

**NEW YORK JOB DEVELOPMENT AUTHORITY**

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 Members

Tuesday

March 20, 2018 – 9:30 a.m.

**AGENDA**

**I. CORPORATE ACTION**

- A. Approval of the Minutes of the November 10, 2017 Members' 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.**

**DRAFT – SUBJECT TO REVIEW AND REVISION**

**NEW YORK JOB DEVELOPMENT AUTHORITY**

Meeting of the Members  
Empire State Development  
633 Third Avenue  
New York, New York 10017

and

ESD-Buffalo Regional Office  
95 Perry Street  
Suite 500  
Buffalo, New York 14203

and

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

and

New York State Department of Agriculture and Markets  
10B Airline Drive  
Albany, New York 12235

November 10, 2017

MINUTES

**Members Present:**

Kevin Younis, Acting Chair – Designee – NYS Department of  
Economic Development  
Adam Barsky  
Kevin King, Designee – NYS Department of Agriculture and  
Markets  
Heather McArn, Designee – NYS Department of  
Financial Services  
Steve McGrattan, Designee – NYS Department of  
Agriculture and Markets  
Mario Musolino, Designee – NYS Department of Labor  
Emily Youssouf

**Present for JDA Staff:**

Maria Cassidy, Deputy General Counsel  
London C. Cruz, Acting Corporate Secretary

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Elaine A. Kloss, Chief Financial Officer  
Kathleen Mize, Controller

**Present for ESD:**

Jonevan Hornsby, Assistant Vice President – Portfolio Management & Project Finance  
Robert Kwon, Vice President – Portfolio Management & Project Finance  
Sean Malone, Project Associate – Small Business Lending  
Benson Martin, Director of Compliance  
Antovk Pidedjian, Senior Counsel  
Ray Salaberrios, Senior Director – Economic Revitalization

**Also Present:**

The Press  
The Public

Prior to calling the meeting to order, Acting Chairman Younis noted for the record that he was serving as Acting Chair of the meeting. The meeting was then called to order at 10:33 a.m. by Acting Chair Younis. It was noted for the record that notice to the public and news media of the time and place of the meeting had been given in compliance with the New York State Open Meetings Law.

Acting Chair Younis then set forth the guidelines regarding comments by the public on matters on the Agenda, as well as with regard to any conflicts of interest the Members may have with respect to any of the items on the Agenda. It was noted that no such conflicts exist.

Next, Acting Chair Younis entertained a motion to approve the Minutes of the June 28, 2017 Members' Meeting.

There being no edits or corrections and upon motion duly made and seconded, the

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following resolution was unanimously adopted:

**APPROVAL OF THE MINUTES AND RATIFICATIONS OF ACTIONS TAKEN AT THE JUNE 28, 2017 MEMBERS' MEETING OF THE NEW YORK JOB DEVELOPMENT AUTHORITY**

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RESOLVED, that the Minutes of the meeting of the Authority held on June 28, 2017 as presented to this meeting, are hereby approved and all actions taken by the Members present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

\* \* \*

Acting Chair Younis then asked Ray Salaberrios, Senior Director of Economic Revitalization, to present the first Agenda item related to a request for authorization to provide a machinery and equipment loan with New York Job Development Authority ("JDA") proceeds to Bread Alone, Inc.

Mr. Salaberrios thanked Acting Chair Younis for the introduction and greeted the Members of the Board.

Next, Mr. Salaberrios stated that the report provided to the Members related to a proposed JDA machinery and equipment loan in the amount of \$310,977. He further stated that the proceeds were to be used for the purchase of machinery equipment for a facility located in Lake Katrina. The total project cost, Mr. Salaberrios continued, is \$772,719.

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Moreover, Mr. Salaberrios 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 advised that the cost of the machinery equipment collateral 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 also 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.

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 hot baked breads, rolls, cakes, pastries as well as other bakery products.

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

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

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 added that the mechanical system will be installed on the roof on equipment pads and within the facility.

Mr. Salaberrios further explained that once the solar array and energy efficiency improvements are made, the facility will produce all energy necessary for production during peak sunlight hours. The expectation, he added, 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 has been in communication with the Advance Energy Center in Stonybrook, one of our NYSTAR Division partners. 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.

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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 also stated 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 explained that Hudson Valley Wind and Solar is fully insured up to \$2,000,000 in liability and is licensed by NYSERDA to write/apply for NYSERDA grants and to install panels.

Next, 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 stated 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 explained 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.



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For clarification purposes, Member Youssouf inquired if the Kinderhook Bank real estate loan will be used for the same property.

Mr. Salaberrios said yes.

Member Youssouf inquired if Kinder Hook Bank is providing loans for the acquisition of land.

Mr. Salaberrios said yes, adding that the Kinderhook Bank loan is for the renovation of the property and reiterated that the JDA loan is for the purchase of machinery and equipment.

Member Youssouf acknowledged Mr. Salaberrios' response and inquired if the NYSERDA subsidy is a grant.

Mr. Salaberrios said yes.

Member Youssouf inquired if there is a repayment associated with the NYSERDA subsidy.

Mr. Salaberrios confirmed that there is no repayment associated with the NYSERDA subsidy.

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Acting Chair Younis asked if there were any additional questions or comments regarding the Agenda item.

In response, Steve McGrattan provided comments related to the New York State Department of Agriculture and Market’s involvement with the company. He explained that the company is a food processing facility and as a result, it falls under the inspection of the New York State Department of Agriculture and Markets Food Safety and Inspection division. Furthermore, he noted the results of a recent inspection that was conducted on October 10, 2017.

Next, Mr. McGrattan explained that the inspection stated the following deficiencies: (i.) presence of flies; and (ii.) whole temperatures for hot foods were found to be insufficient. However, he explained that these deficiencies should not effect the Board’s decision in providing the loan to Bread Alone, Inc. Mr. McGrattan noted the deficiencies for the record and explained that pursuant to proper protocol, the deficiencies were reported to the company.

Moreover, Mr. McGrattan explained that his agency allows for a period of correction and stated that a re-inspection of the facility typically follows within a 60-day period. He advised that the company is currently within the correction period and explained that the re-inspection has not taken place.

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Additionally, Mr. McGrattan stated that Bread Alone, Inc. will be re-inspected once the company has been allowed the allotted time for correction. He explained that prior to the current inspection, Bread Alone’s facility received passing inspections.

Mr. McGrattan reiterated that the current inspection should not be a reason to deny the loan; however, he stated that he wanted to note the inspection results for the record.

Member Youssouf requested that the resolution pertaining to Bread Alone, Inc. be amended to state that the approval of the loan is contingent upon a satisfactory inspection.

