Agribusiness Development Corporation

The Hudson Valley Agribusiness Development Corporation ("HVADC" or the "Organization") is the only economic development agency with the focus on the viability of the agricultural economy in the region. Since becoming established as a not-for-profit in 2007, HVADC has assisted over 100 businesses with a wide range of individualized services.

HVADC has provided funding to various projects through generous contributions. While the Organization currently does not administer its own loans, HVADC plans to develop the Hudson Valley Agribusiness Revolving Loan Funds ("HVARLF") that will lend funds directly to qualified small business. HVADC will develop a Revolving Loan Fund Committee, Chaired by Ann M. Finnegan who currently serves as the VP of Commercial Lending and Development Finance for Kinderhook Bank. HVADC is currently exploring a partnership with Kinderhook Bank, and is seeking to expand participation of community banks and other potential community partners.

**JDA Finance Rating (Score):** Very Good (5)

**Financial Information**

<table>
<thead>
<tr>
<th>Hudson Valley Agribusiness Development Corporation</th>
<th>Industry Median</th>
<th>Years Ending December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2013</td>
</tr>
<tr>
<td><strong>Statement of Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td></td>
<td>459,351</td>
</tr>
<tr>
<td>Total Expenses</td>
<td></td>
<td>384,972</td>
</tr>
<tr>
<td>OIBDA*</td>
<td></td>
<td>76,091</td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td></td>
<td>74,379</td>
</tr>
<tr>
<td><strong>Statement of Financial Position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td>345,992</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td>32,485</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>1.20</td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td></td>
<td>389,434</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Total Debt</td>
<td></td>
<td>104,543</td>
</tr>
<tr>
<td>Unrestricted Net Assets</td>
<td></td>
<td>272,391</td>
</tr>
<tr>
<td>Unrestricted Net Assets/Expenses</td>
<td></td>
<td>0.71</td>
</tr>
<tr>
<td>Net Assets</td>
<td></td>
<td>284,891</td>
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<td>Total debt/total assets</td>
<td>0.53</td>
<td>0.00</td>
</tr>
<tr>
<td>Debt Coverage</td>
<td></td>
<td>N/A</td>
</tr>
</tbody>
</table>

*Operating income using average revenues over past 3 years.

Financial Statements Audited
**Income Statement:**
HVADC has had increasing revenues each year since 2013. Expenses increased substantially in 2014 mostly due to an increase in Consultant spending; expenses remained relatively flat into 2015.

**Balance Sheet:**
The Organization has had a strong current ratio each year. Assets have remained relatively flat since 2013; liabilities increased in 2014 mostly due to a substantial increase in accounts payable, which then decreased again in 2015.
Mohawk Valley Economic Development District

The Mohawk Valley Economic Development District, Inc., ("MVEDD" or the "Organization") is one of nine economic development districts in New York State, and one of seventeen revolving loan fund grantees of the US Department of Commerce Economic Development Administration ("EDA"). The Organization was established in 1966, and currently administers the Mohawk Valley Rehabilitation Corporation ("MORECO"), an EDA Revolving Loan Trust Fund. MORECO itself also administers a Revolving Loan Trust Fund from the New York State Urban Development Corporation.

In 2015, MORECO had $150,000 in receivables for all of its revolving loan funds. MORECO is still awaiting just over $1.1MM in loan payments towards these loans.

**JDA Finance Rating (Score):** Good (4)

**Financial Information**

<table>
<thead>
<tr>
<th>Mohawk Valley Economic Development District, Inc.</th>
<th>Industry Median</th>
<th>Years Ending December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2013</td>
</tr>
<tr>
<td><strong>Statement of Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>268,920</td>
<td>236,823</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>219,510</td>
<td>213,062</td>
</tr>
<tr>
<td>OIBDA*</td>
<td>13,743</td>
<td>21,612</td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td>49,410</td>
<td>23,761</td>
</tr>
<tr>
<td><strong>Statement of Financial Position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td>810,506</td>
<td>823,241</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>101</td>
<td>2,796</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>1.20</td>
<td>294.44</td>
</tr>
<tr>
<td>Total Assets</td>
<td>1,661,884</td>
<td>1,688,340</td>
</tr>
<tr>
<td>Total Debt</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>101</td>
<td>2,796</td>
</tr>
<tr>
<td>Unrestricted Net Assets</td>
<td>1,661,783</td>
<td>1,685,544</td>
</tr>
<tr>
<td>Unrestricted Net Assets/Expenses</td>
<td>7.57</td>
<td>7.91</td>
</tr>
<tr>
<td>Net Assets</td>
<td>1,661,783</td>
<td>1,685,544</td>
</tr>
<tr>
<td>Total debt/total assets</td>
<td>0.53</td>
<td>0.00</td>
</tr>
<tr>
<td>Debt Coverage</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*Operating income using average revenues over past 3 years.
Financial Statements Audited
Income Statement:
MVEDD had had decreasing revenues each year since 2013, but expenses have also decreased keeping the Organization operating with a surplus.

