

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

Thursday

April 18, 2019 – 12:00 p.m.

AGENDA

I. CORPORATE ACTIONS

- A. Approval of the Minutes of the June 22, 2018 and August 1, 2018 Members' Meetings

II. FOR CONSIDERATION

- A. Long Island City (New York City Region – Queens County) – New York Job Development Authority (“JDA”) Loan to Meer Enterprises, LLC d/b/a Unique Settings of New York – Authorization to Make a Real Estate Loan with JDA Proceeds and Take Related Actions

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

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

June 22, 2018

MINUTES

Members Present:

Elizabeth R. Fine, Acting Chair – Designee – NYS
Department of Economic Development
Adam Barsky
Steve McGrattan, Designee – NYS Department of
Agriculture and Markets
Mario Musolino, Designee – NYS Department of Labor
Heather McArn, Designee – NYS Department of
Financial Services
Emily Youssouf

Present for JDA Staff:

London C. Cruz, Acting Corporate Secretary
Elaine A. Kloss, Chief Financial Officer
Kathleen Mize, Controller

Present for ESD:

Thomas Brennan, SVP - Internal Audit
Sean Malone, Project Associate – Small Business Lending
Benson Martin, Director of Compliance
Antovk Pidedjian, Senior Counsel
Debbie Royce, Paralegal
Ray Salaberrios, Senior Director – Economic Revitalization

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Robert White, AVP – Internal Audit

Also Present:

The Press
The Public

Prior to calling the meeting to order, Acting Chair Fine noted for the record that she was serving as Acting Chair of the meeting. The meeting was then called to order at 8:39 a.m. by Acting Chair Fine. 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 Fine noted that the Senate confirmed a new member and explained that once the appointment paperwork is processed, the new member will join the Board.

Acting Chair Fine 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 Fine entertained a motion to approve the minutes of the March 20, 2018 Members' Meeting.

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

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APPROVAL OF THE MINUTES AND RATIFICATIONS OF ACTIONS TAKEN AT THE MARCH 20, 2018 MEMBERS' MEETING OF THE NEW YORK JOB DEVELOPMENT AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on March 20, 2018 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 Fine then asked Benson Martin, ESD's Director of Compliance, to present the next Agenda item related to the re-examination of JDA's mission statement and related performance measures and the acceptance of the Performance Measurement Report for the 2017-2018 Fiscal Year.

Mr. Martin explained that the re-examination ensures that JDA complies with its obligations under New York State Public Authorities Law, Section 2824(a), in a timely manner. Mr. Martin noted that the Board can re-examine and amend JDA's mission statement and performance measures at any time during the year, if necessary.

Mr. Martin stated that the Members were provided with the current mission statement and performance measures in their board materials.

Next, Mr. Martin stated that Ray Salaberrios would present the 2017-2018 Fiscal Year Performance Measurement Report.

Mr. Salaberrios stated that throughout the 2017-2018 Fiscal Year, the New York Job

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Development Authority (“JDA”) continued to expand their loan portfolio and increase awareness of their products in lending and business communities throughout New York State.

Mr. Salaberrios further stated that during the 2017-2018 Fiscal Year, the Members approved loans for three projects, evidencing firm commitments from responsible financial sources for the total project cost, exclusive of any loan request from JDA.

Moreover, Mr. Salaberrios explained that pursuant to Article 8 of Title 8 of the Public Authorities Law, these projects were approved prior to their actual commencement. He further explained that closing on JDA’s loans and disbursement of its funds occurs upon completion.

Mr. Salaberrios stated that the total JDA Board approval amount of the three loans is \$3,310,977. He further stated that five previous loans totaling a combined \$10.1 million will close in Fiscal Year 2017-2018.

Mr. Salaberrios explained that the aforementioned loans are the highest amount of loans that JDA has closed in the last 20 years. He further explained that the \$10.1 million in loans leveraged \$11 million in private investment and it is anticipated that these projects will result in the creation of 160 jobs and the retention of an additional 182 jobs.

Acting Chair Fine thanked Mr. Salaberrios for his presentation and asked the Members if there were any questions or comments.

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Member Youssouf asked if there was only one transaction that went into default.

Mr. Salaberrios answered yes, and explained that the transaction was fully collateralized and that JDA is in the process of closing on the loan.

Member Youssouf asked what the loan was for because she was unable to recall. Mr. Salaberrios answered that the loan preceded him by many years.

Acting Chair Fine asked if there were any further questions or comments from the Members or any comments from the public.

Hearing no further questions from the Members and no comments from the public, the following resolution was unanimously adopted:

NEW YORK JOB DEVELOPMENT AUTHORITY — Mission Statement, Related Performance Measurements, and FY 2017-2018 Performance Measurement Report — Re-Examination of Mission Statement and Related Performance Measurements; and Acceptance of FY 2017-2018 Performance Measurement Report

WHEREAS, the New York State Public Authorities Law § 2824-a requires each Authority to re-examine its Mission Statement and Performance Measurements annually, therefore

BE IT RESOLVED, that the Members hereby confirm that they have re-examined the Mission Statement as previously adopted and recommend no further amendments; and RESOLVED, that the FY 2017-2018 Performance Measurement Report contained in the materials presented to this meeting and hereby ordered to be filed with the records of the Authority is hereby accepted.

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Next, Acting Chair Fine called on Kathleen Mize to present the next item on the Agenda, related to the Approval of Certain Annual Financial Reports.

Ms. Mize explained that the Public Authorities Law requires annual approval by the JDA Authority Members and certifications by the Chief Executive Officer and the Chief Financial Officer of certain financial reports.

Ms. Mize further explained that the reports consist of financial information set forth in the Combined Financial Statements and Independent Auditor's Report prepared by JDA's independent audit firm, EFPR Group, LLP.

Moreover, Ms. Mize stated that the Audit Report for the Fiscal Year ending March 31, 2018, contains an unmodified, clean opinion, reflecting that the combined financial statements present fairly in all materials respects, the financial position, and results of operations and cash flows of JDA.

Ms. Mize further stated that the Independent Auditor's Report on internal control over financial reporting and on compliance, addressing whether control deficiencies or materials weaknesses in internal control exist, did not identify any deficiencies that would be considered to be material weaknesses.

Next, Ms. Mize explained that the audit firm was able to obtain reasonable assurance

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that JDA’s financial statements are free of material misstatement by performing tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, including JDA’s investment guidelines and other matters.

Furthermore, Ms. Mize explained that their testing revealed no instances of non-compliance or other matters that are required to be reported.