Mr. Salaberrios confirmed that Member Youssouf’s request would be executed.

Member Youssouf stated her belief that the amendment of the resolution is important and added that, going forward, JDA staff should confirm if there are any inspection issues related to food and agricultural-related businesses.

Acting Chair Younis asked Mr. McGrattan if this type of deficiency is a normal or common occurrence.

Mr. McGrattan said yes and explained that it is difficult to find a food processing plant in the state that does not have some kind of deficiency.

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While referencing food temperature as an example, Mr. McGrattan stated that these types of deficiencies are called critical deficiencies because they fall under a food safety category. He explained that this type of deficiency is not an uncommon occurrence.

Furthermore, Mr. McGrattan stated that his agency allows for companies to correct any deficiencies without being shut down; however, if there is a history with a company that does not correct critical deficiencies or other food safety violations and standards, action is taken.

Acting Chair Younis inquired if Bread Alone can be characterized as a company with a history of uncorrected violation issues.

Mr. McGrattan said no.

Acting Chair Younis asked Members of the Board if there were any additional questions or concerns.

Mr. Musolino expressed his belief that this is a great project due to its multifaceted nature. Additionally, he praised Governor Cuomo's focus in growing certified and green energy businesses.

Mr. Musolino asked a question regarding the following policy: "Establishment of specific goals related to the total value of JDA's funding is still pending."

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Specifically, Mr. Musolino asked how JDA goes about creating fair goals and fair approaches. Secondly, he referenced the next project and explained that due to the lack of availability, there are no specific goals set. Lastly, Mr. Musolino asked how JDA deals with this situation on a project by project basis.

Mr. Salaberrios explained that the goals are set by the Office of Supplier and Contract Diversity. Furthermore, he stated that JDA has conversations with potential borrowers and advises borrowers regarding how to navigate the New York State MWBE directory.

Mr. Salaberrios then stated that Bread Alone has the opportunity to utilize the directory. He explained that the company can search for “solar panels” in the directory and make a determination as to how many MWBE firms are qualified to install panels or are in the panel installation business.

Additionally, Mr. Salaberrios explained that the Office of Contractor and Supplier Diversity determined that there are no New York State MWBE-certified companies that are able to perform the work needed to install the solar panels. Mr. Salaberrios also referenced the North Country project as an additional example and advised that there has always been an issue finding certified minority firms to perform work in the North Country.

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Mr. Salaberrios explained that JDA has reviewed the directory to find firms that are within the Potsdam and Johnson regions in order to determine if there are sufficient minority candidates to perform the work. The Office of Contractor and Supplier Diversity, Mr. Salaberrios continued, found that there is a lack of viable MWBE firms that are able to perform the work in that region and as a result, decided not to assign goals to the project.

Mr. Salaberrios reiterated that the goals are assigned by the Office of Contractor and Supplier Diversity and advised that they may review JDA's projects, review the directory and determine whether goals should be set. Lastly, Mr. Salaberrios explained that their mindset is that goals should not be set if there is not a reasonable expectation that they will be met.

Mr. Musolino thanked Mr. Salaberrios for his response.

Member Youssouf inquired if the Office of Contractor and Supplier Diversity is associated with Empire State Development.

Mr. Salaberrios said yes and explained that the Office of Contractor and Supplier Diversity is located on the 35<sup>th</sup> floor. In regards to its responsibility, Mr. Salaberrios explained that it reviews projects for MWBE goals and set goals, if appropriate.

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Mr. Salaberrios reiterated that a discussion takes place with potential borrowers where they are informed that they must perform a good faith effort to recruit certified MWBE firms to complete the project.

Mr. Salaberrios stated that if the company is purchasing materials, JDA requests that they review the directory and try to purchase from an MWBE firm. Mr. Salaberrios further stated that JDA works closely with minority women and the division to make suggestions as to which companies they can review; therefore, Mr. Salaberrios added, the process is thorough but can take some time to complete.

Member Barsky inquired if JDA provides borrowers with a list of potential certified companies that they can contact.

Mr. Salaberrios said yes. He explained that the idea is for them to do the due diligence, however, many times they do not. Mr. Salaberrios further explained that JDA provides a listing of directories of firms who can be utilized for the type of projects that JDA is funding.

Furthermore, Mr. Salaberrios explained that if the borrower does not meet the goal and did not make an attempt, there are damages that are assessed to the project to determine how much money JDA will receive for the loan.

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While addressing Mr. Musolino, Acting Chair Younis stated that the nature of economic development projects, in some respects, makes the setting of MWBE goals a bit more challenging in that the project is going to happen as a result of JDA's assistance.

The completion of a very detailed budget which would allow for the establishment of clear goals and understanding what utilization is appropriate for each project, Acting Chair Younis continued, can occur in the process of moving forward with the loan or the grant as that budget becomes more finalized.

Acting Chair Younis contrasted this process with procurement, stating that it is known ahead of time what the specific budget is for what the company is attempting to purchase.

Mr. Musolino thanked Acting Chair Younis, stating that his explanation was helpful and reiterated Mr. Salaberrios' earlier sentiment by stating that some parts of the state are more difficult than others.

Acting Chair Younis inquired if there were any additional questions from the Members of the Board or the public.

Member Youssouf made a motion with an amendment that was noted by Acting Chair Younis and seconded by Member Barsky.



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Hearing no further questions from the Members and no comments from the public, and upon motion duly made with the amendment proposed by Member Youssouf and seconded, the following resolution was unanimously adopted:

**NEW YORK JOB DEVELOPMENT AUTHORITY – Mid-Hudson (Lake Katrine – Ulster County) – Bread Alone, Inc. – New York Job Development Authority Loan Project – Authorization to Make Loan and Take Related Actions**

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RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, and each of them hereby is, authorized to make a Machinery & Equipment Loan to Statewide Local Development Corporation 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 Authority or his designee(s) may deem appropriate; and be it further

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

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

RESOLVED, that the provision of financial assistance by the Authority is expressly contingent upon: (1) the correction of any and all deficiencies at the Project Location listed in the October 10, 2017 Sanitary Inspection Report of the New York State Department of Agriculture and Markets Division of Food Safety and Inspection Services; (2) approval of the Public Authorities Control Board, as applicable; and (3) the receipt of all other necessary approvals.

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Acting Chair Younis then called on Mr. Salaberrios to present the last item on the Agenda, which related to a request for authorization to make a real estate loan with regard to

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New York Job Development Authority (“JDA”) proceeds to The Development Corporation (“TDC”).