Balance Sheet:
The Organization’s current ratio has been very high each year, consistently surpassing the industry median of 1.20. The Organization has no long-term debt. Assets continue to increase due to an increase in cash reserved for the EDA Revolving Loan Fund each year.

Additional Information
• MVEDD financials do not show any funds lent out as they are administered through MORECO. MORECO's financial statements show that they are awaiting payment on loans that were administered through the EDA Revolving Loan Fund, as well as through the UDC Revolving Loan Fund. Unlike MVEDD, revenues for MORECO are almost completely made up of interest.
REDEC Relending Corporation

The REDEC Relending Corporation ("RRC" or the "Organization") is the Southern Tier's primary revolving loan fund, providing financial and technical assistance for start-up and expanding businesses located in Chemung, Schuyler, Steuben, and Tioga Counties.

In 2015, Loans Receivable consisted of local businesses for varying amounts of up to $150,000. Interest rates on the loans vary for 5% to 7.5% per annum, and payment terms are between five and ten years. RRC provides several types of loans, most of which are Small Business Administration micro loans; RRC's total loan portfolio has a total remaining balance of just over $1.2MM.

**IDA Finance Rating (Score):** Fair (2)

**Financial Information**

<table>
<thead>
<tr>
<th>REDEC Relending Corporation</th>
<th>Years Ending September 30,</th>
<th>Industry Median</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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<tbody>
<tr>
<td><strong>Statement of Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td></td>
<td>341,696</td>
<td>339,922</td>
<td>-1%</td>
<td>387,304</td>
</tr>
<tr>
<td>Total Expenses</td>
<td></td>
<td>298,682</td>
<td>365,650</td>
<td>29%</td>
<td>396,879</td>
</tr>
<tr>
<td>OIBDA*</td>
<td></td>
<td>43,493</td>
<td>(43,492)</td>
<td>(6,463)</td>
<td></td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td></td>
<td>43,014</td>
<td>(45,728)</td>
<td>-206%</td>
<td>(9,576)</td>
</tr>
<tr>
<td><strong>Statement of Financial Position</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td>1,923,572</td>
<td>1,811,237</td>
<td>-6%</td>
<td>1,965,309</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td>230,787</td>
<td>245,774</td>
<td>6%</td>
<td>275,927</td>
</tr>
<tr>
<td>Current Ratio</td>
<td></td>
<td>8.33</td>
<td>7.37</td>
<td>7.23</td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td></td>
<td>3,382,354</td>
<td>3,283,287</td>
<td>-3%</td>
<td>3,232,484</td>
</tr>
<tr>
<td>Total Debt</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Total Liabilities</td>
<td></td>
<td>1,625,936</td>
<td>1,582,380</td>
<td>-3%</td>
<td>1,535,770</td>
</tr>
<tr>
<td>Unrestricted Net Assets/Expenses</td>
<td></td>
<td>(1.31)</td>
<td>(1.14)</td>
<td>(1.13)</td>
<td></td>
</tr>
<tr>
<td>Net Assets</td>
<td></td>
<td>1,756,418</td>
<td>1,700,907</td>
<td>-3%</td>
<td>1,696,714</td>
</tr>
<tr>
<td>Total debt/total assets</td>
<td></td>
<td>0.53</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>Debt Coverage</td>
<td></td>
<td>1.75</td>
<td>-3.14</td>
<td>-0.36</td>
<td></td>
</tr>
</tbody>
</table>

*Operating income using average revenues over past 3 years.
Financial Statements Audited
Income Statement:
RRC has had fluctuating revenues each year since 2013. The Organization operated with a deficit in 2014 and 2015.

Balance Sheet:
RRC's balance sheet shows a strong current ratio; it exceeded the industry median of 1.20 every year. However, the Organization had a low debt service coverage ratio in 2015, suggesting that its ability to make payments on outstanding loans could be questionable.
Southern Tier Enterprise Development Organization, Inc.

Southern Tier Enterprise Development Organization, Inc., ("STEDO" or the "Organization") has been operating publicly funded business loan funds since 1984. STEDO itself has no employees, as all board members are volunteers with expertise in lending and economic/business development. STEDO contracts with Southern Tier West Regional Planning and Development Board for staffing and administrative services.

STEDO has several lending programs that to date have lent out a total of $3,178,620. In 2015, receivables totaled just over $1.2MM. Of the 49 loans outstanding in 2015, only two were declared in default. Of the remaining 47 loans, three were written off, leaving 44 loans outstanding that were up-to-date on all payments.