Ms. Mize stated that the board materials included the complete Audit Report for the Fiscal Year ending March 21, 2018. She further stated that the preparation of the Audit Report included approximately 32.5% participation by MBE and WBE firms.

Ms. Mize stated that the JDA’s Audit Committee has reviewed and approves the Audit Report for presentation to the Members. She added that the partner from EFPR Group, Elaine A. Kloss as well as herself, were able to answer any questions.

Acting Chair Fine asked if there were any comments or questions from the Members or any comments from the Public.

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

NEW YORK JOB DEVELOPMENT AUTHORITY (the “Authority”) – Annual Financial Reports - Approval of Certain Annual Financial Reports and Authorization to take Related Actions

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

WHEREAS, an independent audit is required by §2802 of the Law;

WHEREAS, §2800 of said Law also requires the annual approval by the Members and certifications by the Chief Executive Officer and Chief Financial Officer of the Report;

WHEREAS, an independent audit has been prepared for the fiscal year ended March 31, 2018;

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

NOW, THEREFORE, based on the materials submitted herewith, IT IS HEREBY RESOLVED that the Report is hereby approved; and it is further

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

* * *

Next, Acting Chair Fine called on Antovk Pidedjian to present the following Agenda item, an item relating to the adoption of JDA’s Revised Procurement Guidelines.

Mr. Pidedjian explained that the Public Authorities Law (“PAL”) requires annual review and adoption of procurement guidelines. He further explained that the procurement guidelines consist of rules for JDA to enter into contracts for goods and services.

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Next, Mr. Pidedjian explained that the procurement guidelines do not have the force of law, and, as in years past, this year's procurement guidelines were previously adopted by the ESD Board of Directors.

He noted the changes to this year's procurement guidelines: (i.) Executive Orders 162, which requires pay equity by state contractors; (ii.) Executive Order 177, which prohibit state contracts with entities that do not maintain adequate policies to address discrimination.

Mr. Pidedjian stated that the changes to the procurement guidelines are in line with these executive orders and noted that they were available for review on pages 16 through 17. He further noted that the New York State Authorities Budget Office's requirement that JDA describe its prompt payment procedures had been addressed with the inclusion of a link on page 31.

Acting Chair Fine thanked Mr. Pidedjian for his presentation and asked if there were any questions or comments from the Members.

Member Youssouf referred to the first item related to contracting with entities and inquired about where the relevant guideline can be found.

Mr. Pidedjian answered that the relevant guideline can be found on pages 16 through 17, and specified the location as the top of page 16 to the top of page 17.

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Member Youssouf asked if this policy is consistent with the policies of other state agencies.

Mr. Pidedjian answered yes and explained that state agencies are going to incorporate this Executive Order into their procurement guidelines. He added that all authorities are required to have the guidelines.

Member Youssouf asked if the other state agencies will incorporate the same language into their procurement guidelines.

Mr. Pidedjian answered yes and stated that the language is derived from Executive Order 177.

Hearing no further questions from the Members and no comments from the public, the following resolution was unanimously adopted:

NEW YORK JOB DEVELOPMENT AUTHORITY – 2018 Procurements Guidelines - Adoption of Revised Guidelines for the Use, Awarding, Monitoring and Reporting of Procurement Contracts

BE IT RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered to be filed with the records of the Authority, the proposed 2018 Guidelines for the Use, Awarding, Monitoring and Reporting of Procurement Contracts (“Guidelines”), a copy of which is attached to the materials, be and hereby is approved and adopted as of the date hereof, and the Chairman, President and Chief Executive Officer or his or her designee is authorized to promulgate the Guidelines in electronic form and other media for the use by JDA,

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and to take such other and further action as may be deemed necessary or appropriate to effectuate the foregoing Resolution.

* * *

Next, Acting Chair Fine called for Ray Salaberrios to present the following Agenda item, an informational item related to JDA’s loan approval for Intergrow Holding Company.

Mr. Salaberrios explained that JDA was recently contacted regarding the Intergrow project, a JDA loan in the town of Ontario located in Wayne County.

He further stated that JDA was contacted by Farm Credit East (“FCE”) to request that JDA accept the provision that had been previously negotiated between FCE and Intergrow Holding Company, where FCE agreed to accept four personal guarantees of 25% of the total loan amount, rather than what JDA normally accepts, which is 100% of the total amount.

Mr. Salaberrios explained that FCE informed JDA that the decision to allow limited personal guarantees is long-standing and based on Intergrow’s operating history and financial strength.

Mr. Salaberrios stated that JDA performed its own due diligence and found that including the guarantees from Intergrow Holding Company, Inc. and its subsidiaries Intergrow Greenhouses, Inc., Fillmore Greenhouses, Inc., and Intergrow Trucking, along with second mortgages on the properties on Ontario, Albion, and Portageville, which total \$16.5 million,

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accepting Farm Credit East's request will have no material effect on the quality of the credit nor will it affect the overall assessment of the project.

Member Youssouf asked for clarification regarding the significance of the 25% discussed in the beginning of Mr. Salaberrios' presentation.

Mr. Salaberrios explained that when a personal guarantee is accepted, each owner guarantees 100% of the loan. He further explained that currently, as opposed to what is normally done, the 100% guarantee from the ownership has been divided amongst all owners at 25% each.

Mr. Salaberrios stated that JDA looked at prior histories and had projects where there were no personal guarantees required.

Mr. Salaberrios explained that with additional collateral in place and the fact that JDA has sufficient protection, JDA determined that the project could move forward.

Mr. Salaberrios stated that the project is moving along and that a good portion of the project has been completed. He explained that the roof has been installed, work has commenced on the greenhouse and some electrical work has commenced.

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Mr. Salaberrios stated that Farm Credit East has extended close to \$9 million in credit and reiterated that the project is moving along.

Mr. Salaberrios further stated that JDA feels confident that the project is going to be successful in the future.

Member Youssouf asked for clarification regarding the personal guarantees and asked if each owner has the ability to guarantee their portion.

Mr. Salaberrios responded that each of the owners has the wherewithal to guarantee their portion and explained that two of the owners have an excellent net worth.

Mr. Salaberrios stated that JDA feels very confident that if they need to go further, they will be able to; however, everyone covers their portion. He further stated that their net assets cover the portion that they're guaranteeing.

Acting Chair Fine asked if there were any further questions from the Members or any comments from the public.

Mr. McGrattan, Designee for the New York State Department of Agriculture and Markets, stated that he wanted to speak on behalf of Commissioner Ball and lend support to

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JDA staff in order to recommend the acceptance of the Farm Credit East recommendations as proposed.