Mr. Salaberrios explained that the report presented to the Board related to a proposed JDA loan in the amount of \$1,200,000. He further added that the JDA loan will be used for the construction of real property located at Plattsburgh International Airport in Plattsburgh, New York.

Furthermore, Mr. Salaberrios advised that the JDA collateral will be a second lien on real estate located at the Plattsburgh International Airport.

The property, Mr. Salaberrios continued, will be a 60,000 square foot industrial building, with an appraised value expected to be \$6,075,000.

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

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

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

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

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

Mr. Salaberrios further stated that there are thirty companies currently occupying various buildings that 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 that: (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 companies that are tenants in the properties currently managed by TDC.

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Mr. Salaberrios stated that JDA was requesting the authorization to assist TDC with part of the redevelopment of the Plattsburgh International Airport. He also said he believed 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 explained that the airport and its industrial park are located adjacent to Interstate 87 at the southern end of Plattsburgh. He also 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 explained 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, Mr. Salaberrios explained, TDC and Clinton County are looking to undertake the construction of a 60,000 square foot industrial building. He stated that the proposed building will support new industrial use at the airport.

Mr. Salaberrios further 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 added that the total estimated cost for the construction facility and adjacent work is \$6,075,000.

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Additionally, Mr. Salaberrios stated that TDC is responsible for \$3,000,000 of the project cost, and explained that the funds 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 also 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.

Furthermore, 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.

Mr. Salaberrios explained that TDC's revenue growth has been strong and explained that cash flow projections suggest that the Corporation 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.

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Acting Chair Younis asked the Members of the Board if there were any comments or questions with regard to the Agenda item.

In response, Member Youssouf stated that she had a few clarifying questions. She inquired if the airport is currently functioning as an airport.

Mr. Salaberrios stated that planes are allowed to fly in, but not to the degree that they would like to.

Member Youssouf inquired if the airport is private.

Acting Chair Younis stated his belief that the airport is not private.

Mr. Salaberrios said that the airport is public but they have minimal incoming flights. He added that the airport is not private.

Member Youssouf asked Mr. Salaberrios to disclose the owner of the airport.

Mr. Salaberrios said that the State of New York currently owns the airport.

Member Youssouf asked if the airport offers commercial flights.

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Mr. Salaberrios stated that commercial flights are sometimes offered.

Member Barsky then asked if the project must meet PACB requirements.

Mr. Salaberrios explained that PACB approval is required because the airport is receiving the grant and the JDA loan.

Member Barsky inquired if the project is mostly for development purposes.

Mr. Salaberrios asked Member Barsky if he was referring to PACB. Mr. Salaberrios also explained that PACB must approve any JDA projects related to New York State investment and reiterated that this is the reason why they are part of the project.

In response to Mr. Salaberrios' statement, Acting Chair Younis stated that PACB approval is not required for any grant; rather, it is required for grants or loans that relate to a capital improvement.

Maria Cassidy, Deputy General Counsel for Empire State Development, stated that Acting Chair Younis was correct.

While referencing Mr. Salaberrios' notion that cash went down in assets, Member Youssouf stated that a reason was not provided and inquired if the cash was invested or utilized

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in an alternative manner.

Mr. Salaberrios explained that the funds were used for investments in the property.

Jonevan Hornsby stated that the information was not specified in the financial statements.

Member Youssouf inquired why the information was not specified and asked if there has been any interest from prospective tenants.

Mr. Salaberrios stated that there has been a strong interest; however, he explained that he is unable to discuss the matter due to ongoing negotiations.

In response, Acting Chair Younis inquired if these ongoing negotiations were related to the 75 jobs that were being discussed.

Mr. Salaberrios said yes.

Acting Chair Younis inquired if these jobs are tied as a requirement of the proposed loan.

Mr. Salaberrios explained that TDC nominees can be responsible for the entity or



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companies and the jobs; however, they were not tied into the loan. He added that TDC cannot be held accountable for the company producing jobs.

Furthermore, Mr. Salaberrios shared his understanding that the company will have no difficulty in reaching 75 jobs and stated that they are very close to signing the lease. He added that he was hoping to have had the lease signed; however, he explained that there are some outstanding issues.

Mr. Salaberrios reiterated that he was unable to disclose the name of the prospective tenant.

Acting Chair Younis asked Mr. Salaberrios if he can disclose the name of the tenant at a future meeting date.

Mr. Salaberrios said yes and stated that alternatively, he can send an e-mail once the lease is signed.

Next, Acting Chair Younis inquired if there were any comments from the public regarding the Agenda item. Hearing none, and upon motion duly made and seconded, the following resolution was unanimously adopted:

NEW YORK JOB DEVELOPMENT AUTHORITY – North Country (Plattsburgh – Clinton County) – The Development Corporation – New York Job Development Authority Loan Project – Authorization to Make Loan and Take Related Actions; Determination of No

Significant Effect on the Environment

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RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, and each of them hereby is, authorized to make a Real Estate Loan to Statewide Local Development Corporation 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 Authority or his designee(s) may deem appropriate; and be it further

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

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

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

RESOLVED, that based on the materials submitted to the Authority 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.

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There being no further business, the meeting was adjourned at 10:58 a.m.

Respectfully submitted,

London C. Cruz  
Acting Corporate Secretary

**Item II. A.**

FOR CONSIDERATION

March 20, 2018

TO: The Members

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

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1. SUMMARY

On June 27, 2016, the JDA Board approved the creation of the JDA Agriculture Loan Fund Program (the “Program”), under which selected lenders would be authorized to make loans ranging from \$50,000 to \$200,000 to New York State agribusiness firms. The Program will target agribusiness firms that are trying to expand, but have limited financial resources other than their own capital contributions. In June 2016, the JDA Board approved the following lenders to serve specific New York State regions:

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 JDA Board 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 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 replace 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.