**JDA Finance Rating (Score):** Fair (2)

**Financial Information**

<table>
<thead>
<tr>
<th></th>
<th>Industry Median</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statement of Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>70,559</td>
<td>34,193</td>
<td>40,894</td>
<td>20%</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>43,373</td>
<td>32,129</td>
<td>25,282</td>
<td>-21%</td>
</tr>
<tr>
<td>OIBDA*</td>
<td>5,176</td>
<td>16,420</td>
<td>23,267</td>
<td></td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td>27,186</td>
<td>2,064</td>
<td>15,613</td>
<td>656%</td>
</tr>
<tr>
<td><strong>Statement of Financial Position</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td>616,697</td>
<td>621,724</td>
<td>355,456</td>
<td>-43%</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>1</td>
<td>2,693</td>
<td>2,397</td>
<td>-11%</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>1.20</td>
<td>1.03</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>1,613,357</td>
<td>1,585,568</td>
<td>1,567,942</td>
<td>-1%</td>
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<tr>
<td>Total Debt</td>
<td>269,343</td>
<td>236,726</td>
<td>203,783</td>
<td></td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>269,343</td>
<td>239,419</td>
<td>206,180</td>
<td>-14%</td>
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<tr>
<td>Unrestricted Net Assets</td>
<td>490,947</td>
<td>495,419</td>
<td>503,139</td>
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<tr>
<td>Unrestricted Net Assets/Expenses</td>
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<tr>
<td>Net Assets</td>
<td>1,344,014</td>
<td>1,346,149</td>
<td>1,361,762</td>
<td>1%</td>
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<tr>
<td>Total debt/total assets</td>
<td>0.53</td>
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<td>0.13</td>
<td></td>
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<tr>
<td>Debt Coverage</td>
<td>0.07</td>
<td>0.46</td>
<td>0.65</td>
<td></td>
</tr>
</tbody>
</table>

*Operating income using average revenues over past 3 years.

Financial Statements Audited
*Income Statement:*
STEDO has had fluctuating revenues each year since 2013. Expenses seem to have decreased each year, and the Organization has operated with a surplus each year.

*Balance Sheet:*
STEDO’s balance sheet shows a high current ratio each year that consistently surpasses the industry median. The Organization has low debt; total debt to total assets was below the industry median each year, and has been decreasing. Although STEDO has a low debt service coverage ratio, it has increased substantially each year suggesting it is making payments without issue.
ORIGINAL STATEWIDE DIRECTORS' MATERIALS
DATE:       June 23, 2016

TO:         The Directors

FROM:       Howard A. Zemsky

SUBJECT:    New York State – JDA Loan for the Creation of a Loans to Lender Program –
            Authorization to Make Loans with New York Job Development Authority
            Proceeds and Take Related Actions

I.  Background

According to a report published in May 2014 and prepared by the college of Agriculture and Life
Sciences at Cornell University, an analysis of the New York State (NYS) economy for 2011
confirmed that agricultural production, support services, and manufacturing directly generated
$37.6 billion in economic activity within the agriculture industry, 115,000 jobs, and $9.8 billion
in gross domestic product.

The agriculture industry has a very strong multiplier effect. It is estimated that for every $1 of
output in agriculture there is an additional $0.43 in non-agricultural industries activity, every
additional job in agriculture generates 0.80 in non-agricultural jobs, and, every additional $1
spent in the agriculture industry generates an additional $1.13 in non-agricultural contributions
to the NYS GDP. When factoring in these indirect and induced economic impacts, the value of
direct output grows to $53.7 billion, 206,000 jobs, and $19.6 billion in GDP impact.

A statement of legislative findings in the New York Job Development Authority (JDA) statute
acknowledges that the agriculture industry is one of the largest industries in the state.
Furthermore, it notes that the agriculture industry growth is often impaired by high interest
rates and the inability of agribusiness firms to attract investment capital at reasonable terms
and conditions. With that in mind, the NYS legislature has specifically authorized JDA to create a
Loans to Lenders Program (Public Authorities Law, Section 1835 et seq.).

II.  The Project

To remain successful, agribusiness firms need to effectively and continuously adapt to changing
economic conditions, consumer preferences, and technological advancements. In order to
retain or grow their share of the consumer food dollar, small agribusinesses require aggressive
and innovative financing methods to expand existing facilities, purchase new machinery and
equipment to expand existing markets, and develop new markets for their commodities and
products.
The proposed JDA Loans to Lenders Fund (the “Fund”) will attempt to address the financing needs of NYS agribusiness firms by providing access to capital within a range of $50,000-$200,000.

Traditional banks have historically not made loans to this sector of the industry. Many of the federal agriculture programs are geared toward farmers and agriculture production affiliated with farms. The small agribusinesses that the fund would seek to assist are not necessarily located within rural communities, and may not be directly affiliated with farms.

Descriptions of the few major capital providers in the agriculture financing business, and a summary of how the Fund would complement—not compete with—the existing financing sources for NYS agribusiness firms, are provided below:

1) **Farm Credit East** lends to businesses in the agriculture industry in the Northeast and offers an array of loans and specialized financial products to serve the agriculture, commercial fishing, and forest product businesses. Due to credit limitations, Farm Credit East is not currently meeting the needs of the agribusiness companies that do not directly have a farm connection. Agribusiness firms, like breweries, food hubs, and distribution companies that need financing in the $50,000-$200,000 range would only receive assistance from Farm Credit East on an “exception” basis because these agribusinesses may not have a direct farm connection.

2) **The Farm Service Agency (FSA)** provides financing assistance to the agriculture industry, but potential projects are only eligible if the project is vertically integrated with a farm. Also, in order to be recognized as a farm, the agribusinesses have to produce a commodity in sufficient quantity. A small aggregator in Athens NY, for example, would be ineligible for FSA assistance, but would be a potential client for the Fund.