Mr. McGrattan stated that the New York State Department of Agriculture and Markets has a long-standing relationship with Farm Credit East. He further stated that they are an incredibly conservative farm-member based lending institution.

Mr. McGrattan explained that Farm Credit East would not go into this relationship with Intergrow blindly.

Mr. McGrattan stated that Intergrow is a long-standing company and is in an excellent financial position.

Moreover, Mr. McGrattan stated that Farm Credit East and Intergrow have been working with a community development consultant who has over 30 years in public program lending experience.

Mr. McGrattan concluded that he wanted to add the New York State Department of Agriculture and Markets' support of JDA's recommendation to accept the changes.

Member Youssouf thanked Mr. McGrattan for his comments and stated that they were very helpful.

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Next, Acting Chair Fine stated that if there were no further comments from the Directors or the public, Mr. Salaberrios would present the final Agenda item, an item related to the JDA loan approval for the United New York Sandy Hook Pilots' Benevolent Association and United New Jersey Sandy Hook Pilots' Benevolent Association.

Acting Chair Fine explained that the item would be presented for informational purposes only and no vote would be required.

Mr. Salaberrios stated that the Sandy Hook project was completed and the pilots are in the process of moving into their facility.

Mr. Salaberrios explained that the information was being presented to the Board due to an additional cost borne by the pilots of \$440,000, which occurred due to miscues by the contractor and additional costs that were not anticipated.

Mr. Salaberrios explained that JDA originally approved a \$3.4 million loan for the benefit of the United Sandy Hook Pilots for the purchase and construction of a new facility. He said their facility was previously damaged by Hurricane Sandy.

Mr. Salaberrios stated that the Board was previously informed that the original contractor was fired due to negligence and a new contractor was hired. He added that the Board previously approved the continuation of the project.

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Mr. Salaberrios stated that JDA's loan had remained the same.

Mr. Salaberrios explained that the project relates to the construction of a facility for the Sandy Hook Pilots and added that the project and facility have been completed.

Mr. Salaberrios stated that JDA staff are now in the process of closing on the loan associated with the project and are actively reviewing paperwork to ensure that the total project cost had been adhered to. He further stated that the review is being performed for their minority utilization.

Mr. Salaberrios stated that JDA expects that the project will close at some point in August and reiterated that the Agenda item was presented for informational purposes due to the additional \$440,000 cost incurred.

Member Youssouf asked if the additional cost was a cost overrun. Mr. Salaberrios responded that the additional cost was due to change orders.

Member Youssouf asked if there was a contingency built. Mr. Salaberrios responded that there was no contingency for the change orders. He further explained that some of the change orders were done after the project was completed due to their decision to make some aesthetic changes inside the facility.

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Member Youssouf asked if any of the changes were structural changes and Mr.

Salaberrios responded no.

Member Youssouf asked if Sandy Hook Pilots are paying for the changes themselves and

Mr. Salaberrios responded yes.

Member Youssouf asked if that amount would go in as far as their equity and Mr.

Salaberrios responded yes.

Member Youssouf explained that this situation places JDA in a better position.

Mr. Salaberrios stated that the building appraised for \$12.2 million, which more than covers JDA's exposure. He reiterated that JDA is comfortable with this project.

Mr. Salaberrios stated that Sandy Hook Pilots, based on their financial statements, had a very good year. He explained that the Pilots' revenue continues to increase.

Member Youssouf asked if the fees are increasing due to ship traffic and Mr. Salaberrios responded that the fees being collected are increasing and stated that there are more ships coming in to the New York State Harbor.

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Member Youssouf asked if New Jersey is also included and Mr. Salaberrios responded that both New York and New Jersey are included. Member Youssouf commented that this is great news and expressed that she was happy to hear the information.

Hearing no further questions from the Members and no comments from the public, the meeting was adjourned at 9:00 a.m.

Respectfully submitted,

London C. Cruz
Acting Corporate Secretary

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NEW YORK JOB DEVELOPMENT AUTHORITY

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

and

Empire State Development - Albany Offices
625 Broadway – Conference Room 812
Albany, New York 12245

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

August 1, 2018

MINUTES

Members Present:

Kevin Younis, Acting Chair – Designee – NYS Department of
Economic Development (via video-conference)
Alfredo Vazquez Assad
Adam Barsky
Shirin Emami, 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:

London C. Cruz, Acting Corporate Secretary
Elizabeth R. Fine, General Counsel
Kathleen Mize, Controller

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Present for ESD: Sean Malone, Project Associate – Small Business Lending
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 9:30 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 stated that the Minutes for the June 22nd Members’ Meeting would not be considered because they had not yet been prepared or finalized. He explained that the Minutes will be presented at the next Members’ meeting.

Acting Chair Younis then asked Sean Malone, Project Associate for Small Business Lending, to present the first Agenda item related to a request for authorization to make a real estate loan from JDA proceeds to Cold Point Corporation.

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Mr. Malone greeted the Board and commenced his presentation. He stated that Cold Point Corporation, located in Rome, New York, is requesting a \$2,231,010 JDA loan for the construction of a 50,000 square-foot advanced manufacturing facility on the former Rome Cable Complex 3 brownfield site. He said that the total project cost is \$4,468,350.

Mr. Malone explained that the company, which was founded in 1999, specializes in the design and manufacture of water source heat pumps and packaged terminal air conditioners and condensing units, as well as packaged heat pumps and air conditioners for direct replacement renovation and new construction. Mr. Malone further explained that the units are manufactured under the Cold Point Corporation and Adirondack Airebrand names.

Mr. Malone stated that Cold Point Corporation has identified the need for a new facility to increase growth and facilitate the addition of a new manufacturing line and additional warehouse space.

Mr. Malone explained that Cold Point Corporation, since 2017, has been a wholly owned subsidiary of the Whalen Company, located in Easton, Maryland. He said that the Whalen Company is a leader in the commercial heating and air conditioning industry, comprising 12 percent of market share in North America.

Mr. Malone explained that the project, known locally as Project Blue Crab, is a central component of the Rome Downtown Revitalization Initiative (“Rome DRI”), from which it has

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been awarded a \$450,000 grant and is expected to generate employment and growth opportunities in a distressed portion of New York State. He added that remediation of the vacant site has drawn significant public support over the past several years and that the project is expected to result in the retention of 37 jobs and the creation of 18 in the near term.

Mr. Malone stated that based on its 1A plus rating, Cold Point Corporation currently generates sufficient cash flow from operations to service the projected debt with a projected debt-service coverage ratio (“DSCR”) that meets JDA’s minimum standard of 1.2 and default rates based on the company’s performance over the company’s three year historical period.