JDA Staff has included a brief synopsis and a JDA Finance Memorandum for the two additional lenders in these materials. Having incorporated the changes outlined above, the current list of participating lenders in the JDA Agriculture Loan Fund program is 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 27, 2016, as well as the amended Materials, dated December 14, 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 JDA Board Materials (June 27, 2016)

Amended JDA Board Materials (December 14, 2016)

March 20, 2018

NEW YORK JOB DEVELOPMENT AUTHORITY – JDA Agriculture Loan Fund Program – New York Job Development Authority; Authorization to Make Loans to Selected Lenders and to Take Related Actions

---

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 Authority, and on the basis of the materials presented at the meetings dated June 27, 2016, and December 14, 2016, respectively, as previously ordered filed with the records of the Authority (attached hereto and made a part hereof) (collectively, the “Materials”) relating to the JDA Agriculture Loan Fund Program (the “Project” or the “Program”), the Authority 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 Authority or his designee(s) be, subsequent to the making of the loans, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the loans as he or she may deem necessary or appropriate in the administration of the loans; and be it further

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

\* \* \*

# **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 funds. 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

Central New York Enterprise Development Corporation						
	<u>Industry Median</u>	Years Ending December 31,				
		<u>2014</u>	<u>2015</u>		<u>2016</u>	
<b>Statement of Activities</b>						
Revenues		\$ 299,231	\$ 182,559	-39%	\$ 185,916	2%
Total Expenses		\$ 96,440	\$ 76,041		\$ 100,425	
OIBDA <sup>(1)</sup>		\$ 126,129	\$ 146,528		\$ 122,144	
Change in Net Assets		\$ 202,791	\$ 106,518		\$ 85,491	
<b>Statement of Financial Position</b>						
Current Assets		\$ 1,160,909	\$ 1,474,760	27%	\$ 1,939,742	32%
Current Liabilities		\$ 364,004	\$ 183,087	-50%	\$ 446,789	144%
Current Ratio	1.20x	3.19x	8.05x		4.34x	
Total Assets		\$ 2,414,677	\$ 2,498,204	3%	\$ 2,837,938	14%
Long-term Debt		\$ 480,650	\$ 638,576		\$ 629,117	
Total Debt		\$ 756,326	\$ 760,234		\$ 739,590	
Total Liabilities		\$ 884,654	\$ 821,663	-7%	\$ 1,075,906	31%
Unrestricted Net Assets		\$ 33,624	\$ 34,319		\$ 19,071	
Unrestricted Net Assets/Expenses		0.35	0.45		0.19	
Net Assets		\$ 1,530,023	\$ 1,676,541		\$ 1,762,032	
Total Debt/Total Assets	53.00%	31.32%	30.43%		26.06%	
Debt Coverage		0.43	1.04		0.94	
*Financials are audited.						
(1) Operating Income Before Depreciation and Amortization.						

*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

<b>Mohawk Valley Rehabilitation Corporation</b>						
		Years Ending December 31,				
<u>Industry Median</u>		<u>2014</u>	<u>2015</u>			
<b>Statement of Activities</b>						
Revenues		\$ 48,526	\$ 43,322	-11%	\$ 37,135	-14%
Total Expenses		\$ 273,412	\$ 156,551		\$ 18,125	
OIBDA <sup>(1)</sup>		\$ (225,839)	\$ (108,785)		\$ 29,641	
Change in Net Assets		\$ (224,886)	\$ (113,229)		\$ 19,010	
<b>Statement of Financial Position</b>						
Current Assets		\$ 595,141	\$ 718,325	21%	\$ 558,287	-22%
Current Liabilities		\$ 100,124	\$ 191,483	91%	\$ 52,872	-72%
Current Ratio	1.20x	5.94x	3.75x		10.56x	
Total Assets		\$ 1,779,785	\$ 1,606,371	-10%	\$ 1,525,462	-5%
Long-term Debt		\$ 190,071	\$ 115,018		\$ 107,946	
Total Debt		\$ 210,509	\$ 191,815		\$ 115,019	
Total Liabilities		\$ 1,090,799	\$ 1,030,614	-6%	\$ 930,695	-10%
Unrestricted Net Assets		\$ 688,986	\$ 575,757		\$ 594,767	
Unrestricted Net Assets/Expenses		2.52	3.68		32.81	
Net Assets		\$ 688,986	\$ 575,757		\$ 594,767	
Total Debt/Total Assets	53.00%	11.83%	11.94%		7.54%	
Debt Coverage		-7.13	-1.29		2.15	

\*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 JDA BOARD MATERIALS  
(June 27, 2016)**



DATE: June 27, 2016

TO: The Members

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

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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 advanced 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 Authority's contracts. JDA's Non-Discrimination and Contractor & Supplier Diversity policy will apply to this initiative

VII. Additional Submissions

Resolution

June 27, 2016

NEW YORK JOB DEVELOPMENT AUTHORITY – JDA Agriculture Loan Fund Program – New York Job Development Authority; Authorization to Establish Agriculture Loans to Lenders Program and to Take Related Actions

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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 Authority, relating to the JDA Agriculture Loan Fund Program (the “Project”), the Authority 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 Authority or his designee(s) be, subsequent to the making of the loans, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the loans as he or she may deem necessary or appropriate in the administration of the loans; and be it further

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

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**AMENDED JDA BOARD MATERIALS  
(December 14, 2016)**



**FOR CONSIDERATION**

December 14, 2016

**TO:** The Members

**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

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**1. SUMMARY**

On June 27, 2016, the JDA Board 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 JDA Board 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 JDA Board 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 27, 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 JDA Board Materials (June 27, 2016)

December 14, 2016

NEW YORK JOB DEVELOPMENT AUTHORITY – JDA Agriculture Loan Fund Program – New York Job Development Authority; Authorization to Make Loans to Selected Lenders and to Take Related Actions

---

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 Authority, and on the basis of the materials presented at the meeting dated June 27, 2016 as previously ordered filed with the records of the Authority (attached hereto and made a part hereof) (collectively, the "Materials") relating to the JDA Agriculture Loan Fund Program (the "Project" or the "Program"), the Authority 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 Authority or his designee(s) be, subsequent to the making of the loans, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the loans as he or she may deem necessary or appropriate in the administration of the loans; and be it further

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

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## 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**

County of Delaware Local Development Corporation						
	<u>Industry Median</u>	Years Ending December 31,				
		<u>2013</u>	<u>2014</u>		<u>2015</u>	
<b>Statement of Activities</b>						
Revenues		413,817	153,031	-63%	296,524	94%
Total Expenses		351,728	137,818	-61%	265,949	93%
OIBDA*		(63,937)	149,973		21,842	
Change in Net Assets		62,182	15,297	-75%	30,660	100%
<b>Statement of Financial Position</b>						
Current Assets		1,019,170	1,116,952	10%	1,385,398	24%
Current Liabilities		44,256	72,886	65%	360,111	394%
Current Ratio	1.20	23.03	15.32		3.85	
Total Assets		2,347,450	2,628,200	12%	2,990,797	14%
Total Debt		1,228,783	1,476,836		1,786,420	
Total Liabilities		1,238,540	1,503,993	21%	1,830,810	22%
Unrestricted Net Assets		274,831	129,220		138,493	
Unrestricted Net Assets/Expenses		0.78	0.94		0.52	
Net Assets		1,108,910	1,124,207	1%	1,154,867	3%
Total debt/total assets	0.53	0.52	0.56		0.60	
Debt Coverage		-1.22	2.25		0.06	
*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 County (“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 10<sup>th</sup> 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**