3) **The USDA Rural Development Program** offers access to business capital through loan guarantees that enable approved commercial lenders to provide affordable financing for businesses in eligible rural communities—“rural community” being defined as any area other than a city or town with a population of less than 50,000 inhabitants. The program bolsters the existing private credit structure through the guaranteeing of loans for rural businesses, allowing private lenders to extend more credit than they would typically be able to offer. Under the program, a small urban agribusiness not located in a rural community is not eligible for assistance and loans from $50,000 to $200,000 would not be financially feasible for participating banks under the guaranty program.

4) **The USDA Value Added Producer Grant (‘VAPG’) Program** helps agricultural producers enter into value-added activities related to the processing and/or marketing of bio-based products. In order to qualify, the farm has to be the applicant and grow/raise at least 51% of the agricultural commodity to which the value is being added. There is no rural community component for the VAPG program. Independent producers, agricultural producer groups, farmer or rancher cooperatives, and majority-controlled producer-based business ventures are eligible to apply for the grant program and some of these businesses could also be potential applicants to our proposed fund.
To address and help alleviate the economic barriers faced by many small NYS agribusiness owners, staff is seeking the Directors approval to establish a $10 Million Loans to Lenders Program which would be capitalized with existing available JDA funds. The Fund will be established to promote, develop, and advance NYS agribusiness firms throughout the state. Staff believes that the ancillary economic benefit of the Fund will further NYS’ efforts to improve the general prosperity and economic welfare of the people residing within rural and surrounding communities. Via selected lenders, the Fund would make loans available to small-scale agribusiness firms that are looking to expand, but face steep economies of scale.

Based on conversations and meetings the JDA staff has had with professionals in the agricultural economic development field, such as faculty at Cornell University’s College of Agriculture and Life Sciences and NYS Agriculture and Markets, JDA staff has ascertained that there is a relatively large segment of the agriculture industry that is not directly tied to agricultural production, as defined by the FSA, in need of the type of loans the Fund would provide.

The JDA Loans to Lenders Fund would target agribusiness firms that are looking to scale-up, but have limited opportunities aside from their own capital contributions. There will also be a strong focus to finance agricultural and food businesses’ capital project needs by funding requests for equipment and hard assets which are essential to their success. The fund would also consider working capital loans.

The requested $10 million in JDA capital would be utilized to make a low interest loan to selected third party lenders, as per the requirements of the JDA statutes. The loan capital would help expand the selected lenders’ capital base and increase access to capital for NYS agribusiness owners. While initially requesting up to $10 million in JDA capital, staff will only utilize $6 million of the approved $10 million funds for the first 5 years in order to assess the success of the program.

Loans to these selected lenders would be made at an interest rate of 1% with a Ten (10) year term. Terms may be extended if performance standards, as established by JDA staff and articulated within the loan agreements, are met. The Fund would offer selected lenders, in different sections of NYS up to $2 million in loans to be earmarked for lending under the Fund. Prospective participating lenders could include:

- New York Business Development Corp (NYBDC)
- Community Capital Corp.
- PathStone
- Kinderhook Bank
- Alternatives Federal Credit Union
- Farm Credit East
- Evans Bank
- Pioneer Bank
- The First National Bank of Long Island
- Genesee/ Finger Lakes Regional Planning Council
Each selected lender will submit financial statements and go through a complete financial review process to ascertain whether it has a solid capital base, the financial capabilities to repay the JDA loan, and a history of lending to the agriculture industry.

III. Fund Structure

1) Eligible business borrowers of program funds would include value-added processors, food distribution companies, food aggregators, wineries, breweries, distillers, cider producers, Food Hub participants, and any firm, partnership, corporation, or other entity that meets the lender’s criteria and program guidelines, and is approved for a loan from a participating lender to pay the cost of an agriculture business project.

2) An eligible agricultural business project would be the acquisition of and/or improvements to land or buildings located within the state, which would be used for manufacturing, warehousing, research, commercial, industrial, or other business purposes in support of the NYS agricultural industry. An eligible agricultural business project would also include the purchase of machinery and equipment and working capital used in support of the NYS agricultural industry.

3) An eligible lender would be any organization identified by sub-division eleven of section two of the NYS Banking law including any National Bank, Federal Savings and Loan Association, and NYS and Federal Credit Unions. NYBDC and any institution within the state authorized to originate and service loans, such as CDFIs, would also be eligible.

Loan Terms:

A. All loan funds should be deployed within 18-24 months after execution of the loan agreement.

B. The terms of the loans to lenders would be ten (10) years, and, at the JDA staff’s discretion. An extension of up to four (4) year could be granted if the borrower is not in default of the loan agreement.

C. Loan advances will be subject to the agreed upon provisions of the loan agreement and funds will be advanced in three (3) installments to be disbursed within twenty-four (24) months of the signed loan agreement. The initial advance will be equal to 33.33% of the loan amount; the second advance will be for an additional 33.33%, and the third advance will equal the undisbursed portion of the loan.

