



Albany County Business Development Corporation

Board of Directors Meeting

111 Washington Ave, Albany NY

September 21, 2023

8:30 AM – 10:00 AM

AGENDA

1. Review of August 18, 2023, Meeting Minutes Jeff Stone
2. Review of August 2023 Financials Allen Maikels &
Amy Thompson
3. Resolution: Approval of ACBDC 2024 Budget Allen Maikels &
Amy Thompson
4. Loan Resolutions Kevin Catalano
 - a. New Loan Request: Double L Ranch
 - b. Ratification: Afrim's Realty Company
5. Alliance CEO Report Kevin O'Connor
6. Other Business Kevin Catalano
 - a. Resolution: BAdu Management
7. Adjournment Jeff Stone



**Board of Directors Meeting Minutes
August 17, 2023**

DIRECTORS PRESENT	Allen Maikels, Caitlin O'Brien, Marcus Pryor, Daniel Scarring, Jeffrey Stone, and Sean Ward
EXCUSED DIRECTORS	Alan Alexander, Diana Ostroff, and George Penn
COUNSEL PRESENT	John Hartzell and Madeline Kauffman (virtual)
GUEST PRESENT	Lucas Rogers (virtual)
AACA STAFF PRESENT	Kevin O'Connor, Amy Thompson, Kevin Catalano, and Antionette Hedge

Mr. Stone called the meeting to order at 8:31 a.m.

Mr. Stone presented the Minutes from the July 20, 2023, meeting. There are no corrections noted. Mr. Ward made a motion to approve the July 20, 2023 Minutes; Mr. Pryor seconded the motion; all those voting on the motion voted in favor.

Ms. Thompson presented the July 2023 Financial Statements. There were no questions from the Board.

Mr. Stone advised the Board that the office of Vice Chairperson remained vacant and proceeded with the election of a Vice Chairperson to the Board. Mr. Stone nominated Sean Ward to be Vice Chairperson and asked if there were any other nominations. There were no other nominations. Mr. Stone made a motion to close the nominations and to have the secretary cast one ballot electing Sean Ward as Vice Chairperson. Mr. Pryor seconded the motion. All members in attendance and voting on the motion voted in favor and Sean Ward was declared the duly elected Vice Chairperson of ACBDC Board of Directors.

Mr. Stone presented a Resolution establishing and continuing the following standing committees of the Board: Audit Committee, Finance Committee and Governance Committee, Mr. Stone made a motion to accept the Resolution. Mr. Ward seconded the motion. All members in attendance voted in favor.

Mr. Stone, as Chairperson of the Board, then appointed the following persons as chairpersons of the Committees, as follows:

- Audit Committee Chairperson - Marcus Pryor
- Finance Committee Chair - Alan Alexander
- Governance Committee Chair - Diane Ostroff

The loan application of Guenther Management, Inc. d/b/a Adventures in Food Trading, and a Resolution in connection therewith, was presented to the Board. Upon due consideration of the following proposed loan terms, a motion to approve the loan application was made by Mr. Pryor and seconded by Mr. Ward. All Board members in attendance and voting on the motion voted in favor.



ALBANY COUNTY BUSINESS
DEVELOPMENT CORPORATION
AL TECH LOAN FUND
FINANCING TO FUEL BUSINESS GROWTH

Borrower: Guenter Management, Inc dba Adventures in Food Trading
Principal Amount: \$89,800
Interest Rate: 4%
Term: 5-year term, 20-year amortization
Collateral: Second mortgage on commercial real estate located at:
12 Old Myers Road, Colonie, NY

Mr. O'Connor presented the Alliance CEO report.

Mr. Catalano provided an overview of approved loan applications that have not yet closed as well as potential loan applications in the pipeline.

Mr. Maikels made a motion to move to adjourn the meeting at 9:33 a.m., Mr. Pryor seconded the motion. All members of the Board in attendance voted in favor.

Respectfully submitted,

Diana Ostroff, Secretary

Albany County Business Development Corporation
Statement of Net Position
As of August 31, 2023

	Total
ASSETS	
Current Assets	
Bank Accounts	
Restricted Cash	
10220 - M&T MM 3324 ALTECH ACBDC	3,021,782.04
10250 - M&T 4113 AI Tech Operating	1,050,644.70
10260 - US Treasury Bill - 6 months	2,499,970.64
10270 - US Treasury Bill - 12 months	2,499,265.25
Total Restricted Cash	\$ 9,071,662.63
Unrestricted Cash	
10210 - M&T ACBDC Corp Checking 4105	23,549.91
10255 - M&T 3994 CRAF Operating	3.00
Total Unrestricted Cash	\$ 23,552.91
Total Bank Accounts	\$ 9,095,215.54
Accounts Receivable	
14615 - Loans Receivable-AI Tech LT	10,729,852.20
14620 - Bad Debt Allowance	-84,193.00
15150 - Accrued Loan Interest	32,262.00
Total Accounts Receivable	\$ 10,677,921.20
Total Current Assets	\$ 19,773,136.74
Fixed Assets	
16000 - Furniture & Fixtures	6,588.00
16999 - Accumulated Depreciation	-6,588.00
Total Fixed Assets	\$ 0.00
TOTAL ASSETS	\$ 19,773,136.74
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20051 - Due to Advance Albany Co Alliance	53,595.62
Total Accounts Payable	\$ 53,595.62
Total Liabilities	\$ 53,595.62
Net Position	
28615 - Trust Assets	15,650,961.00
30000 - Net Assets	6,176,905.00
Retained Earnings	-2,254,907.40
Net Operating Revenues	146,582.52
Total Net Position	\$ 19,719,541.12
TOTAL LIABILITIES & NET POSITION	\$ 19,773,136.74

Albany County Business Development Corporation
Statement of Revenue, Expenses and Changes in Net Position
YTD August 2023

	<u>Total</u>
Operating Revenues	
41000 - Application Fees	500.00
44000 - Bank Interest	128,608.32
44050 - Loan Interest Earned	229,199.28
Total Operating Revenues	\$ 358,307.60
Operating Expenses	
50035 - Agency Fee	\$ 211,725.08
Total Operating Expenses	\$ 211,725.08
Change in Net Position	\$ 146,582.52

Albany County Business Development Corporation
Budget vs. Actuals: 2022 Budget - FY22 P&L
YTD August 2023

	Actual	Budget	Budget Variance	% of Budget
Operating Revenues				
41000 - Application Fees	500.00	2,500.00	-2,000.00	20.00%
44000 - Bank Interest	128,608.32	853.32	127,755.00	15071.52%
44050 - Loan Interest Earned	229,199.28	261,641.32	-32,442.04	87.60%
Total Operating Revenues	\$ 358,307.60	\$ 264,994.64	\$ 93,312.96	135.21%
Operating Expenses				
50015 - Bank Fees		250.00	-250.00	0.00%
50035 - Agency Fee	\$ 211,725.08	154,000.00	57,725.08	137.48%
Bad Debt Writeoff		30,000.00	-30,000.00	0.00%
Total Operating Expenses	\$ 211,725.08	\$ 184,250.00	\$ 27,475.08	114.91%
Change in Net Position	\$ 146,582.52	\$ 80,744.64	\$ 65,837.88	181.54%

**ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION
BOARD OF DIRECTORS**

RESOLUTION

**APPROVING THE 2024 BUDGET OF THE ALBANY COUNTY BUSINESS
DEVELOPMENT CORPORATION (THE “CORPORATION”)
PURSUANT TO SECTION 2801 OF
THE NEW YORK PUBLIC AUTHORITIES LAW**

WHEREAS, the Corporation is a local development corporation organized for the benefit of the County of Albany, New York (the “**County**”) under §1411 of the New York Not-for-Profit Corporation Law (“**N-PCL**”), and is a “local authority” under §2 of the New York Public Authorities Law (the “**PAL**”); and

WHEREAS, pursuant to §2801 of the PAL, every local authority is required to submit to the chief executive officer, the chief fiscal officer, the chairperson of the legislative body of the local government or governments and the New York Authorities Budget Office, for their information, annually not more than ninety and not less than sixty days before the commencement of its fiscal year, in the form submitted to its members or trustees, budget information on operations and capital construction setting forth the estimated receipts and expenditures for the next fiscal year and the current fiscal year, and the actual receipts and expenditures for the last completed fiscal year; and

WHEREAS, in order to comply with its obligations under the PAL, the Corporation is required to adopt an annual budget for the fiscal year 2024 (the “**2024 Budget**”).

NOW, THEREFORE, BE IT RESOLVED by the Corporation (a majority of the members thereof affirmatively concurring) that the 2024 Budget attached hereto as Exhibit A, be and it is hereby adopted as the 2024 Budget of the Corporation (the “**Adopted 2024 Budget**”); and be it further

RESOLVED, the Chairperson of this Board shall arrange for the Adopted 2024 Budget to be forwarded to the Albany County Executive, Albany County Comptroller Chairperson of the Albany County Legislature, and the New York Authorities Budget office, as required by law.

Budget & Financial Plan Budgeted Revenues, Expenditures, And Changes in Current Net Assets.

		Last Year	Current Year	Next Year	Proposed	Proposed	Proposed
		2022	2023	2024	2025	2026	2027
REVENUE & FINANCIAL SOURCES							
Operating Revenues							
	Charges For Services	\$2,000.00	\$1,000.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00
	Rentals & Financing Income	\$353,717.00	\$340,000.00	\$375,000.00	\$400,000.00	\$425,000.00	\$450,000.00
Non-Operating Revenues							
	Investment Earnings	\$17,937.00	\$200,000.00	\$250,000.00	\$250,000.00	\$250,000.00	\$250,000.00
	Other Non-Operating Revenues	\$9,680.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Revenues & Financing Sources		\$383,334.00	\$541,000.00	\$628,500.00	\$653,500.00	\$678,500.00	\$703,500.00
EXPENDITURES							
Operating Expenditures							
	Professional Services Contracts	\$200,657.00	\$318,000.00	\$350,000.00	\$385,000.00	\$425,000.00	\$450,000.00
	Other Operating Expenditures - loan loss reserves	\$0.00	\$30,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00
		\$200,657.00	\$348,000.00	\$375,000.00	\$410,000.00	\$450,000.00	\$475,000.00
Non-Operating Expenditures							
	Other Non-Operating Expenditures	\$36.00	\$50,000.00	\$250,000.00	\$350,000.00	\$350,000.00	\$0.00
Total Expenditures		\$200,693.00	\$398,000.00	\$625,000.00	\$760,000.00	\$800,000.00	\$475,000.00
Excess (Deficiency) Of Revenues And Capital Contributions Over Expenditures		\$182,641.00	\$143,000.00	\$3,500.00	-\$106,500.00	-\$121,500.00	\$228,500.00

**ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION
BOARD OF DIRECTORS**

RESOLUTION

APPROVING DOUBLE L. RANCH LOAN APPLICATION

WHEREAS, Albany County Business Development Corporation (“**ACBDC**”) administers a revolving business loan fund for the purpose of creating and retaining jobs in Albany County; and

WHEREAS, the staff of the Advance Albany County Alliance Local Development Corporation (the “**Alliance**”), as agents of ACBDC, has reviewed and recommended approval of a loan application from Zachary Carson to partially finance the purchase of Double L Ranch, Inc., a meat processing business located in Altamont, New York (the “**Loan Application**”); and

WHEREAS, the material terms of the ACBDC loan recommended to be provided on the basis of the Loan Application (the “**Loan**”) would be as follows:

<u>Borrower:</u>	Double L Ranch, Inc., and/or a newly formed real estate holding company
<u>Principal Amount:</u>	\$100,000.00
<u>Interest Rate:</u>	4%
<u>Term:</u>	5-year term, 20-year amortization
<u>Guaranty:</u>	Unlimited personal guaranty of Zachary Carson
<u>Collateral:</u>	Second mortgage on commercial real estate located at 7181 Dunnsville Road, Altamont, New York, subordinate to a mortgage loan from NBT Bank, NA in the amount not greater than \$250,000; Second priority security interest in all business assets of Double L Ranch, Inc.
<u>Other Terms:</u>	Assignment of Life Insurance on the life of Zachary Carson in an amount not less than \$100,000; Standby agreement in subordinate seller financing not to exceed \$75,000.

NOW, THEREFORE, BE IT RESOLVED, that the Loan Application is hereby conditionally approved, subject to completion of all standard requirements of ACBDC and satisfaction of all conditions precedent normally applicable to ACBDC business loans and all conditions which legal counsel for ACBDC deems reasonably appropriate to the circumstances; and be it further

RESOLVED, that upon satisfaction of all of the aforesaid requirements and conditions, ACBDC is authorized to close and fund the Loan, including execution by appropriate official of Alliance, as agent of ACBDC, of all documents required to be executed in connection therewith.

Albany County Business Development Corp.
AI Tech Loan Fund
Loan Proposal
August 21, 2023

BORROWER: Double L Ranch – Zachary Carson (Real Estate Holding Company to be formed)

REQUEST: One-Hundred Thousand Dollars (\$100,000.00)

TERM: 5-year term – 20-year amortization

RATE: 4.00%

PROJECT: Zachary Carson is purchasing 85% of Double L Ranch from his father Lowell Carson. The purchase price is \$400,000.

The sources and uses of the proposed project financing are follows:

SOURCES		USES	
AI Tech Funds	\$100,000	Purchase (85% of Business)	\$400,000
Owner's Equity (existing)	123,000	Existing Equity	123,000
Bank Financing	250,000	Soft costs	25,000
Seller's Note	75,000		
Total	\$548,000	Total	\$548,000

- All current debt obligations of Double L Ranch will be paid off at closing.
- Seller Note may increase to \$100,000, which would allow NBT Bank to reduce their loan by \$25,000.
- There have also been discussions that Lowell will give Zachary \$100,000 worth of shares in the company, if there is a way to reduce capital gains taxes. A gift of equity would be preferred over a seller's note.