Development Authority of the North Country						
	<u>Industry Median</u>	Years Ending March 31,				
		<u>2014</u>	<u>2015</u>		<u>2016</u>	
<b>Statement of Activities</b>						
Revenues		31,422,788	24,292,180	-23%	24,535,827	1%
Total Expenses		21,713,282	23,137,234	7%	23,579,237	2%
OIBDA*		13,249,408	12,964,678		12,878,537	
Change in Net Assets		9,033,362	2,603,737	-71%	1,793,408	-31%
<b>Statement of Financial Position</b>						
Current Assets		19,807,604	16,742,405	-15%	19,988,180	19%
Current Liabilities		8,056,208	9,462,866	17%	7,415,546	-22%
Current Ratio	1.20	2.46	1.77		2.70	
Total Assets		197,064,753	209,153,537	6%	217,249,887	4%
Total Debt		12,219,073	9,203,108		13,860,534	
Total Liabilities		34,964,021	44,421,950	27%	51,481,379	16%
Unrestricted Net Assets		51,566,990	51,553,345		50,153,371	
Unrestricted Net Assets/Expenses		2.37	2.23		2.13	
Net Assets		162,149,512	164,753,249	2%	166,618,048	1%
Total debt/total assets	0.53	0.06	0.04		0.06	
Debt Coverage		3.23	3.24		10.30	
*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 its 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

Hudson Valley Agribusiness Development Corporation						
	<u>Industry Median</u>	Years Ending December 31,				
		<u>2013</u>	<u>2014</u>		<u>2015</u>	
<b>Statement of Activities</b>						
Revenues		459,351	622,222	35%	671,965	8%
Total Expenses		384,972	625,354	62%	640,514	2%
OIBDA*		76,091	(1,761)		33,843	
Change in Net Assets		74,379	(3,132)	-104%	31,451	1104%
<b>Statement of Financial Position</b>						
Current Assets		345,992	319,572	-8%	325,478	2%
Current Liabilities		32,485	68,135	110%	37,542	-45%
Current Ratio	1.20	10.65	4.69		8.67	
Total Assets		389,434	349,894	-10%	350,752	0%
Total Debt		0	0		0	
Total Liabilities		104,543	68,135	-35%	37,542	-45%
Unrestricted Net Assets		272,391	248,426		294,460	
Unrestricted Net Assets/Expenses		0.71	0.40		0.46	
Net Assets		284,891	281,759	-1%	313,210	11%
Total debt/total assets	0.53	0.00	0.00		0.00	
Debt Coverage		N/A	N/A		N/A	
*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

Mohawk Valley Economic Development District, Inc.						
	<u>Industry Median</u>	Years Ending December 31,				
		<u>2013</u>	<u>2014</u>		<u>2015</u>	
<b>Statement of Activities</b>						
Revenues		268,920	236,823	-12%	191,616	-19%
Total Expenses		219,510	213,062	-3%	191,467	-10%
OIBDA*		13,743	21,612		44,628	
Change in Net Assets		49,410	23,761	-52%	149	-99%
<b>Statement of Financial Position</b>						
Current Assets		810,506	823,241	2%	948,084	15%
Current Liabilities		101	2,796	2668%	18,328	556%
Current Ratio	1.20	8,024.81	294.44		51.73	
Total Assets		1,661,884	1,688,340	2%	1,704,021	1%
Total Debt		0	0		0	
Total Liabilities		101	2,796	2668%	18,328	556%
Unrestricted Net Assets		1,661,783	1,685,544		1,685,693	
Unrestricted Net Assets/Expenses		7.57	7.91		8.80	
Net Assets		1,661,783	1,685,544	1%	1,685,693	0%
Total debt/total assets	0.53	0.00	0.00		0.00	
Debt Coverage		N/A	N/A		N/A	
*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.

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

### Financial Information

REDEC Relending Corporation						
		Years Ending September 30,				
		<u>2013</u>	<u>2014</u>			
<u>Industry Median</u>						
<b>Statement of Activities</b>						
Revenues		341,696	339,922	-1%	387,304	14%
Total Expenses		298,682	385,650	29%	396,879	3%
OIBDA*		43,493	(43,492)		(5,463)	
Change in Net Assets		43,014	(45,728)	-206%	(9,575)	79%
<b>Statement of Financial Position</b>						
Current Assets		1,923,572	1,811,237	-6%	1,995,309	10%
Current Liabilities		230,787	245,774	6%	275,927	12%
Current Ratio	1.20	8.33	7.37		7.23	
Total Assets		3,382,354	3,283,287	-3%	3,232,484	-2%
Total Debt		0	0		0	
Total Liabilities		1,625,936	1,582,380	-3%	1,535,770	-3%
Unrestricted Net Assets		-392,557	-438,285		-447,860	
Unrestricted Net Assets/Expenses		(1.31)	(1.14)		(1.13)	
Net Assets		1,756,418	1,700,907	-3%	1,696,714	0%
Total debt/total assets	0.53	0.00	0.00		0.00	
Debt Coverage		1.75	-3.14		-0.36	

\*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**

<b>Southern Tier Enterprise Development Organization, Inc.</b>					
	<u>Industry Median</u>	<b>Years Ending September 30,</b>			
		<u>2013</u>	<u>2014</u>		
<b>Statement of Activities</b>					
Revenues		70,559	34,193	-52%	40,894    20%
Total Expenses		43,373	32,129	-26%	25,282    -21%
OIBDA*		5,176	16,420		23,267
Change in Net Assets		27,186	2,064	-92%	15,613    656%
<b>Statement of Financial Position</b>					
Current Assets		616,697	621,724	1%	355,456    -43%
Current Liabilities		1	2,693	269200%	2,397    -11%
Current Ratio	1.20	616,697.00	230.87		148.29
Total Assets		1,613,357	1,585,568	-2%	1,567,942    -1%
Total Debt		269,343	236,726		203,783
Total Liabilities		269,343	239,419	-11%	206,180    -14%
Unrestricted Net Assets		490,947	495,419		503,139
Unrestricted Net Assets/Expenses		11.32	15.42		19.90
Net Assets		1,344,014	1,346,149	0%	1,361,762    1%
Total debt/total assets	0.53	0.17	0.15		0.13
Debt Coverage		0.07	0.46		0.65
*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 JDA BOARD MATERIALS**



DATE: June 27, 2016

TO: The Members

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

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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 advanced 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 Authority's contracts. JDA's Non-Discrimination and Contractor & Supplier Diversity policy will apply to this initiative