D. For the second and third advances, the borrower will have to represent that it has disbursed at least 70% of the aggregate of the previous advances.

E. The lenders will cap interest rates charged to potential borrowers at 8.5%.

Loans to small businesses would range from $50K-$200K, with no individual business receiving more than $200K within any 12 month period. Loans would be intended for agricultural business projects.
IV. Conclusion

Staff recommends approval of the JDA Loans to lenders program based on the fact that NYS agriculture industry is an economic engine driving growth and expanding opportunity. The JDA Loans to Lenders program will provide support for crucial funding to projects designed to help agribusinesses expand and grow their operations while creating and retaining employment throughout NYS.

V. Environmental Review

ESD staff on behalf of the JDA has determined that the requested authorization constitutes a Type II ministerial 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. The recipient of loans funds will be responsible for complying with SEQRA as applicable. No further environmental review is required in connection with this authorization.

VI. Non-Discrimination and Contractor & Supplier Diversity

Pursuant to New York State Executive Law Article 15-A, JDA recognizes its obligation under the law to promote opportunities for maximum feasible participation of NYS certified Minority and Women-owned Business Enterprises ("MWBEs") in the performance of the Corporation’s contracts. JDA’s Non-Discrimination and Contractor & Supplier Diversity policy will apply to this initiative.

VII. Additional Submissions

Resolution
RESOLVED, that on the basis of the materials presented to this meeting (the “Materials”), a copy of which is hereby ordered filed with the records of the Corporation, relating to the JDA Agriculture Loan Fund Program (the “Project”), the Corporation is hereby authorized to make loans to the Organizations identified in the Materials in an amount not to exceed Two Million Dollars ($2,000,000) each, for an aggregate amount not to exceed Ten Million Dollars ($10,000,000), for the purposes and substantially on the terms and conditions described in the Materials, with such changes therein as the President and Chief Executive Officer, or his designee(s), may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation 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 necessary or appropriate in the administration of the loans; and be it further

RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

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

* * *

June 23, 2016
Item III. A.
FOR INFORMATION
February 21, 2018

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Mid-Hudson (Woodridge – Sullivan County) – JDA Loan to Sullivan County Fabrication, Inc.

1. SUMMARY

On April 5, 2017, the Statewide Local Development Corporation ("Statewide" or the "Corporation") approved its participation in a $1.8MM New York Job Development Authority ("JDA") loan to Sullivan County Fabrication, Inc. ("SCF" or the "Borrower") for the purchase of machinery and equipment. The initial Statewide approval stated that the Borrower would create 27 full-time jobs at the project location within three years after loan disbursement.

As noted in the initial materials, SCF is wholly-owned by Daniel Resnick who, along with Richard Swift, owns Resnick Supermarket Equipment Corp. and Supermarket Parts Warehouse, Inc. Subsequent to the Original Approval Date, an Incentive Proposal dated November 1, 2017 offered by Empire State Development Corporation ("ESD") to Sullivan County Fabrication, Inc. called for a job creation commitment of 35 new full-time jobs, between the three related entities, at the project location. Combined with the 105 existing full-time jobs, the three related entities will be required to employ 140 full-time permanent positions from the one year anniversary of loan closing through the term of the loan.

Consequently, in lock-step with ESD, the JDA job creation commitment for this Project is amended as follows:

i. Sullivan County Fabrication, Inc.
   a. Jobs Retained: 0
   b. Jobs Created: 18

ii. Resnick Supermarket Equipment Corp.
    a. Jobs Retained: 90
    b. Jobs Created: 8

iii. Supermarket Parts Warehouse, Inc.
     a. Jobs Retained: 15
     b. Jobs Created: 9
2. **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.

3. **NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY**

Pursuant to New York State Executive Law Article 15-A, JDA recognizes its obligation under the law to promote opportunities for maximum feasible participation of NYS certified Minority and Women-owned Business Enterprises ("MWBEs") in the performance of the Authority's contracts. For the purposes of this project, however, goals will not be established due to the unavailability of certified MWBEs for performance of this project.

Pursuant to New York State Executive Law Article 17-B, JDA recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified Service Disabled Veteran-Owned Businesses (SDVOBs) in the performance of JDA projects. For purposes of this project, however, goals will not be established due to the unavailability of certified SDVOBs for performance of this project.

4. **ADDITIONAL SUBMISSIONS**

Statewide Local Development Corporation Materials (April 5, 2017)
INITIAL STATEWIDE LDC MATERIALS
(April 5, 2017)
FOR CONSIDERATION
April 5, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Mid-Hudson (Woodridge – Sullivan County) – JDA Loan to Sullivan County Fabrication, Inc.