Mr. Malone stated that revenue growth has been strong and cash flow projections indicate that the company will be able to service the debt going forward.

Mr. Malone explained that JDA will have a second lien position on the real estate collateral if it were to appraise at \$4.5 million and will receive a corporate guarantee from Whalen.

Acting Chair Younis asked if there were any comments or questions from the Members or any comments from the Public. Ms. Emami, Designee for the New York State Department of Financial Services, asked if the lien was a second lien on the real estate and Mr. Malone responded yes.

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Ms. Emami asked if the lien was subordinate to the first lien and Mr. Malone responded yes.

Ms. Emami stated that she reviewed the risk analysis and characterized the facility as less than expected. She then asked if the lien is second to the first lien in the case of default. She also asked what the expectation for recovery is given that the lien is second and there is concern regarding the value of the real estate being listed at \$3.5 million. Mr. Malone responded that the project has yet to start, and that he believes the anticipated appraisal amount of \$4.5 million is after the construction and remediation of the property. He explained that the borrower is creating a new heat pump product that is expected to generate a significant deal of revenue. Mr. Malone further stated that JDA's financial analysts were not present at the meeting; however, they were confident in the numbers.

Next, Mr. Salaberrios referenced conversations held with the bank involving Cold Point Corporation, stating that they expect the appraisal to be \$4.4 million, which gives collateral coverage. He explained that JDA has more than a nine percent loan ratio, which is good, if the building appraises at \$4.4 million. Mr. Salaberrios stated that the company's fair financial condition is attributed to what the Whalen Company has done and added that they've helped by purchasing Cold Point Corporation and investing a significant amount of money.

Mr. Salaberrios further stated that this project is going to affect the cash flow of the parent company.

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Next, Mr. Salaberrios stated that the parent company is in the process of obtaining a new product that is expected to allow them to grow their sales exponentially. He explained that they believe the product will allow them to service non-profit and for-profit organizations as well as allow for the servicing of higher buildings.

Currently, Mr. Salaberrios continued, the buildings that the company are servicing are four stories high; however, with this new product, the company will have access to higher buildings.

Mr. Salaberrios explained that the expectation is that the company will become profitable.

Ms. Emami stated that she is concerned about the collateral and asked if the lien is actually on the real estate. She further asked for clarification of the term “fee-interest of the premises.” Mr. Salaberrios responded that his understanding of the term “fee-interest” is that the interest pertains to the land as well as improvements, whereas the actual lien is on the property.

Member Barsky asked if there were any personal guarantees. Mr. Salaberrios responded no and explained that the owner of the company passed away many years ago. He stated that the company is 98 percent owned by the Whalen family.

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Acting Chair Younis asked if there were any further questions from the Members or any comments from the public. Hearing no further questions from the Members and no comments from the public, the following resolution was unanimously adopted:

**NEW YORK JOB DEVELOPMENT AUTHORITY – Mohawk Valley (Rome – Oneida County) –
JDA Loan for the benefit of Cold Point Corporation – Authorization to Make a Real Estate
Loan and Take Related Actions**

RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, and each of them hereby is, authorized to make a New York Job Development Authority Real Estate Loan for the benefit of Cold Point Corporation for an amount not to exceed \$2,231,010 or 60% 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.

* * *

There being no further business, the meeting was adjourned at 9:40 a.m.

Respectfully submitted,

London C. Cruz
Acting Corporate Secretary

Item II. A.



FOR CONSIDERATION

April 18, 2019

TO: The Members

FROM: Howard Zemsky

SUBJECT: Long Island City (New York City Region – Queens County) – New York Job Development Authority (“JDA”) Loan to Meer Enterprises, LLC d/b/a Unique Settings of New York.

REQUEST FOR: Authorization to Make a Real Estate Loan with JDA Proceeds and Take Related Actions

| JDA Loan Terms | |
|-------------------------------------|---|
| Borrower: | Meer Enterprises, LLC d/b/a Unique Settings of New York (operating company) |
| Economic Region: | New York City Region (Queens County) |
| Total Loan Amount Requested: | \$4,400,000 |
| Rate: | Fixed - currently 4.68% (final rate will be JDA rate at time of closing) |
| Term: | 20 years |
| Classification: | IB+ |
| Distressed Area: | Yes |
| Initial Payment: | \$28,265.90 |

| JDA Budget | | | | | |
|--|----------------------|---------------|--|----------------------|---------------|
| Uses | | | Sources | | |
| Real Estate Acquisition Cost | \$ 8,600,000 | 72.2% | People's United Bank Loan ⁽¹⁾ | \$ 5,500,000 | 46.2% |
| Renovations & Equipment | 2,900,000 | 24.3% | JDA Loan ⁽²⁾ | 4,400,000 | 36.9% |
| Soft Costs | 415,000 | 3.5% | Company Equity | 2,015,000 | 16.9% |
| Total Project Costs | \$ 11,915,000 | 100.0% | Total Project Financing | \$ 11,915,000 | 100.0% |
| <small>(1) First mortgage; 10-year term with 25-year amortization at 4.65% (adjustable).</small> | | | | | |
| <small>(2) Second mortgage; 20-year term at 4.68% (fixed).</small> | | | | | |

Security: A second lien on the real estate located at 47-09 36th Street in Long Island City, New York. The property will be a renovated 20,000 square foot warehouse manufacturing facility. The property will be deeded to Unique Acquisitions Realty, LLC (50%) and Thrive Holdings, Inc. (50%).

The appraised value of all the real estate collateral is required to be no less than \$11,000,000.

Guarantors: Repayment of the JDA loan shall be guaranteed, joint and severally, by Meer Enterprises, LLC, Thrive Holdings, Inc., Evash Management Consulting, Inc., Unique Acquisitions New York, LLC, Unique Acquisitions Realty, LLC, Daniel Dabakarov and Michael Dabakarov.