VII. Additional Submissions

Resolution

June 27, 2016

NEW YORK JOB DEVELOPMENT AUTHORITY – JDA Agriculture Loan Fund Program – New York Job Development Authority; Authorization to Establish Agriculture Loans to Lenders Program and to Take Related Actions

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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 Authority, relating to the JDA Agriculture Loan Fund Program (the "Project"), the Authority 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 Authority or his designee(s) be, subsequent to the making of the loans, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the loans as he or she may deem necessary or appropriate in the administration of the loans; and be it further

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

\* \* \*

**Item III. A.**



FOR INFORMATION

March 20, 2018

TO: The Members

FROM: Howard A. Zemsky

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

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1. SUMMARY

On April 12, 2017, the New York Job Development Authority (“JDA”) approved a \$1.8MM loan to Sullivan County Fabrication, Inc. (“SCF” or the “Borrower”) for the purchase of machinery and equipment. The initial JDA approval stated that the Borrower would create 27 full-time jobs at the project location within three years after loan disbursement. The job creation structure is amended as follows:

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 contract.

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 Contract.

**4. ADDITIONAL SUBMISSIONS**

JDA Board Materials (April 12, 2017)

**INITIAL JDA BOARD MATERIALS  
(April 12, 2017)**



**FOR CONSIDERATION**

April 12, 2017

**TO:** The Members

**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

<b>JDA Loan Terms</b>	
<b>Borrower:</b>	Sullivan County Fabrication, Inc.
<b>Economic Region:</b>	Mid-Hudson
<b>Loan Amount Requested:</b>	\$1,800,000
<b>Rate:</b>	4.11% (fixed)
<b>Term:</b>	10 years
<b>Classification:</b>	IA+
<b>Distressed Area:</b>	Yes
<b>Initial Payment:</b>	\$18,318.37

<b>JDA Project Budget (M&amp;E)</b>				
<u>Uses</u>			<u>Sources</u>	
M&E purchase	\$3,155,544	100%	JDA Loan*	\$1,800,000 57%
			Equity	\$1,355,544 43%
<b>Total Project Cost</b>	<b>\$3,155,544</b>		<b>Total Project Financing</b>	<b>\$3,155,544</b>
*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.

**Guarantors:** Repayment of the JDA Loan shall be guaranteed by Sullivan County Fabrication, Inc., Resnick Supermarket Equipment Corp., BRR Brothers III, LLC, and Supermarket Parts Warehouse, Inc. and the personal guarantees of Daniel Resnick and Richard Swift.

**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 Number:** AB950

**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 SPMW 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 re-manufactured 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. 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/outmigration, 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 guaranteeing Companies currently generate sufficient cash flow from operations to service all the projected project debt, and staff believes that both Companies are fiscally strong. The 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

April 12, 2017

NEW YORK JOB DEVELOPMENT AUTHORITY – Mid-Hudson (Woodridge – Sullivan County) – Sullivan County Fabrication, Inc. – New York Job Development Authority Loan Projects – Machinery and Equipment Loan – Authorization to Make Loan and Take Related Actions

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RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, and each of them hereby is, authorized to make a Machinery & Equipment Loan to Statewide Local Development Corporation 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 Authority or his designee(s) may deem appropriate; and be it further

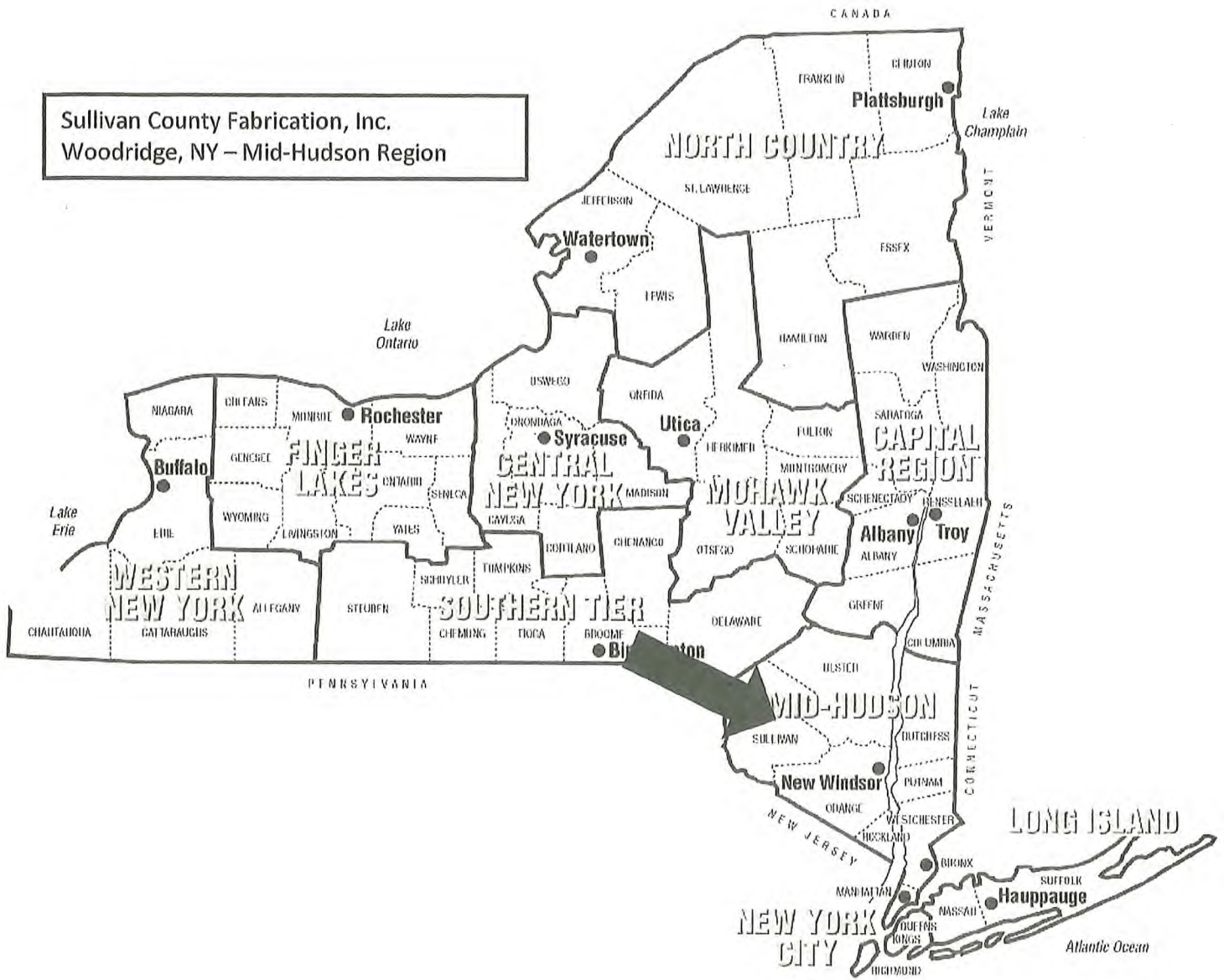
RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, subsequent to the making of the Loan, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the Loan as he or she may deem appropriate in the administration of the Loan;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