COLLATERAL: Collateral for the AI Tech loan will be a second mortgage behind NBT Bank's first mortgage on property located at 7181 Dunnsville Road, Altamont NY. Second lien on all business assets behind NBT Bank's first position lien on all business assets. Assignment of Life Insurance in the amount of the loan on Zachary Carson.

GUARANTORS: Loan will require the unlimited personal guarantee of Zachary Carson. If Zachary purchases the real estate in an LLC, the loan will require the corporate guarantee of the operating company DLR. Another option is the two entities will be co-borrowers on the legal documents. Second Lien UCC filing on all business assets of DLR.

Personal Financial Statement - Summary

Assets	Value	Liabilities	Amount
Residence	\$325,000	Sunmark Mtg	\$248,000
Cash on Hand and Investments	26,000	Credit Cards	2,000
Automobiles	70,000	Auto Loan	20,000
Other Assets	15,000	Other Liabilities	23,000
Total Assets	\$436,000	Total Liabilities	\$293,000
		Net Worth	\$143,000

- Zachary and his wife, Kayla have a net worth of approximately \$143,000 minus any value in the business operations.
- Kayla works for Strategic Solutions, A Medical Billing Company
- A majority of their net worth is in their personal residence.

BACKGROUND:

Zachary Carson, Vice-President of Operation is under contract to purchase his father's shares of Double L Ranch, Inc. (DLR). The agreed upon price is \$400,000 for 85% of DLR, Zachary has been gifted 15% due to his hard work in the past.

Any Sellers note will have a standby agreement allowing for payments of principal and interest on the loan as long as the borrower is current with both NBT Bank and ACBDC's loans. There will be no trigger for priority payments or "Paid in Full" provisions in the Sellers note.

Zachary Carson, age 34, received an Associates in Occupational Studies Degree from Mohawk Valley Community College in 2009 with a concentration in welding. Upon completing his degree, he began to work for his father at the DLR as the kill floor manager. In this capacity Zach is responsible for managing the labor force and maintenance of the facility. In 2019 Zach took over as Vice President of the entire operation where he oversees all day-to-day management, this was due to Lowell being diagnosed with pancreatic cancer, then a blood disorder and now Lowell is fighting cancer in his Lymph Nodes, at this time the cancer is in remission, and being monitored carefully by his Oncologist. Lowell will continue to support his son in this endeavor by working part-time up to 3-days a week and will cover any employee vacations and personal days. Zachary is active in his community and was a coach of a little league team for 5 years. Zachary is currently enrolled in a Quickbooks accounting course through Coursera®.

DLR was formed as a NYS Subchapter-S Corporation on 6/25/2008 with Lowell Carson being the 100% shareholder. The business was formed when Lowell Carson made the decision to purchase the operation and property of Nichols Meat Processing at 7181 Dunnsville Road in Altamont NY. Lowell Carson had a long working relationship with Mr. Nichols and he decided to purchase the business when the owner became ill. The business is currently owned 85% by Lowell Carson (seller) and 15% by his son Zachary Carson (buyer).

The business is located at 7181 Dunnsville Road in the Town of Altamont NY. The location is approximately 1.0 miles from NYS Route 20 (Western Turnpike) and 5.0 miles to the Duanesburg Exit on NYS I-88 which provides convenient accessibility to farmers in the region. The property has a total of 58.69 acres with a 4,000 square foot slaughter/processing facility.

DLR is a USDA certified meat processing facility with establishment number M33842 located in Altamont N.Y., the facility is federally inspected, and the USDA is provided office space at DLR to perform their inspection responsibilities and share best practices developed by the USDA. The business provides meat processing services to the local farmers who can send the livestock they have raised for market. The business is the primary source of processing services for 18 Albany County based cattle or hog farms. DLR, will process / butcher the animal, wrap it per USDA standards and label the “cut” to the farmers specifications in preparation of bringing the meat to market. The farmers utilizing DLR sell their products at roadside farm stands, farmers markets, restaurants, retail, whole sides, quarters and or whole animals.

DLR currently has 5 full-time and one part-time employee, employment will increase to 6 ft and 2 pt over the next 3 years, real employment growth will occur when Zach decides to open a second processing line. The second line would require additional space, which would require additional funding to construct and more butchers to work.

Local competition includes six other smaller USDA certified facilities of which none are in the immediate Capital Region with the nearest being 47 miles away and the furthest being 72 miles away.

Under Zach’s ownership, DLR has plans for expansion in 2024 and beyond including adding a scalding machine which will assist in the increase in pork production. Zachary wants to expand the building’s holding capacity by connecting a currently owned 50 foot refrigerated wheelless unit directly to the facility. Future expansion plans anticipate the addition of 1,000 sf of processing space across the front of the building which will likely take place in the 2024–2025 timeframe. In addition, the business is in the process of expanding its internet presence with a new website.

Business hours are Monday -Friday 6:30am -5:00pm. Typically charges are \$140 per beef kill and \$90 per pork kill. Processing fees are \$1.19/lb for processing of beef and \$1.05/lb for processing pork. In many cases an additional \$100 rendering fee is charged for larger animals.

In 2022 the business started a composting program with the State of N.Y where it takes in euthanized animals such as feral pigs, horses, chickens and rendering leftovers from the slaughterhouse and turn it into high quality compost. This is a low labor service, and the business can charge to take in carcasses and the finished product will be sold per yard for gardens, farms, and orchards.

The kill floor is currently booked through the end of the year with 1 timeslot available each week for farmer (customer) if ever needed, the slot is always filled. DLR can process approximately 10 animals a week, on average.

The property is located on 3 contiguous parcels, two of which are entirely in Albany County and one is parcel sits in Schenectady County (0.7 acres) as the county border cuts through the parcels. Tax parcel 13.00-2-3 is the largest parcel consisting of 51.6 acres. Tax parcel 13.00-3-5.1 consists of 6.39 acres and tax parcel 69.3-37 is approximately 0.7 acres and sits in Schenectady County. A large portion of the property is traversed by National Grid line easements as shown on the tax map.

FINANCIALS:

See attached financial information:

ECONOMIC IMPACT: Al Tech will be working with NBT Bank to assist in the financing and providing 90% LTV for the borrower. DLR provides a valuable service to 18 cattle and hog farmers in Albany County. Zach feels he can add one more ft employee and 1 additional pt employee over the next 3 years.

STRENGTHS

- There is sufficient cash flow to support the transfer of ownership.
- Fits the mission of the fund, agriculture is an important industry within Albany County. The DLR supports 18 Albany County based farms.
- Growing company with good client base, potential to significantly expand operations.