Existing Jobs: 150 full-time

New Jobs Projected: 20 full-time by three years after loan disbursement

JDA Loan Amount per job: \$23,529

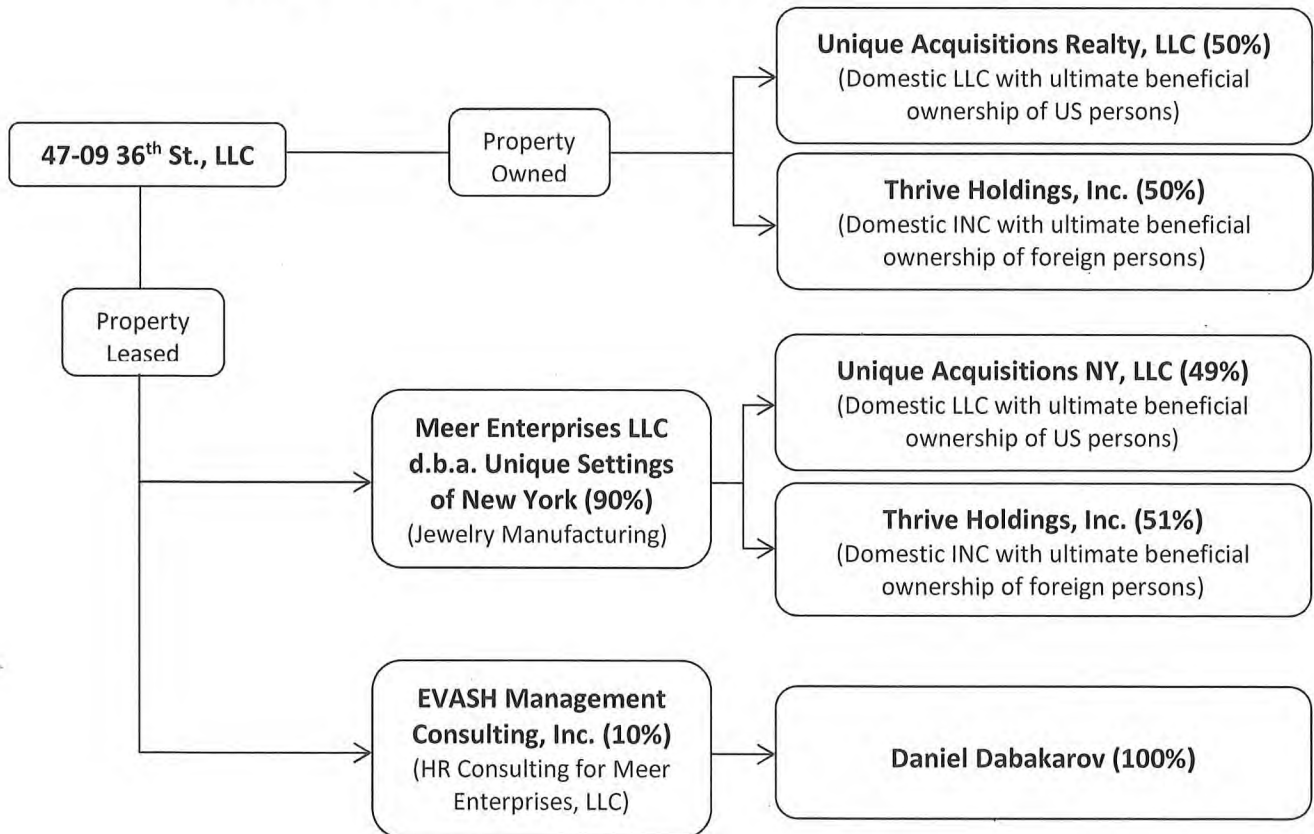
Average Salary: \$65,000/annual + comprehensive benefits

Project Summary:

Borrower: Meer Enterprises, LLC d/b/a Unique Settings of New York
31-00 47th Avenue, 2nd Floor
Long Island City, NY 11101

Contact: Daniel Dabakarov, President
Meer Enterprises, LLC
Phone: (718) 247-4500
Email: Daniel@usofny.com

Ownership: Meer Enterprises, LLC d/b/a Unique Settings of New York is owned by Unique Acquisitions NY, LLC (49%) and Thrive Holdings, Inc. (51%). Unique Acquisitions NY, LLC and Unique Acquisitions Realty, LLC are owned by Daniel Dabakarov (50%) and Michael Dabakarov (50%), respectively. Thrive Holdings, Inc. is owned 100% by KGK Group, a diamond sourcing conglomerate based in India.



Nature of Business: Meer Enterprises, LLC d/b/a Unique Settings of New York (“Meer” or the “Company”) is a US-based designer and manufacturer of bridal jewelry. Meer provides local jewelers and major wholesalers across the country with high-quality, competitively-priced diamond and color stone jewelry. Meer is currently one of the largest jewelry manufacturers in the United States and all production is done 100% in-house, except for raw materials.

The Company offers a continually expanding product line, introducing new designs and products in accordance with the latest trends. Meer offers independent jewelers a vast array of services and customization options, including the creation of brand new, unique custom designs. The Company has recently made significant investments in technology and new machinery and equipment, such as 3D printers, to advance customization abilities.

Meer’s entire product line is manufactured in New York-based facilities and its distribution facilities are strategically located in the United States in order to optimally serve customers.

A sample list of Meer’s product offerings includes: engagement rings, wedding bands, color stone rings, men’s rings, pendants and die struck rings.

A sample list of Meer’s service offerings includes: casting, finishing, custom design and manufacture, diamond and gemstone wholesale, engraving, jewelry repair.

This report concerns a proposed JDA real estate loan for the amount of \$4,400,000 (the “JDA Loan”). The JDA Loan is to be used towards the acquisition and renovation of real property located in Long Island City, New York. The total cost of the project is \$11,915,000.

Project location: 47-09 36th Street
Long Island City, NY 11101

Project Completion: 3rd Quarter 2020 (projected)

1) PROJECT OVERVIEW AND RECOMMENDATION

a) Background

Meer was formed when India-based, multi-national diamond conglomerate KGK Group (“KGK”) acquired a controlling interest in a pre-existing enterprise called Unique Settings New York, Inc. in 2016. This acquisition was made in partnership between Thrive Holdings, Inc. – a U.S. incorporated special purpose entity established by KGK for the express purpose of the deal – and principal owners Daniel and Michael Dabakarov. Unique Settings New York, Inc. had been in operation since 1999 as a manufacturer and distributor of fine jewelry. The company had demonstrated an ability to adapt to rapidly changing market conditions, particularly throughout the Financial Crisis of 2008. KGK took notice, and sought to further capitalize the business by forming Meer. This strategic acquisition has created a certain level of vertical integration for Meer, allowing for low cost sourcing of raw materials through KGK.

Today, bridal jewelry makes up approximately 25% - 40% of a retail jewelry store's gross sales, and accounted for about 17% of the total \$31.4 billion in jewelry sales in the United States in 2016. Meer manufactures the largest collection of bridal jewelry in the industry, using the latest technology and manufacturing capabilities. Over the past ten years, Meer has quickly expanded from servicing the Tri-State area to gaining the trust of jewelers across America and mass merchants such as Costco, Brilliant Earth, Blue Nile and many others, offering an exceptional product and reliable service.