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

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

\* \* \*

Sullivan County Fabrication, Inc.  
 Woodridge, NY – Mid-Hudson Region



**JDA Underwriting Classification Chart**

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



**Support Letters**

**JOHN J. BONACIC**  
SENATOR, 42ND DISTRICT

**CHAIR**  
**COMMITTEE ON**  
**MANUFACTURING**

SEN. RAC. GARRIBO & RACERRE

DEPUTY REPUBLICAN CONFERENCE LEADER  
100 STATE STREET, ALBANY



**THE SENATE**  
**STATE OF NEW YORK**

**COMMITTEE**  
**ALCOHOLISM**  
**WORK**  
**CHARITABLE GIVING**  
**INVESTMENT**  
**FINANCIAL & CAPITAL MARKETS**  
**COMMUNITY DEVELOPMENT**  
**TRAGEDY**

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 Montreign 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,

JOHN J. BONACIC  
State Senator

JB/bac  
cc: Steven Vegliante



Aileen M. Gunther  
Member of Assembly  
100th District

THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

CHAIR  
Mental Health

CHAIR  
Subcommittee on Women's Health

COMMITTEES  
Agriculture  
Environmental Conservation  
Health  
Racing and Wagering

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,

Aileen M. Gunther  
Member of Assembly

Diagrams and Photos







**Item III. B.**

**FOR INFORMATION**

March 20, 2018

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

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As of January 31, 2018, the New York Job Development Authority’s (“JDA”) portfolio had an outstanding principal balance of approximately \$32.3MM 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 JDA Board, the following activity has taken place as of January 31, 2018:

- Five (5) loans have been closed totaling \$10,102,670. Those loans have generated interest income of \$267,281.

Staff is currently working on implementing the \$10 million JDA Agriculture Loan Fund 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)

## LOAN BALANCES JOURNAL REPORT

The New York Job Development Authority

ALL BALANCES AS OF: 1/31/2018

Loan Account	Borrower Name	Principal Balance	Trust Balances		Unpaid Late Charges	Unpaid Charges	Unpaid Interest	Total
			Reserve	Impound				
500001090	Aarco Products, Inc.	\$209,394.86	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$209,394.86
500202040	Riverview Associates, Inc.	\$68,050.60	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$68,050.60
500202050	The Case Group, LLC	\$563,257.52	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$563,257.52
500202060	JB Partnership	\$117,793.26	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$117,793.26
500203020	KGI Realty, LLC	\$560,685.68	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$560,685.68
500203030	Omega Moulding Company, LTD	\$1,538,475.83	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,538,475.83
500301010	Hank's Photographic Services, Inc.	\$456,485.28	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$456,485.28
500303020	XLI Corporation	\$490,967.25	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$490,967.25
500502010	T.A. Morris Sons Inc.	\$875,369.96	\$0.00	\$0.00	\$25.00	\$0.00	\$0.00	\$875,394.96
500502020	Whitsons Islandia Properties, LLC	\$1,336,963.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,336,963.50
500503010	David's Drive Development, LLC	\$345,584.16	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$345,584.16
500503020	Insula Dome Skylights, Inc.	\$168,282.73	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$168,282.73
501500330	MiLuc LLC	\$441,205.60	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$441,205.60
501501870	Merola Sales Company, Inc.	\$2,720,992.59	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,720,992.59
501603610	Love Beets Production, LLC	\$4,805,036.19	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,805,036.19
501607930	Upstate Specialty Properties, LLC	\$2,045,228.84	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,045,228.84
501609940	The Case Group, LLC	\$1,207,536.92	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,207,536.92
501702140	Castelli America, LLC	\$822,747.29	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$822,747.29
501702150	Castelli America, LLC	\$4,269,780.15	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,269,780.15
501702900	Borderworx Logistics, LLC	\$997,446.91	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$997,446.91
501709150	NS Marcus BLVD LLC	\$2,763,883.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,763,883.90
501709960	The Case Group, LLC	\$749,924.51	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$749,924.51
509303013	Sitco Development, Ltd.	\$623,294.79	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$623,294.79
528402112	Seaboard Aerospace Manufacturing, Inc.	\$91,127.93	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$91,127.93
558604102	United Salvage Associates, LLC	\$78,597.96	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$78,597.96
558604103	United Salvage Associates, LLC	\$24,189.11	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$24,189.11
558817821	Precision Properties, LLC	\$350,892.62	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$350,892.62
558817871	G & C Food Distributors & Brokers, Inc.	\$988,635.39	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$988,635.39
558902232	Teomax Properties, LLC	\$9,115.70	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9,115.70
578702174	Y&K Real Estate, LLC	\$471,882.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$471,882.00
578703143	Kaymac, LLC	\$303,463.83	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$303,463.83
578704472	Package Fulfillment Center Inc.	\$68,772.27	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$68,772.27
578704473	Package Fulfillment Center Inc.	\$623,333.60	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$623,333.60
588802352	Gamma Buffalo Corp.	\$282,635.74	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$282,635.74
588802511	Elich Zelinger	\$2,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,500.00
609102092	Wayne-Paul Corporation	\$129,310.21	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$129,310.21
620001050	Landauer Hospital Supplies, Inc.	\$683,794.37	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$683,794.37
( 37 )		\$32,286,639.05	\$0.00	\$0.00	\$25.00	\$0.00	\$0.00	\$32,286,664.05



**New York Job Development Authority  
Capital Lease Balances  
As of 1/31/2018**

<b>Account Number</b>	<b>Borrower Name</b>	<b>Maturity Date</b>	<b>Principal Balance</b>
509303013	Sitco Development, Ltd.	09/01/2022	\$623,294.79
528402112	Seaboard Aerospace Manufacturing, Inc.	05/31/2019	\$91,127.93
558604102	United Salvage Associates, LLC	03/01/2020	\$78,597.96
558604103	United Salvage Associates, LLC	03/01/2020	\$24,189.11
558817821	Precision Properties, LLC	12/01/2022	\$350,892.62
558817871	G & C Food Distributors & Brokers, Inc.	01/01/2020	\$988,635.39
558902232	Teomax Properties, LLC	03/30/2018	\$9,115.70
578702174	Y&K Real Estate, LLC	10/31/2025	\$471,882.00
578703143	Kaymac, LLC	11/30/2022	\$303,463.83
578704473	Package Fulfillment Center Inc.	10/31/2024	\$623,333.60
588802352	Gamma Buffalo Corp.	07/01/2022	\$282,635.74
609102092	Wayne-Paul Corporation	07/30/2019	\$129,310.21
<b>(12)</b>	<b>Total Outstanding Capital Lease Principal:</b>		<b>\$3,976,478.88</b>