REQUEST FOR: Authorization to Make a Loan with New York Job Development Authority Proceeds and Take Related Actions

<table>
<thead>
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<th>JDA Loan Terms</th>
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<td>Borrower: Sullivan County Fabrication, Inc.</td>
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<td>Economic Region: Mid-Hudson</td>
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<td>Loan Amount Requested: $1,800,000</td>
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<tr>
<td>Rate: 4.11% (fixed)</td>
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<tr>
<td>Term: 10 years</td>
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<tr>
<td>Classification: IA+</td>
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<td>Distressed Area: Yes</td>
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<td>Initial Payment: $18,318.37</td>
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<th>JDA Project Budget (M&amp;E)</th>
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<td>M&amp;E purchase</td>
</tr>
<tr>
<td>Equity</td>
</tr>
<tr>
<td>Total Project Cost</td>
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</table>

*10-year term at 4.11% fixed apr with liens on M&E

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

Existing Jobs: 0

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

JDA Loan Amount per job: $66,667

Project Summary:

Borrower: Sullivan County Fabrication, Inc.
715 Glen Wild Rd, Building 4
Woodridge, NY 12789

Contact: Steve Vegliante, COO
Phone: 845-434-8200

Ownership: Sullivan County Fabrication, Inc. is wholly-owned by Daniel Resnick.

The ownership structures of the three related companies are as follows:
Resnick Supermarket Equipment Corp.: Daniel Resnick 80%, Richard Swift 20%.
Supermarket Parts Warehouse, Inc.: Daniel Resnick 65%, Richard Swift 35%.
BRR Brothers III, LLC: Daniel Resnick 100%.

Nature of Business: Production and sale of new and remanufactured supermarket parts, fixtures, and equipment.

This report concerns a proposed New York Job Development Authority (“JDA”) loan for the amount of $1,800,000 (the “JDA Loan”). The JDA Loan will be used to take out a portion of a Machinery and Equipment Loan to be provided by the vendor for the acquisition of M&E located in Woodridge, New York. The total cost of the Machinery and Equipment Project is $3,155,544 (the “Project Cost”).

Project Location: 715 Glen Wild Rd, Building 4, Woodridge, NY 12789

Project Completion: 2nd Quarter 2017

1) PROJECT OVERVIEW AND RECOMMENDATION

a) Background

Daniel “Butch” Resnick and Richard Swift own and operate two interlinked businesses: Resnick Supermarket Equipment (RSE) and Supermarket Parts Warehouse (SMPW), both based in the hamlet of Mountain Dale, in eastern Sullivan County. BRR Brothers III, LLC is another related entity created for the companies’ real estate holdings. RSE has been in business for over 30 years, and SMPW for over 15 years. These ventures have grown into leading providers of
supermarket equipment and services in the New York metropolitan area, as well as a large portion of the United States and Canada. Mr. Resnick and Mr. Swift have extensive knowledge of the supermarket refrigeration and freezer case business, as well as years of financial management experience.

As both of these businesses grow and focus more on sales and customer service, the owners have decided to create a new venture, Sullivan County Fabrication ("SCF" or the "Company") to produce replacement shelving for supermarket and convenience store refrigerators and freezers. The Company's two central customers will be SMPW and RSE, and the linkage of the three entities is expected to bolster each business. Other customers are also being developed (including manufacturers of new refrigeration and freezer cases such as Hillphoenix, which already outsources some components and has expressed interest). SMPW will normally sell the shelves as replacements to the end user (supermarket chains, convenience store chains, independents, and service companies). RSE will include shelving from SCF in its remanufactured refrigeration and freezer cases. The day to day operations of SCF will be controlled by an experienced team of metal manufacturing managers, while Butch Resnick and Richard Swift will act as senior management.

b) Project Description

The owners of RSE and SMPW are preparing to build and equip SCF to offset the growing costs and demand for replacement shelving in supermarkets. The Company will occupy approximately 25,000 square feet of manufacturing space at the 715 Glen Wild Road Campus in Woodridge NY. The proposed total project cost as it pertains to JDA will be $3,155,544 for the purchase of the necessary machinery & equipment. This will be comprised of a $1,800,000 JDA loan to take-out the high cost vendor financing, and $1,355,544 in equity (a portion of the equity will come from the refinancing of company real estate through Catskill Hudson Bank).

The demand for commercial refrigeration equipment in the United States is increasing rapidly due to the rising number of foodservice operators and food retailers, as well as growth in the average amount of floor space occupied by food retail outlets. As a result, annual demand is projected to exceed $8 billion by 2025, most of which will be comprised by repair and replacement of equipment already in use. The creation of Sullivan County Fabrication is precisely timed to respond to industry consolidation that threatens to increase the acquisition cost of supplies purchased by RSE and SMPW from other vendors by manufacturing many of these items internally.

Critical to the stability and sustainability of both RSE and SMPW is the availability of affordable steel shelves. They are a necessary component of the majority of the remanufactured equipment sold by RSE and are the largest product sold by SMPW. Currently these shelves are being purchased at ever increasing pricing and ever decreasing quality from a company based in Montreal. Efforts to locate a replacement source for shelving have not turned up a cost effective alternative. Without shelving, RSE cannot remanufacture their equipment at a cost which makes their product competitive and desirable to the end consumer as opposed to new
equipment. SMPW derives a majority of its revenue by offering shelving at a discounted price. Simply put, without cost effective shelving, the viability of both RSE and SMPW is in jeopardy, as are the over 100 jobs and tax revenue which flow from it.