Meer's list of over 4,000 active clients ranges from independent mom-and-pop stores, to national wholesalers and international e-commerce platforms. The Company's market share reaches over 60% of independent jewelers and major online retailers. Meer credits the continued growth of market share to its ability to leverage emerging technologies and a commitment to customer service. The partnership with KGK, which provides a competitive cost advantage for raw materials, is a key factor in Meer's ability to invest in technology and services.

Competitors

1. Stuller, Inc. – Based out of Louisiana, Stuller, Inc. is considered to function in a way similar to Amazon within the business of manufacturing and selling jewelry. In addition to custom jewelry, Stuller, Inc. sells everything from jewelry making tools, benches, paper product and boxes for shipping. The company competes with Meer with a similar "Just-In-Time" delivery model and a well-regarded custom jewelry department. With its diverse offerings, Stuller, Inc. is a major player in the jewelry space, with estimated gross revenues of \$500 million. Meer's more concentrated focus on custom design and customer service provides an advantage in retaining existing market share with independent jewelers.
2. Overnight Mountings, Inc. – This company is a regional competitor based in Nassau County, Long Island, NY. Overnight Mountings, Inc. has a very similar product line to Meer, and competes directly with them by offering casting, Just-In-Time delivery and custom jewelry. However, Meer currently holds a greater client base than Overnight Mountings, Inc. and strategizes to maintain or expand its greater market share by offering a wider product range, faster delivery and higher quality end products.

Management

Daniel Dabakarov – Principal Owner & President

Daniel Dabakarov has been in the jewelry industry since 1984, specializing in fine jewelry manufactured in gold and/or platinum studded with diamonds and/or precious and semi-precious stones. From an early age, Mr. Dabakarov took interest in the industry and worked in various capacities beginning with a messenger role and working his way up to the Director of Sales. In this respect, Mr. Dabakarov's training in the industry has been all-encompassing, and includes experience in stone sorting and purchasing, production planning, software development, and marketing.

Historically, the primary customer focus for the Dabakarov family jewelry business was wholesale. In 2015, Mr. Dabakarov started his own company focused more on independent jewelers across the

United States. In partnership with his uncle, Michael Dabakarov, this enterprise was able to rapidly grow and reach over 400 active luxury independent retailers across the United States. The success of this business ultimately led to the opportunity to acquire, in partnership with KGK, one of the most prestigious jewelry manufacturers in the United States - Unique Settings of New York.

Since the acquisition in 2016, Mr. Dabakarov has overseen the expansion of the business, with sales growth of 10% year-over-year. With its planned building acquisition in Long Island City, Unique Settings of New York intends to develop one of the most technologically-advanced, environmentally-friendly, and state of the art jewelry manufacturing facilities in the world.

Micahel Dabakarov – Principal Owner

Michael Dabakarov has been in the jewelry industry since 1984, specializing in fine jewelry manufactured in gold and/or platinum studded with diamonds and/or precious and semi-precious stones. From early on, Mr. Dabakarov was involved primarily in design, customer relations, and advertising. His experience helped the business grow substantially over the years.

After many years of success, Mr. Dabakarov partnered with his nephew, Daniel Dabakarov, expand the focus of the family jewelry business beyond wholesale and into a growing independent retailer segment. The success of this endeavor led to the acquisition of Unique Settings of New York, and the formation of Meer.

The family is also active in real estate holding. Currently they own over 150 units across the New York Metro and Westchester areas.

b) The Project

For over ten years, Meer's operating business has been located in the Falchi Building in Long Island City (31-00 47th Avenue), at which it rents space. The Company is now seeking a facility that will enable the creation of the most technologically-advanced jewelry manufacturing facility in the United States, with the goal of cutting occupancy costs and driving efficiency.

The Company has identified a property at 47-09 36th Street in Long Island City (Block 229; Lot 25 in Queens), a two-story 20,000 square foot building. In addition to the manufacturing facility in Long Island City, the Company currently rents a small showroom on 47th Street in Manhattan. A small portion of the newly acquired facility will be set aside for this showroom space, allowing Meer to consolidate its operations.

The project will enable the Company to increase production by creating a more efficient manufacturing cycle and floor plan, investing in the latest jewelry manufacturing machinery and equipment, and reduce its carbon footprint by investing in clean technology. Ultimately, this transition will allow operations to run more smoothly, and in a more cost effective manner.

In addition to operational efficiencies, this project offers significant occupancy cost benefits for Meer. At present, high rent costs at the Company's current facility are prohibitive. The project will

allow Meer to acquire an important asset that is tailored to its operational needs, and the projected debt service payments will reduce future occupancy costs by 18%.

The Company hopes to close on the acquisition and begin renovations by May 2019, and complete renovations by July 2020. The existing building requires a complete renovation, and will include the following: new HVAC system, new plumbing/bathrooms, upgraded electrical systems (to include solar), new interior walls and a cafeteria/rest area for staff.

c) Conclusions

- Based on the IB+ rating, Meer's historical cash flow from operations will be able to service the debt going forward (with a projected Debt Service Coverage Ratio ("DSCR") that meets JDA's minimum standard of 1.20). The score of IB+ is an adjusted measure that adds back pre-existing rent expense into the company's cash flow because it will no longer be incurred after the new facility is acquired. With this consideration, default risk, based on the Company's performance over the 3-year historical period, is moderate. Sales growth has been consistent and cash flow projections indicate that the Company will continue to be able to service the debt going forward.
- Meer's financial projections are relatively conservative. There will be a significant reduction in occupancy costs following this acquisition, as the implied debt service is lower than current lease expenses. An analysis reveals that Meer could miss projected EBITDA figures by 56% in 2020 (the year of project completion) and still maintain a DSCR of 1.20x, comfortably servicing the implied debt.
- Manufactures have been under sustained pressure in New York City, and particularly in Long Island City, due to rising real estate costs. This project offers an opportunity for JDA to assist a manufacturing company that pays its employees well and offers good benefits to remain in Long Island City, a distressed area.
- JDA will have a second lien position on the real estate collateral and will receive guarantees from Meer Enterprises, LLC, Thrive Holdings, Inc., Evash Management Consulting, Inc., Unique Acquisitions New York, LLC, Daniel Dabakarov and Michael Dabakarov; thus, there will be sufficient security for JDA to be completely collateralized.
- Assuming a real estate appraisal of \$11,000,000 or more, Meer meets JDA's loan-to-value requirement of 90%.
- With the project, Meer expects to create at least 20 full-time permanent jobs within three years.