Economic Revitalization Activity: JDA (Fiscal Year)

Fiscal Year	FY Quarter	Project Number	Name of Borrower	Economic Region	Purpose	JDA	Bank	Additional Funding	Equity	Term	Board Approval	Loan Authorization Issued	Closing Date	Jobs Retained	Jobs Created
2013-2014	2	Y566	SubZero	Long Island	RE	\$624,000	\$780,000		\$156,000	20 Years	September 2013	September 2013	October 2013	20	16
2014-2015	1	Z187	Merola	Long Island	RE	\$3,000,000			\$3,800,000	20 Years	June 2014	July 2014	September 2015	35	10
2014-2015	2	X994	Case Group	Capital Region	RE	\$1,380,000	\$690,000		\$927,000	10 Years	July 2014	July 2014	November 2016	29	26
2014-2015	2	X996	Case Group	Capital Region	M&E	\$787,670	\$450,000		\$186,000	10 Years	July 2014	July 2014	May 2017	N/A	N/A
2014-2015; 2017-2018	2; 1	Z357	Sandy Hook Pilots Association	New York City	RE	\$3,435,000	\$3,500,000	\$2,000,000	\$3,265,000	20 Years	July 2014; Amended June 2017	November 2014; Amended September 2017	Pending	130	0
2014-2015; 2015-2016; 2016-2017	3; 3; 1	Z592	Empire Brewery	Central New York	RE	\$2,646,000	\$1,303,290		\$431,487	20 Years	October 2014; Amended November 2015 and June 2016	December 2014; Amendment Letters issued in December 2015 and July 2016	Pending	70	75
2014-2015; 2015-2016; 2016-2017	3; 3; 1	Z591	Empire Brewery	Central New York	M&E	\$1,848,300	\$943,860		\$287,658	20 Years	October 2014; Amended November 2015 and June 2016	December 2014; Amendment Letters issued in December 2015 and July 2016	Pending	N/A	N/A
2014-2015	4	Z793	Upstate Specialty Properties	Capital Region	RE	\$2,160,180	\$2,700,225		\$540,045	20 Years	February 2015	March 2015	May 2016	44	28
2014-2015	4	AA361	Love Beets	Finger Lakes	RE	\$5,340,000	\$10,226,000		\$1,090,000	10 Years	March 2015	March 2016	October 2016	0	140
2014-2015	4	Z603	Ronnybrook Farm Dairy	Capital Region	M&E	\$960,000			\$640,000	10 Years	March 2015	June 2015	Pending	53	27
2015-2016	1	AA033	Rising Sun	Long Island	RE	\$480,000	\$600,000		\$540,000	20 Years	April 2015	June 2015	July 2015	19	3
2015-2016	3	AA290	Borderworx Logistics LLC	Western New York	RE	\$1,000,000	\$1,275,000		\$758,500	20 Years	November 2015	December 2015	November 2017	10	75
2016-2017	1	AA915	Precare Corporation	Long Island	RE	\$2,815,000	\$3,900,000		\$780,000	20 Years	April 2016	June 2016	May 2017	80	35
2016-2017	1	N/A	JDA Agriculture Loans to Lenders Program	Statewide	All	\$10,000,000	N/A	N/A	N/A	N/A	June 2016	Pending	Pending	N/A	N/A
2016-2017; 2017-2018	1; 1	AB062	Intergrow	Finger Lakes	RE	\$5,700,000	\$23,620,000	\$2,930,000	\$5,700,000	10 Years	June 2016; Amended June 2017	Pending	Pending	150	50
2016-2017	2	AB214	Castelli	Western New York	RE	\$840,000		\$75,000	\$475,000	20 Years	September 2016	February 2017	April 2017	80	50
2016-2017	2	AB215	Castelli	Western New York	M&E	\$4,660,000		\$425,000	\$2,691,667	7 Years	September 2016	February 2017	April 2017	N/A	N/A
2017-2018	1	AB950	Sullivan County Fabrication	Mid-Hudson	M&E	\$1,800,000			\$1,355,544	10 Years	April 2017	Pending	Pending	0	27
2017-2018	3	AC444	The Development Corporation	North Country	RE	\$1,200,000	\$1,500,000	\$3,075,000	\$300,000	20 Years	November 2017	Pending	Pending	N/A	N/A
2017-2018	3	AC445	Bread Alone	Mid-Hudson	M&E	\$310,977	\$250,339	\$57,470	\$153,933	7 Years	November 2017	Pending	Pending	140	30
The following projects received JDA Board Approval but will not be moving forward.															
2015-2016	1	AA130	Modern Marketing Concepts	Southern Tier	RE	\$5,000,000	\$800,000		\$1,700,000	20 Years	June 2015	Application Withdrawn by Borrower	Application Withdrawn by Borrower	310	592
2015-2016	2	AA366	Ginsberg's Institutional Foods, Inc.	Capital Region	RE	\$4,000,000	\$8,000,000	\$800,000	\$1,700,000	20 Years	December 2015	Application Withdrawn by Borrower	Application Withdrawn by Borrower	300	51
2016-2017	3	AB367	Elle Woodworking	New York City	RE	\$500,000	\$650,000	N/A	\$170,000	20 Years	December 2016	Application Withdrawn by Borrower	Application Withdrawn by Borrower	5	3
FY 2013-2014 TOTAL						\$624,000	\$780,000	\$0	\$156,000					20	16
FY 2014-2015 TOTAL						\$20,657,150	\$17,580,875	\$0	\$7,754,595					361	306
FY 2015-2016 TOTAL						\$1,930,000	\$2,100,000	\$0	\$1,373,500					29	78
FY 2016-2017 TOTAL						\$24,465,000	\$27,125,000	\$1,250,000	\$7,691,762					310	135
FY 2017-2018 TOTAL						\$3,310,977	\$4,152,839	\$7,312,470	\$6,501,977					140	57
Total						\$50,987,127	\$51,738,714	\$8,562,470	\$23,477,834					860	592

Total Economic Development Activity \$134,766,145