Mr. Resnick decided that for the future of his companies, he would to build and operate a metal fabrication company which would initially build shelves for RSE and SMPW. By controlling the availability of shelving, it would insure the health and viability of both RSE and SMPW. Additionally, it will create, initially thirteen new, living wage manufacturing jobs. Natural projected growth has the company creating twenty seven living wage jobs by year three.

Building and site work renovations are substantially completed and have been paid for by company cash flow and equity. Machinery and equipment totaling $3.15MM will initially be financed by Amada Corp. through vendor supplied financing. That financing is in the amount of 80% of the cost of the Amada equipment purchased at 6% for five years. At that cost and term, the payments will make the business model unprofitable and unsustainable over the term of that loan. The Company is looking for lower cost and longer-term JDA financing to have an affordable payment going forward. The total investment in this project is expected to be $8.9MM. ESD has awarded assistance to SCF in the form of a $300k grant and $375k in Excelsior tax credits.

SCF is located in a Rural Economic Area Partnership (REAP) Zone. REAP Zones are designated by the federal government to foster development in rural communities which often face starkly different challenges from those of impoverished urban and suburban communities. Some common defining features of REAP Zones include geographic isolation of communities separated by long distances, absence of large metropolitan centers, low density settlement patterns, stagnant or declining economies, historic dependence on agriculture, prolonged population loss/outright, and economic upheaval or economic distress. JDA involvement in this project will create opportunities for growth in a rural portion of Sullivan County. It is clear that this will be an important strategic investment for New York State.

As it stands, RSE and SMPW have 105 existing employees. The project will allow for the retention of these jobs as well as the creation of an additional 27 jobs at Sullivan County Fabrication over three years.

c) Conclusions

Based on the IA+ rating, the guarantying 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 discounted liquidation value of the collateral will be more than the total value of the JDA loan.

RSE and SMPW 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 Sullivan County Fabrication, 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 maintenance of 105 manufacturing jobs, as well as the creation of 27 new jobs over a three year period.

2) **COVENANTS AND CONDITIONS**

This JDA 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 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.
  b. 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.
  c. Receipt by JDA of policies of insurance, including flood insurance if required, in amount, form and substance and issued by companies satisfactory to JDA.
  d. Receipt by JDA of an itemized statement of Project Cost, satisfactory to JDA.
  e. Receipt by JDA of financing documents of other lender(s) satisfactory to JDA.
  f. 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.
  g. Execution of documents to permit monthly electronic debit of the Company’s checking account to repay the Loan.
  h. Compliance with ADDITIONAL REQUIREMENTS stipulated in all Schedules, Exhibits and Riders, attached hereto and made a part hereof.
  i. Compliance with any other terms and conditions deemed to be necessary and appropriate in the opinion of the General Counsel of JDA.
  j. The Company or the Company’s owners will contribute at least 10% in equity to the Machinery and Equipment 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.

k. Subordination of any loans to the Company from those certain officers and members of the Company stipulated herein in a manner satisfactory to JDA.

l. 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.

m. 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 M&E Loan will be secured by a 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

Pursuant to New York State Executive Law Article 15-A, JDA recognizes its obligation under the law to promote opportunities for maximum feasible participation of NYS certified Minority and Women-owned Business Enterprises in the performance of the Authority’s contracts. JDA’s Non-Discrimination and Contractor & Supplier Diversity policy will apply to this initiative.

6) ADDITIONAL SUBMISSIONS

Resolution
New York State Map
JDA Loan Underwriting Classification System
Support Letters
Diagrams and Photos
RESOLVED, that the Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make a New York Job Development Authority Machinery & Equipment Loan for the benefit of Sullivan County Fabrication, Inc. for an amount not to exceed $1,800,000 for machinery and equipment or 60% of the total machinery and equipment acquisition 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 Corporation or his designee(s) may deem appropriate; and be it further

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

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

RESOLVED, that the provision of financial assistance by the Corporation is expressly contingent upon: (1) the approval of the Public Authorities Control Board, as applicable, and (2) the receipt of all other necessary approvals.
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<tr>
<th>Level I: Cash Flow</th>
<th>Level II: Default Risk</th>
<th>Level III: Collateral Value</th>
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<td>Actual or Adjusted Debt Service Coverage ≥ 1.2:1</td>
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<td>C Score of ≤ 2 on the Default Risk Model Higher Risk</td>
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</table>
March 20, 2017

Mr. Rafael Salaberrios  
Vice-President, Economic Revitalization  
Community Economic Development Department  
Empire State Development  
633 Third Avenue  
New York, NY 10017

Dear Mr. Salaberrios:

I am pleased to support the loan application of Sullivan County Fabrication, Inc to the New York State Empire Development Job Development Authority Program to produce steel shelving for use in supermarket equipment.