WEAKNESS:

- DLR is at full capacity at this time and an addition would be required to really grow and expand the business.
- While Zachary Carson has had a leadership role in the business for several years, it can be difficult to own and operate a small business.

OTHER TERMS AND CONDITIONS

- Assignment of life insurance on the life of Zachary Carson in the amount of the ACBDC loan.
- Updated real estate appraisal on property located at 7181 Dunnsville Road, Altamont NY
- Updated Environmental report on the property located at 7181 Dunnsville Road, Altamont NY. ACBDC is in possession of an environmental report prepared by LCS, Inc, dated Jan. 16, 2009, with a recommendation of “no further action required at this time”
- Al Tech to fund in conjunction with NBT Bank.

Balance Sheet	2022	2021	2020
Cash	4,661	37,473	49,875
Accounts Receivable			
Inventory			
other current assets			
Current Assets	4,661	37,473	49,875
Loan to Shareholders			
Buildings / Equipment	611,900	609,703	588,036
Less Acc Depreciation	416,611	404,317	370,065
Total Fixed Assets	195,289	205,386	217,971
Land (less amortization)	250,000	250,000	250,000
Intangible Assets	14,139	14,139	14,139
Less Acc Amortization	14,139	14,139	14,139
Total Intangible Assets	0	0	0
other asset			
Total Assets	449,950	492,859	517,846
Liabilities and Owners Equity			
Accounts Payable			
Mortgages Less than 1 year	38,852	38,852	31,869
Other Current Liabilities	2,798	2,866	5,807
Total Current Liabilities	41,650	41,718	37,676
Mortgages more than 1 year	82,167	114,334	155,004
Loans to Shareholders	3,503	3,502	5,421
Total Long-term Liabilities	85,670	117,836	160,425
other liabilities			
Total Liabilities	127,320	159,554	198,101
Capital Stock	100	100	100
Owner's Equity	325,556	333,205	319,645
Liabilities and Owners Equity	449,950	492,859	517,846

Partnership Return Form 1065	2022	2021	2020
Sales	507,855	466,717	436,667
COGS	27,399	31,078	30,232
Gross Profit	480,456	435,639	406,435
Net Gain from 4797			
Total Income	480,456	435,639	406,435
Operating Expenses			
Officer Comp	152,370		
Salaries and Wages	160,532	241,616	232,734
Repairs and Maintenance	12,048	12,782	9,978
Auto and Truck Exp			
Bad Debts			
Rents	6,998	7,907	7,398
Insurance			
Taxes / Licenses	35,770	25,291	27,357
Interest	6,684	8,161	9,577
Depreciation	12,294	13,857	14,880
Advertising			
Pension			
Employee Benefits	2,580	5,439	4,486
Other Deductions	94,652	85,118	85,476
Total Operating Expenses	483,928	400,171	391,886
Less: other income			
Less: Gain/loss sale of asset			
Other Expenses			
Net Profit	-3,472	35,468	14,549
Cash Flow			
Net Income	-3,472	35,468	14,549
Depreciation	12,294	13,857	14,880
Interest	6684	8161	9577
	15,506	57,486	39,006
NBT 250,000 @ 7% 20 yrs	23,259	23,259	23,259
ACBDC 100,000 @ 4% 20 yrs	7272	7272	7272
Debt Service	30,531	30,531	30,531
DSCR	0.51	1.88	1.28

* DSCR in 2022 was below what would be acceptable to any Lending institution. Adding back a portion of Lowell's salary as he transitions to part-time, there will be sufficient funds to cover debt service



Internal Business Valuation Of

Double L Ranch

Effective Date

December 31, 2022

Report Date

May 31, 2023

Intended User

**University at Albany
SBDC**

Report Generator

Thomas Reynolds

Valzy is an Internal Business Valuation tool which applies proprietary predictive valuation analytics to data entered by the Report Generator to estimate a reasonable preliminary value of a small to medium sized business.

This report suffices as an "internal valuation" for SBA purposes and does not constitute a "conclusion of value" required for an independent third party business valuation.

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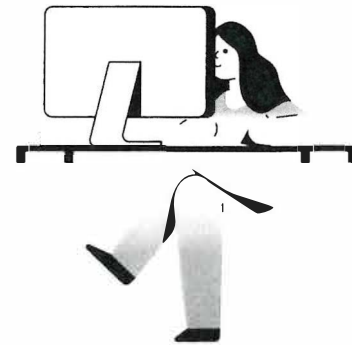
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Intro Information



Assumptions and Limiting Conditions

Internal Valuation, LLC ("Valzy") is named as such because it is a tech-enabled valuation company that offers intended users the tools, assistance and algorithms to create their own internal business valuation analysis of a small business. This report has not been prepared or reviewed by a qualified business appraiser, nor has it been audited to confirm its accuracy or completeness. This report is intended to provide an approximate estimate of value using limited valuation procedures, data and estimates based on information input by the Report Generator, which are assumed to be accurate and reliable. Valzy has not attempted to verify the integrity, accuracy, or completeness of this user-input information.

Scope of Work

The scope of this report is limited in that it inherently does not review or consider a number of outside factors which may influence the ultimate value of a business.

This report provides a snapshot of the Company's Fair Market Value as of the Effective Date of December 31, 2022. It is important to understand that the value of a small business changes on a daily basis based on its management structure, revenues, earnings, assets and liabilities, along with external factors such as the national and local economy and industry trends.

Although the methods and analyses used in this report may be similar to those used in a formal valuation engagement, the way in which specific methods were applied and the data to which they were applied were limited. Valzy has not performed detailed investigations and analysis of the Company, its financial performance, the competitive market, the economic environment, transactional data and related aspects essential to a complete business valuation. Had a full valuation been requested and had additional information been provided, gathered and analyzed, the actual methods applied may have been different, the depth of the analyses greater, and the results may have been different than those presented herein. Valzy is a tool that facilitates the Report Generator's ability to create his or her own "internal business valuation", based on user-input data including, but not limited to, location, industry classification codes, high level financials (revenues and EBITDA), rent expenses, owner and general manager salaries, company related risk assessments, etc.

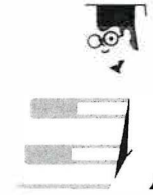
Extraordinary Assumptions or Hypothetical Conditions

Valzy does not know if the data entered by the Report Generator has any extraordinary assumptions or hypothetical conditions, and therefore, this report assumes that no such extraordinary assumptions or hypothetical conditions exist. If any such assumptions or hypothetical conditions exist, it is the Report Generator's responsibility to disclose the existence of such.

Terms of Services & License Agreement

This report is subject to the Terms of Service and License Agreement that the Report Generator agreed to at the time of registration, including any newer versions of the Terms of Service which can be found at valzy.com/tos

Introduction



Subject of the Valuation

The subject of the Report is Double L Ranch, ("the Company"). The Company's primary address is 7191 Dunnville Road, Airmont, NY 12009. The Company is best described by the North American Industrial Classification System Code (NAICS) 311611 (Animal (except Poultry) Slaughtering).