2) COVENANTS AND CONDITIONS

This Loan is predicated upon the following financial conditions:

- The Company must obtain firm commitments satisfactory to JDA from responsible financial sources for the total project cost exclusive of any loan requested from JDA.
- The Company must provide evidence of the subject properties that indicates a loan to value not to exceed 90% at the time of closing.
- The Company must maintain a minimum debt service coverage ratio of 1.20 throughout the term of the loan.

- The Company cannot take on additional debt without JDA approval.
- The Company must maintain a leverage ratio not to exceed 2.50. This ratio will be defined as total indebtedness less subordinated debt (i.e. shareholder loans) to effective tangible net worth. Tangible net worth will be defined as net worth less intangibles plus subordinated debt.
- The Company cannot pay down any amount of principal of existing shareholder loans without JDA approval.
- 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 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 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 facilities to be in full force and effect prior to closing the Loan.

3) ADDITIONAL MORTGAGE AND LIEN DETAILS

A promissory note in the principal amount of the JDA Loan, with interest thereon (the "Note"), shall be secured by a mortgage to JDA (the "Mortgage") on the fee interest of the premises located at 47-09 36th Street in Long Island City, New York (the "Premises").

The Mortgage may be junior to the lien securing the real estate loan of People's United Bank (the "Bank") but not to any modifications, extensions or renewals thereof. The Bank Mortgage shall not be collateral security for any other loans.

4) ENVIRONMENTAL REVIEW

The requested loan authorization 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 this authorization.

Due to the JDA's mortgage position on the loan, a Phase I Environmental Site Assessment (ESA) and, if needed, a Phase II ESA must be submitted to the JDA for review and approval prior to closing on the loan.

5) NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY

JDA's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprises (MWBES) for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 22.6% related to the total value of JDA's funding.

6) ADDITIONAL SUBMISSIONS

- Resolutions
- New York State Map
- JDA Underwriting Classification Chart
- Photos of Products
- Bank Commitment Letter

April 18, 2019

NEW YORK JOB DEVELOPMENT AUTHORITY – New York City (Long Island City - Queens County) – Authorization to Make a Real Estate Loan for the benefit of Meer Enterprises, LLC d/b/a Unique Settings of New York and Take Related Actions

RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, and each of them hereby is, authorized to make a New York Job Development Authority Real Estate Loan for the benefit of Meer Enterprises, LLC d/b/a Unique Settings of New York for an amount not to exceed \$4,400,000 or 36.9% of the total eligible real estate 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

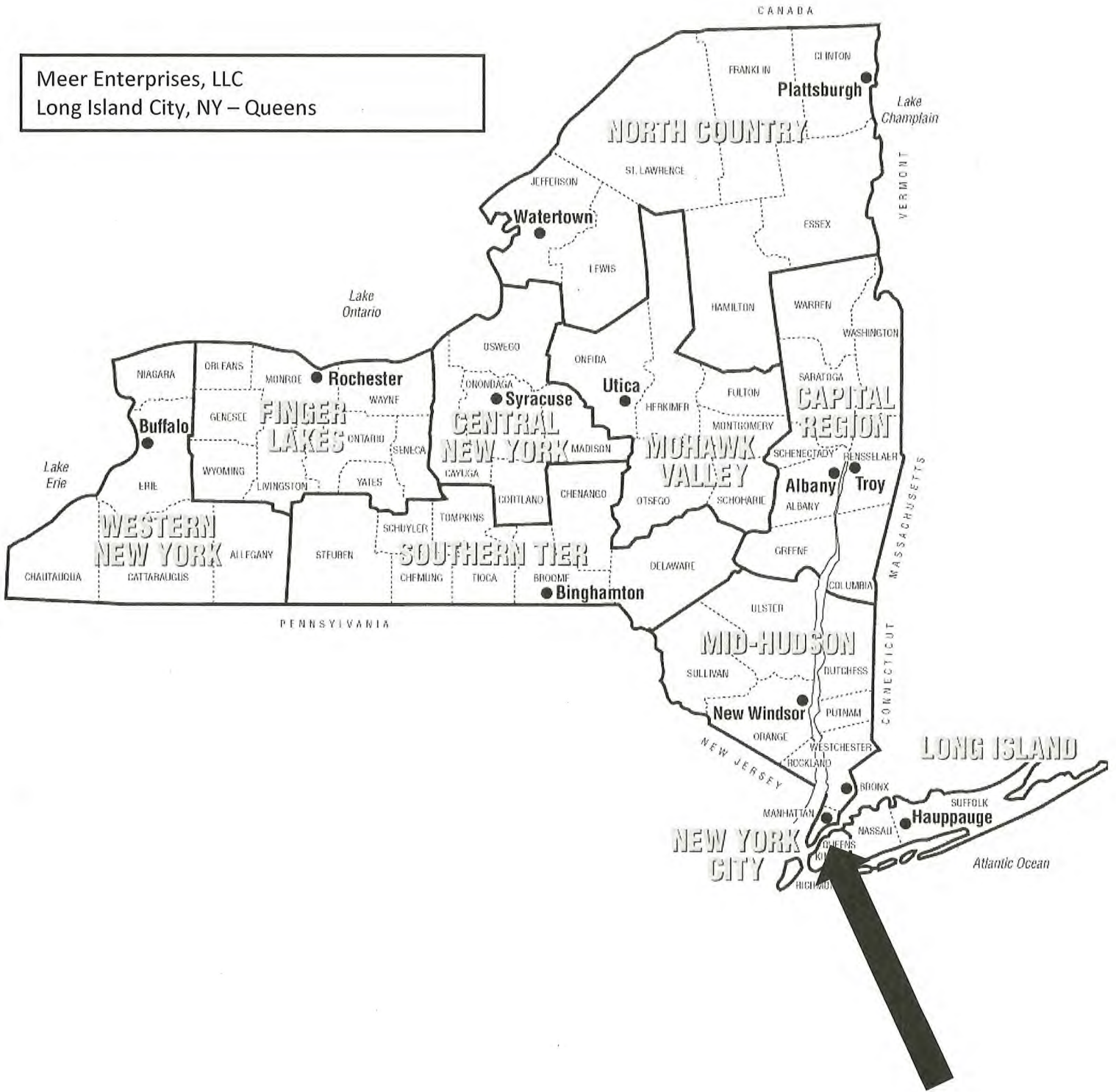
RESOLVED, that the Chief Executive Officer of the Authority or his designee(s) be, subsequent to the making of the Loan, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the Loan as he or she may deem appropriate in the administration of the Loan;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

* * *

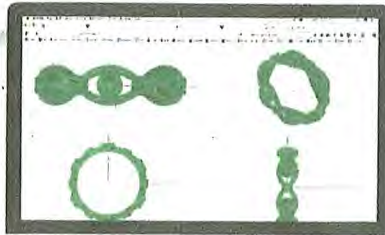
Meer Enterprises, LLC
Long Island City, NY – Queens



JDA Underwriting Classification Chart

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

Photos of Products



*Your Wish
is Our Command...*

We Say Yes to Your Custom Wishes...