This project will enable Resnick Supermarket Equipment Corp. to better serve customers and create jobs and tax revenue in Sullivan County. I have long been a strong advocate of initiatives to bring opportunities and resources to Sullivan County to improve the economy, healthcare and overall quality of life for its residents. This manufacturing company, coupled with the coming Monticello Casino Resort, will bring jobs and economic vitality to Sullivan County.

I wholeheartedly support the loan application by Sullivan County Fabrication, Inc to establish a start-up company in Sullivan County. Favorable consideration would be greatly appreciated.

Sincerely,

[Signature]

JOHN J. BONACIC  
State Senator

JJB/nn

cc: Steven Vepliane
March 22, 2017

Rafael Salaberrios
Vice President, Economic Revitalization
Community Economic Development Department
Empire State Development
633 Third Avenue
New York, NY 10017

RE: Application of Sullivan County Fabrication, Inc.

Dear Mr. Salaberrios:

I am writing to you in support of Sullivan County Fabrication, Inc.'s application to Empire State Development. This project will help bring much-needed economic development to the Town of Fallsburg and County of Sullivan.

Sullivan County Fabrication, Inc. is the latest proposal by Mr. Resnick to expand his Supermarket Equipment remanufacturing business, wholly based in Sullivan County. This loan is vitally important to create a sustainable economic model and to ensure that the number of jobs created by the opening of this factory continues to grow. In addition to equipping the factory, over $7 million will be invested in the redevelopment of the former K-Brand Farms in Woodridge, NY. This will help provide jobs to dozens of skilled employees in our area.

Thank you for your attention to this matter. If I can be of further assistance to you, please do not hesitate to contact my office.

Sincerely,

[Signature]

Aileen M. Gunther
Member of Assembly
Diagrams and Photos
Item III. B.
FOR INFORMATION
February 21, 2018

TO: The Directors
FROM: Howard A. Zemsky
SUBJECT: New York Job Development Authority – Portfolio Summary

At present, the New York Job Development Authority’s ("JDA") portfolio has an outstanding principal balance of approximately $32.1MM across 37 active projects, as outlined in the attached JDA Portfolio Summary. The 37 active projects are divided amongst two classes which are addressed separately below: standard commercial loans and capital leases. The majority of the projects listed were funded through the sale of state guaranteed bonds and notes.

1) CAPITAL LEASES

At present, JDA’s portfolio has 12 such projects, all of which remain in good standing (see attached Capital Lease Schedule). Due to the overall success of the current leases, JDA is seeking to extend the terms of a number of its capital lease projects. Such extensions represent a mutually-beneficial endeavor that aids NYS companies by limiting their tax liability, while allowing JDA to maintain a steady cash-flow for years to come.

2) STANDARD COMMERCIAL LOANS

The enclosed JDA Activity Report details activity and successes since 2013. Since April 2017, when the last JDA Portfolio Summary was presented to the Statewide Local Development Corporation, the following activity has taken place:

- 5 loans have been closed totaling $10,520,000. To date, those loans have generated $284,070.28 in interest income.

Staff is currently working on implementing the $10 million JDA Agriculture Loans to Lenders Program. We expect to have that program active shortly.

3) ADDITIONAL SUBMISSIONS

JDA Loan Balances Journal Report
JDA Capital Lease Schedule
JDA Portfolio Summary Spreadsheet (2013-2018)
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<thead>
<tr>
<th>Loan Account</th>
<th>Borrower Name</th>
<th>Principal Balance</th>
<th>Trust Balances Reserve</th>
<th>Unpaid Late Charges</th>
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(37) $32,132,506.37 $0.00 $0.00 $25.00 $0.00 $0.00 $32,132,531.37
New York Job Development Authority
Capital Lease Balances
As of 2/12/2018

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(12) Total Outstanding Capital Lease Principal: $3,955,051.82
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<th>JDA</th>
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<th>Term</th>
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The following projects received JDA Board Approval but will not be moving forward.

2015-2016 1 A132 Modern Marketing Concepts | Southern Tier | RE | $5,000,000 | $800,000 | $1,000,000 | 20 | June 2015 | Application Withdrawn by Borrower | 310 | 592
2015-2016 2 A133 Giseberg's Institutional Foods, Inc. | Capital Region | RE | $4,000,000 | $8,000,000 | $800,000 | $1,000,000 | 20 | December 2015 | Application Withdrawn by Borrower | 300 | 51
2016-2017 3 A134 Elle Woodworking | New York City | RE | $500,000 | $650,000 | N/A | $120,000 | 20 | December 2016 | Application Withdrawn by Borrower | 5 | 3

**FY 2013-2014 TOTAL**

| RE | $624,000 | $780,000 | 0 | $156,000 | 20 | 16 |
| M&E | $20,769,480 | $17,580,875 | 0 | $7,754,595 | 361 | 306 |
| M&E | $1,390,000 | $2,100,000 | 0 | $1,373,000 | 29 | 78 |
| M&E | $3,774,000 | $3,774,000 | 0 | $1,373,000 | 29 | 78 |
| M&E | $3,310,077 | $4,153,839 | $7,313,470 | $6,501,677 | 860 | 592 |

**Total Economic Development Activity**

$135,183,475