Purpose and Use of Valuation

Report Generator: This report was generated by Thomas Reynolds at Double L Ranch with a mailing address of*

Intended User: The only intended User is the Report Generator identified herein.

Intended Use: The Intended Use of this Report is limited to use by the Report Generator for his or her financial analysis based on Report Generator's input data. There is no other Intended Use.

Purpose: The purpose of this Report is to determine an estimated Fair Market Value of a 100% controlling, non-marketable interest of the Company.

Date of Valuation

The effective date of this Report is December 31, 2022, which is the date of the most recent income statement used in this Report (also referred to as "the Effective Date"). This Report was completed on May 31, 2023 (also referred to as "Report Date"). The value of a business can change daily.

*This report is not deemed to be a complete opinion as the results of this report should only be considered in conjunction with all other relevant facts. The data and estimates contained herein are made using the information provided by the Report Generator and are only estimates and should not be construed as a complete, detailed, and comprehensive business valuation conducted by a qualified professional. Valzy does not guarantee, represent or warrant the accuracy or reliability of this report. The estimated value should only be used for the intended purpose of the intended User, and any other uses, directly prohibited. This report is the sole property of Internal Valuation, LLC, and the information and data herein used herein are provided solely to the intended User and may not be copied or retransmitted in any manner. The report is subject to the terms of service and privacy policy of the Report Generator, applicable at the time of registration. Internal Valuation, LLC 1-800-999-9999.



Valuation Standards and Report Type

This Report is a user-generated internal business valuation report. This Report is not in conformance with USPAP, NACVA, AICPA SSVS and ASA standards, and is not considered a Conclusion of Value or Opinion of Value as defined in the aforementioned standards.

Definition of Value

The International Glossary of Business Valuation Terms defines Fair Market Value as the following

"...the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts."

Ownership and Control

The ownership and control of the Company is as follows:

Shareholder / Member / Owner	Approx. Hours of Work / Week	Percentage Owned
L Carson	0	80%
Z Carson	40	20%

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Financial Overview



What is Revenue

Revenue is the income generated from a company's normal business operations over a period of time from the sale of any products or services offered.

It can also be referred to as Sales or Income. Revenue is recorded at the beginning of a company's Income Statement.

What is EBITDA

EBITDA stands for Earnings Before Interest, Taxes, Depreciation and Amortization. It is a metric that measures a company's financial performance.

It is important to note that EBITDA can be misleading when valuing a small to mid sized business as it often includes non-recurring expenses, non-business expenses, owner's perks, rent adjustment, etc.. This is why a valuator will make financial statement adjustments to find the true economic value of EBITDA. The normalized EBITDA is Earnings before Interest, Taxes, Depreciation, Amortization, plus any normalizing adjustments which will often include non-recurring or non-operating expenses or income, seller's discretionary expenses, rent adjustments, etc.

What is Seller's Discretionary Earnings (SDE)

Seller's Discretionary Earnings, otherwise abbreviated to SDE is widely used when performing a business valuation on a small to medium sized business. It is an integral cash flow stream for small businesses.

Oftentimes the Owner's of a small to medium sized business will commingle personal expenses within the business as well as report non-recurring and/or non-operating expenses or income on the businesses financial statements. Therefore, SDE encompasses all cash flows paid to a single owner-operator, including an adjustment for owner's salary, discretionary expenses and nonrecurring income/expenses. SDE is calculated as normalized EBITDA plus one owner's compensation.

What are Financial Statement Adjustments

When valuing a small to mid sized business, the valuator will need to take into consideration financials statement adjustments. This is because the Owner's of these businesses may commingle personal (or discretionary) expenses within the business as well as report non-recurring and/or non-operating expenses or income on the businesses financial statements. To calculate the true economic earnings stream or cashflow of a company these expenses would have to be added or removed from the company's net income accordingly.

The most frequently used financial statement adjustments are generally adjustments for Rent, Owner's Compensation, Owner's Health Insurance, and Owner's Benefits/Pension Plan.

Revenue and Earnings History

A good way to get an overview of the financials inputted by the Report Generator for Double L Ranch is to look at the following two graphs. The first shows the annual revenues (sales) through 2022:

	2019	2020	2021	2022
	Not Available	Federal Tax Returns	Federal Tax Returns	Federal Tax Returns
Revenue	\$0	\$436,667	\$466,717	\$507,855
Change Year over Year	N/A	N/A	6.88%	8.81%

Revenue



The second graph shows the Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) plus Owner's Compensation, which equals Seller's Discretionary Earnings (SDE).

	2019	2020	2021	2022
	Not Available	Federal Tax Returns	Federal Tax Returns	Federal Tax Returns
SDE	\$0	\$212,506	\$230,986	\$215,110
Change Year over Year	N/A	N/A	8.7%	-6.87%

SDE



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Income Statement

An abridged normalized income statement for the Company is presented below

Type of Financials	2019	2020	2021	2022
	Not Available	Federal Tax Returns	Federal Tax Returns	Federal Tax Returns
Revenue	\$0	\$436,667	\$466,717	\$507,855
Profit Before Taxes	\$0	\$14,549	\$35,468	\$(3,475)
+ Add: Interest	\$0	\$9,577	\$8,161	\$6,684
+ Add: Depreciation	\$0	\$14,880	\$13,857	\$35,770
+ Add: Amortization	\$0	\$0	\$0	\$0
+ Add: Owner's Salary	\$0	\$150,000	\$150,000	\$152,370
+ Add: Payroll Taxes	\$0	\$16,500	\$16,500	\$16,761
Non-Recurring Expense - storage rent	\$0	\$7,000	\$7,000	\$7,000
Seller's Discretionary Earnings (SDE)	\$0	\$212,506	\$230,986	\$215,110
- Less: Annual Fair Market Replacement Salary (Z Carson)	\$0	\$(75,000)	\$(75,000)	\$(75,000)
- Less: Payroll Taxes Adjustments (Z Carson)	\$0	\$(8,250)	\$(8,250)	\$(8,250)
EBITDA	\$0	\$129,256	\$147,736	\$131,860

! Valzy has helped to determine a Fair Market Replacement Salary.

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Weighing the Company's Revenues & Seller's Discretionary Earnings (SDE)

Most lenders, as well as small business buyers, depend on the historical performance to calculate the future financial performance and ability to service debt. Additionally, the Small Business Administration has previously relied on the weighted average of historical figures when developing certain valuation methodologies. Accordingly this report uses a weighted average on historical financials to determine the weighted sales and income figures that will then be increased by a reasonable growth rate. In other words, the forecast will be estimated using the weighted historical financial statements as a base.

Weighted Historical Financials are calculated by weighting each quantity by determining the relative importance of the respective quantity on the total average. This method is preferred if any one or more years in the past are a better indicator of performance than the most recent year.