To help your clients' vision into reality, we offer FREE CAD Services when you order a finished item and while time is essence we promise to deliver your custom model in 7-10 business days upon your final approval.



If you choose from our existing models, our finished merchandise with stones are delivered in 5-7 business days.

Your choice of any diamond or gemstone quality is available for all orders.

CAD Drawing in as little as 24 - 48 hours.
3D Wax Printing within 24 hours.

Casting in all popular metals in all colors such as 14K, 18K, Platinum&Palladium.

Best
PRICING
&
Fastest
Delivery!

1 Our Exceptional CAD Service starts with a CAD Drawing. As quick as 48 hours.

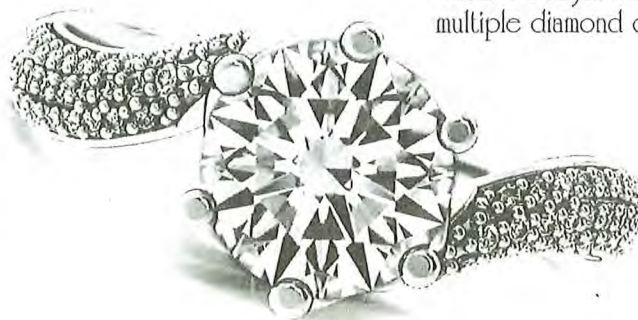


2 We will then print your 3D wax model using the state of the art 3D printers within 48 hours.



3 Casting will take place according to your order specifications. Popular metals of 14K, 18K, Platinum or Palladium will be casted.

4 Final merchandise can be available finished with diamonds or gemstones within 5-7 days. Please check our multiple diamond quality as well.



| Quality | Round Shape |
|------------|-------------|
| Quality 1 | FG - V8 |
| Quality 2* | GH - S1 |
| Quality 3 | HI - S2 |
| Quality 4 | HI - I1 |

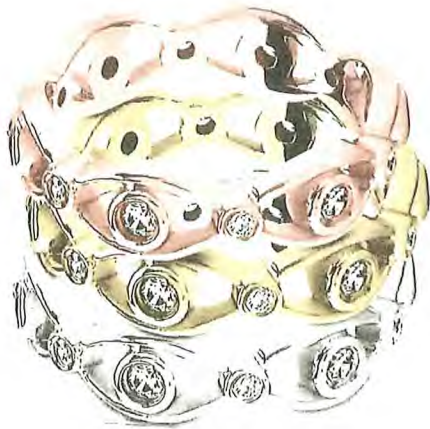
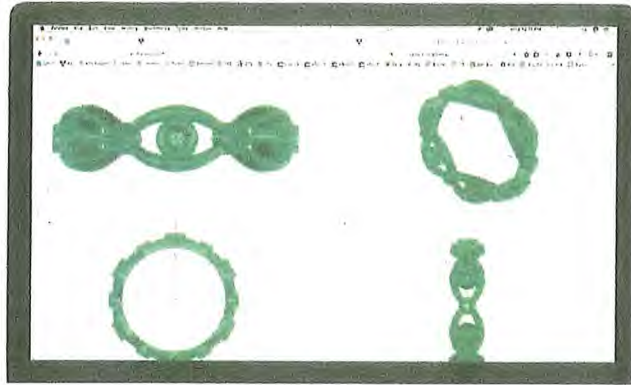
Our standard Diamond Quality is GH color - S1 clarity. Other shapes and qualities are also available. We have guaranteed diamond quality with free return shipping, if you purchase diamonds from us.

Please note that some models needs to be hand-carved. Such as; Matching Weddin Bands, Freeform Sculpture like models etc. Hand carved wax jobs usually takes 72 hours.





Unique Settings New York
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Long Island City, NY 11101
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www.uniquesettings.com
info@uniquesettings.com
1-800-866-4900

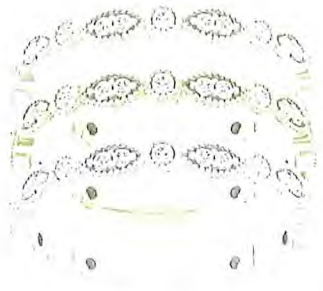


FREE CAD Service*

Delivery in
7-10 Business days
upon customer's approval.

Unique Settings New York
CAD Services

* If you order a finished item
with any quality of our diamonds



WB 5383
2.5 gr.
0.21 tcw.
\$1,229



WB 5387
2.5 gr.
0.10 tcw.
\$1,120



WB 5384
3.0 gr.
0.28 tcw.
\$1,418



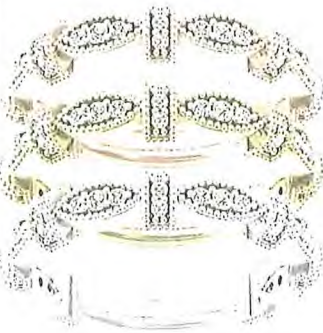
WB 5306
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\$2,008



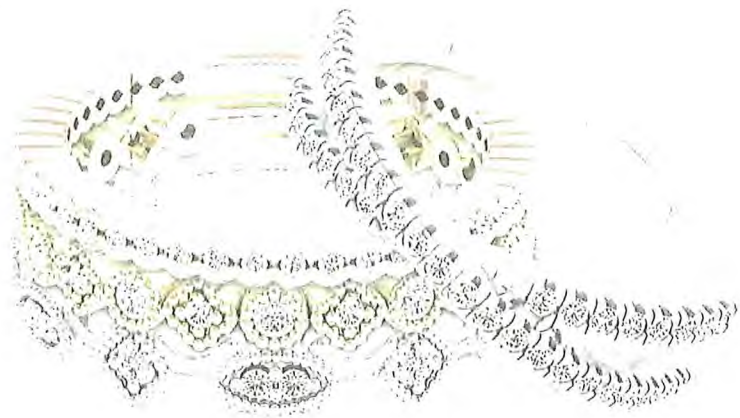
WB 5386
4.0 gr.
0.23 tcw.
\$1,551



WB 5385
2.5 gr.
0.23 tcw.
\$1,148



WB 5389
3.5 gr.
0.26 tcw.
\$1,642



Stackable Wedding Band Collection