It should be noted that because all the facts about the history of the Company may be unknown, this is a very subjective algorithm and therefore the projections could be materially different than those that are created by a professional advisor.

	2019	2020	2021	2022
Revenue	\$0	\$436,667	\$466,717	\$507,855
SDE	\$0	\$212,506	\$230,986	\$215,110
Weight	0%	0%	50%	50%

! Valzy has helped to determine a Weightings.

	Weighted	Growth rate	Projected
Revenue	\$487,285	3%	\$501,904
SDE	\$223,048	3%	\$229,739
EBITDA	\$139,798	3%	\$143,992

The estimated projected real GDP growth rate is between 1.5 - 2.4% as of February 1, 2021. Real GDP growth does not include the inflation rate. It should be noted that businesses typically increase their prices to parallel the rate of inflation, resulting in revenue growth that exceeds "real" growth. Therefore, a growth rate of 3% is deemed reasonable.

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Risk Assessment



In valuing any small business, the company-specific risk must also be taken into consideration. Company-specific risk is the risk associated with the specific structure and history of the business. Higher risk results in a lower business value, as there is more uncertainty of the Company's future performance. Conversely lower risk suggests increased reliability on projections and increases confidence that the Company will be able to maintain its current operations or grow in the foreseeable future. The overall risk level can be assessed using any number of risk factors - a multitude of factors have been taken into consideration in this internal valuation and are listed below:

Average risk rate

Risk is lower than average



In valuing any small business, the company-specific risk must also be taken into consideration. Company-specific risk is the risk associated with the specific structure and history of the business. Higher risk results in a lower business value, as there is more uncertainty of the Company's future performance.

Diversification

Risk is higher than average



The Company's diversification risk considers the impact that a loss of any one supplier or customer would have on production or sales. A business with few customers, or where a small number of customers account for the majority of sales revenue, constitutes greater risk to the Company's future performance, as the loss of a key customer has a greater impact on sales than in a similar business where sales are distributed more evenly among a larger customer pool.

Similarly, if a business sources any particular resource or product from a limited number of suppliers and the replacement of that supplier is not readily available, then the business faces a greater degree of risk if a key supplier is lost and is unable to easily replace the supplier. High concentration of suppliers, customers, referral sources, or distribution channels all increase company-specific risk, as replacements are more difficult than in similar businesses more diversified in these areas.

The Company has 26-100 customers.

Additionally, no customer generates more than 15% of the Company's total annual revenues.

The Company does not have any notable supplier concentration.

Personal Goodwill

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Low risk

High risk

The Company's personal goodwill risk considers the impact that a loss of an owner or a key employee would have on operations and revenues when compared to other businesses in the industry. Owners that have minimal impact on business operations results in lower risk as a change in ownership would have minimal or no impact on business operations. Conversely, owners that are actively involved in the industry and are hard to replace due to specialized training, certificates, degrees, or whose loss could cause customer attrition (e.g. loss of patients in a medical practice from loss of a particular doctor) result in higher risk as the change of ownership could adversely affect revenues.

Similarly, if the Company has any key employee that particularly drives sales or otherwise has a skill, function, license, degree, etc. that is not easily replaceable and the loss of which would adversely impact the Company's performance, the Company is considered to have higher personal goodwill risk due to the employee's indispensable role within the Company's operations.

If the owner(s) of the Company were to fall ill or a key employee were to leave, one would need to find a qualified individual to take over which would be easy.

Barriers to Entry

Risk is low

Low risk

High risk

The industry's barriers to entry consider any potential difficulties preventing competitors from operating in the Company's industry at any comparable level. Examples of barriers to entry in the industry include large capital investment requirements, high government regulation, intellectual property, unique access to supplier and distribution channels, and special licenses or permits that are difficult to acquire or limited in number (e.g. liquor licenses in a quota state). Higher barriers to entry decrease company-specific risk, as the business is considered to have lower competitive pressures and higher potential for revenues and profits. Industries with lower barriers to entry allow for more competition to potentially operate and cut into the Company's market.

A competitor could potentially offer similar products/services, although it would be difficult and expensive.

Recurring Revenue

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Low risk

High risk

Recurring revenue models that account for a large portion of the Company's revenue reduce company-specific risk. The ability to accurately predict a percentage of revenue on a recurring basis increases efficiency and improves the Company's overall operations. Businesses with recurring revenue models tend to incur more stable revenues that experience minimal fluctuations, which produce a more consistent and reliable income stream. Therefore, the occurrence of recurring revenues (subscriptions, monthly memberships, etc.) reduces company-specific risk compared to similar businesses whose revenues rely on an increased customer base and brand loyalty. Recurring revenue risk is calculated based on the percentage of income that is generated by recurring methods.

The Company does not have any notable sources of recurring revenue.

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Sales and Income Trends

Risk is low

Low risk

High risk

Businesses with steady increases in sales and income experience less risk than firms that experience consistent declines or fluctuations over the same period. Consistent sales and income growth demonstrates the Company's ability to operate on a going concern basis and therefore reduces company-specific risk. Fluctuation in sales or earnings may decrease confidence in projected revenue and earnings figures, which increases company-specific risk. Trends that are hard to predict incur higher risk as there is less certainty in the Company's projected performance. Declining sales or income may indicate that the Company may not be able to operate into perpetuity, which warrants greater company-specific risk.

Location

Risk is low

Low risk

High risk

The Company's location-specific risk considers the geographic region where the Company operates and the nature of its operations. Businesses located within desirable areas where the local economy and population are growing tend to have a larger pool of buyers and are more marketable than those located within remote areas. Considerable growth economically or demographically in the surrounding area decreases risk and subsequently increases the value of the Company. Not all industries will be affected by location risk; businesses that do not rely on location (Software, Consulting, etc.) are not impacted by location-specific factors such as local population size and demographics. Therefore, businesses that are not location-specific experience minimal (if any) risk associated with its geographic region.

This Company is located in Altamont, NY.

Collateral Risk

Risk is lower than average

Low risk

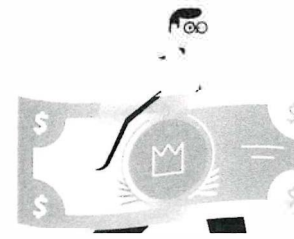
High risk

In the event a business needs to liquidate, a greater amount of current and fixed assets results in an easier ability to recuperate value. The more liquid an asset, the less risk associated with it, as highly liquid assets can be converted to cash earlier than fixed assets (equipment, vehicles, etc.). The less liquid an asset, the more value tends to be lost during the liquidation process due to increased flotation costs. A company that has a high amount of current and fixed assets in relation to the overall value poses lower risk than a similar business with fewer assets, as these assets provide liquidation value when the Company fails to operate effectively.

The appraised fair market value of the Company's total Fixed Assets are \$475,000

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Final Value



Net Book Value Approach

The Net Book Value Approach is also commonly known as the "cost approach" or the "replacement-cost approach." In this approach, each component of the business that is included in the proposed transaction is valued separately. This also includes the liabilities. Then asset values are totaled, and the total of the liabilities is subtracted to derive the total value of the enterprise.

Assets

Cash and Equivalents	\$5,000
Accounts Receivable	\$0
Inventory	\$0
Fixed Assets (net book value)	\$475,000
Other Assets	\$0
Total added to Value obtained Using multiple (excl. Commercial Real)	\$480,000

Liabilities

Accounts Payable	\$0
Short Term Notes	\$0
Long Term Debt	\$0
Assumed Debt	\$17,000
Total Subtracted from Value Obtained Using Multiple	\$17,000
Net Book Value	\$463,000

The indicated value of the Net Book Value

\$463,000

This report was prepared to be accurate, complete, and reliable. This report should only be considered a starting point for an individual's valuation. The data and analysis contained herein are based on the information provided by the subject business and are only guidelines and should not be used as a replacement for a complete, detailed, independent business valuation prepared by a qualified professional. Valzy, LLC does not guarantee, represent or warrant the accuracy or reliability of this report. The indicated value should only be used for the intended purpose, the intended time, and any other uses directly provided, as reported by the subject business, including Valzy, LLC and the information and data contained within this report are provided solely to the intended user, and may not be copied or redistributed in any form. This report is prepared solely based on the information provided by the subject business and is not intended to be used for any other purpose. © 2023 Internal Valuation, LLC | Valzy.com



Multiple of Discretionary Earnings Method

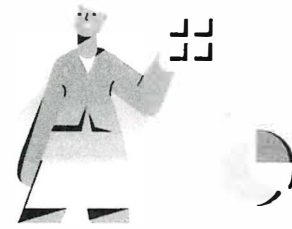
The market multiple is primarily calculated from private business transactions. Transactions of comparable businesses were based on over 10,000 transactions gathered from SBA lenders by Reliant Business Valuation, LLC. The information contained in this databases, in addition to the risk factors analyzed above, were taken into consideration to arrive at an SDE multiple suitable for the Company. Based on the analysis, the appropriate SDE multiple for the subject Company is 3.61.

The businesses in these databases are typically sold as asset-only sales. Accordingly, the value generated using this method must be adjusted for the assets and liabilities that would not transfer in a normal sale, as shown below:

Projected Seller's Discretionary Earnings	\$229,739
Price / Seller's Discretionary Earnings Multiple	3.61
Base Value (Includes FF&E and Goodwill) (rounded)	\$828,633
Add: Assets not Typically Included in Asset Sales	
Cash and Equivalents	\$5,000
Accounts Receivable	\$0
Inventory	\$0
Other Assets	\$0
Total Added Value to Base Value	\$5,000
Less: Liabilities not Typically Transferred in Asset Sales	
Accounts Payable	\$0
Short Term Notes	\$0
Long Term Debt	\$0
Assumed Debt	\$17,000
Total Subtracted from Base Value	\$17,000
Final 100% Controlling Interest (rounded)	\$820,000
The indicated value of the Multiple of Discretionary Earnings Method	\$820,000

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Assets and Liabilities



The Final Value is inclusive of approximately \$480,000 in identifiable current and fixed assets and \$17,000 in liabilities (net \$463,000) as per the Adjusted Books Value Method.

Assets

Cash and Equivalents	\$5,000
Accounts Receivable	\$0
Inventory	\$0
Fixed Assets (net book value)	\$475,000
Other Assets	\$0

Liabilities

Accounts Payable	\$0
Short Term Notes	\$0
Long Term Debt	\$0
Assumed Debt	\$17,000

Kevin Catalano

From: Ulrich, April <April.Ulrich@nbtbank.com>
Sent: Monday, July 10, 2023 5:46 PM
To: Bryden, Derek; Kevin Catalano
Cc: Conard, Jennifer
Subject: Zach Carson and Double L Ranch

Good evening,

Thanks for introducing me to this prospect, Zach and his Dad are great people and skilled professionals.

Based upon my experience with meat processing plants and my review of the historical numbers and projections, I would recommend that NBT participate in the financing of this business transition. It is historically profitable and Zach has the experience and drive to continue to grow this business in to the future. I would love to see Zach expand the size of his plant after acquisition to better meet the demand of our local market!

Double L is booked out for 12 months, and that is consistent (if not busier) than other meat processors I am working with. Most of Double L's beef is sourced within 30 miles of their location, and their furthest client comes from Bridgewater, CT. Their operation is certified AWA which is important to farmers; Animal Welfare Approved.

Zach's connection with the Dickson Farmstand Meat market in Chelsea is also impressive; the owner of Dickson is the individual that Zach and his Dad trained at their location in Altamont and now Dickson is one of the premier butchers in NYC.

Zach's practices are very humane and he truly cares about his clients and their animals. His process of using the captive bull pen prior to stunning, cradle skinning, and then the aging on the hanging rail system is also consistent with other top tier meat processing plants. The team at Double L is very experienced and loyal to Zach. Zach indicated he had approximately 18 farmers he worked with in Albany County.

(Did we get a sample cut sheet?)

Good luck! April

April J. Ulrich

NBT Bank
VP/Senior Agricultural Relationship Manager
80 Wolf Rd.
Albany, NY 12205

**ALBANY COUNTY BUSINESS CORPORATION
BOARD OF DIRECTORS**

RESOLUTION

**APPROVING MODIFICATION TO LOAN TO AFRIM REALTY
COMPANY AND AFRIM SPORTS, INC.**

WHEREAS, on May 3, 2019 Albany County Business Development Corporation (“ACBDC”) closed a loan to Afrim Realty Company, LLC and Afrim Sports, Inc. (the “Borrowers”) in the amount of \$1,000,000 (the “Loan”); and

WHEREAS, collateral presently securing the Loan consists of,

- a. A fourth priority mortgage on real property and improvements commonly known as 650 Albany Shaker Road, Albany, New York;
- b. A third priority mortgage on real property and improvements commonly known as 969 Watervliet Shaker Road, Albany, New York;
- c. An assignment of leases and rents on each of the aforementioned parcels;
- d. Third position security interest in all assets of Afrim Realty Company, LLC;
- e. First position security interest in the air-supported dome located at 4 Jacqueline Ave, Latham, New York, and all equipment and accessories integral in the functioning of the dome (the “Dome Collateral”) and a second position security interest in all remaining assets of Afrim Sports, Inc.; and
- f. A collateral assignment of life insurance policy issued or to be issued on the life of Afrim Nezaj in the face amount of the original balance of the Loan; and

WHEREAS, the current unpaid principal balance on the Loan is \$918,003.03; and

WHEREAS, M&T Bank is providing financing for, among other things, the purchase by Afrim’s Five Kids Realty, LLC, an entity with shares common ownership with the Borrowers, of the premises commonly known as 4 Jacqueline Avenue in the Town of Colonie, New York (the “NYSUT Parcel”) on which the Dome Collateral is located, and will be taking a first priority mortgage in the NYSUT Parcel in the amount of \$3,500,000 to secure the financing (the “M&T First Mortgage”); and

WHEREAS, the NYSUT Parcel will be leased to Afrim Sports, Inc. to provide athletic training and programming; and

WHEREAS, M&T Bank has requested that ACBDC subordinate its position in the Dome Collateral to a second position security interest in the Dome Collateral, behind a first position security interest of M&T Bank; and

WHEREAS, Afrim’s Five Kids Realty, LLC and M&T Bank are willing to grant ACBDC a second position mortgage in the NYSUT Parcel in consideration of ACBDC subordinating its first priority security interest in the Dome Collateral; and

WHEREAS, an appraisal of the NYSUT Parcel, Dome Collateral and other fixtures and equipment which will be owned by Afrim Sports, Inc. and Afrim's Five Kids Realty, LLC at the NYSUT parcel reflects a value which would exceed the aggregate combined amount of the M&T First Mortgage and outstanding principal balance of the Loan; and

WHEREAS, an overall evaluation of the assets and financial results of operations of the Borrower and the guarantors of the Loan, in relation to their debt obligations, demonstrates that the Loan remains adequately secured and that cash flow is sufficient to service such debt obligations and sustain operations;

NOW, THEREFORE, BE IT RESOLVED, that this Board hereby agrees to subordinate its position security interest in the Dome Collateral to a second position security interest in the Dome Collateral, behind a first position security interest of M&T Bank, provided that ACBDC is contemporaneously granted a second priority mortgage in the NYSUT Parcel; and be it further

RESOLVED, that the appropriate representative or representatives of the Advance Albany County Alliance Local Development Corporation, as agent of ACBDC, are hereby authorized to execute and delivery such instruments and documents as are customary and reasonably necessary to accomplish the foregoing, in the judgment of counsel to ACBDC, and that all costs of the foregoing shall be borne by the Borrowers, and/or Afrim's Five Kids Realty, LLC.

Memorandum

To: ACBDC Board of Directors
From: Kevin Catalano – Director of Commercial Lending
Date: August 22, 2023
RE: Afrim's Realty Modification of Collateral

At the last Board Meeting the writer informed the ACBDC Board that Afrim's Realty – Afrim's Sports (Afrim's) is in the process of purchasing the underlying land at 4 Jacqueline Drive, Latham, NY. It is the property that Afrim's has leased for 10+ years from NYSUT. The purchase price is \$2,293,000.

Once the property is purchased Afrim's is planning to replace the existing dome, replace the turf on the "mini" field and then enclose the "mini" field that is adjacent to the current dome, allowing for a year-round, enclosed multi-sports field.

ACBDC currently has the first UCC lien on the Dome, no rights to the underlying land. With the purchase of the underlying property, M&T Bank has requested a release or subordination of ACBDC collateral.

Transaction:

Afrim's Realty Current Loan Balance: \$918,003.03, all payments have been made as agreed, it appears that Afrim's was provided a 1-year forbearance during covid, he is now back on regular principal and interest payments.

Purchase Price of 4 Jacqueline Ave, Latham: \$2,293,000 from NYSUT

Appraisal: Real Property "as is": \$4,586,000
Furniture, Fixtures and Equipment: \$54,000
Business as an "on going" concern: \$1,160,000
Total Appraised Value: \$5,800,000

M&T Bank Loan: \$3,500,000; LTV on real property and FF&E (minus Business Operations) equals 75%.

ACBDC Current Collateral for the loan to build 969 Watervliet Shaker Road:

- a. Fourth position mortgage on 650 Albany Shaker Road (will remain in place)
- b. Third position mortgage on 969 Watervliet Shaker Road (will remain in place)
- c. An assignment of leases and rents on each of the parcels subject to one of the mortgages (will remain in place)
- d. Third position security interest in all assets of Afrim's Realty, LLC (will remain in place)
- e. First position security interest in the air-supported dome located at 4 Jacqueline Ave, Latham and all equipment and accessories integral in the functioning of the dome and all remaining assets of Afrim's Sports, Inc. (to be modified)
- f. Collateral assignment of life insurance policy issued or to be issued on the life of Afrim Nezaj in the face amount of at least the original balance of the Loan. (will remain in place)

Proposed Collateral:

- a. Second mortgage on 4 Jacqueline Ave, Latham in the current amount of the loan
- b. Second UCC lien filing on the business assets related to 4 Jacqueline Drive, Latham

All other collateral to remain the same. The writer will work with counsel to ensure that ACBDC is properly collateralized post transaction.

The only Collateral being affected by the purchase of the underlying land is section e. In speaking with Counsel, the recommendation is to take our existing mortgage and spread across 4 Jacqueline Ave, as additional collateral. This option is available unless the Borrower utilizes a new LLC to purchase the property. If that is the case, the recommendation is to file a new mortgage in the amount of the loan as additional collateral. It is important to note that mortgages filed by ACBDC are mortgage tax exempt, so the costs to file the mortgage should not be viewed as prohibitive.

Current Cash Flow and Debt Service Ratio

Afrims	June 30 2023	2022	2021
Net Income	820,103	550,290	719,042
Depreciation	338,590	660,391	663,388
Interest	402,862	701,171	804,356
Amortization	11,162	20,975	19,624
Total Cash Flow	1,572,717	1,932,827	2,206,410
Debt Service			
Afrim's Sports, Inc			
M&T Bank	59,508	119,016	119,016
Installment Loans - Various	14,454	28,908	28,908
Installment Loan - BSC	7,152	14,304	14,304
Afrim Realty, LLC			
M&T Bank	243,936	487,872	487,872
NYESCDC	21,252	42,504	42,504
ACBDC	36,774	73,548	73,548
NYBDC - SBA 504	167,496	334,992	334,992
2461 Elm Realty Corp.			
M&T Bank	135,036	270,072	270,072
Total Debt Service	685,608	1,371,216	1,371,216
DSCR	2.29	1.41	1.61
Excess CF after DS	887,109	561,611	835,194

BSC - Bethlehem Soccer Club

2461 Elm - Albany Shaker Road Complex

Afrim Realty - Watervliet Shaker Road Complex

Post transaction:

- Debt Service will increase by \$328,236, decreasing the debt service coverage ratio.
- Debt Service (\$328,236) minus current land lease (\$174,551) represents only \$153,685 in additional expenses.
- In speaking with Afrim, the enclosed mini field located at 4 Jacqueline Dr, Latham NY should drive \$250,000 in additional revenue once fully enclosed.



Recommendation: Writer recommends approving the modification of collateral, with ACBDC taking a second mortgage as abundance of collateral on 4 Jacqueline Drive, Latham. M&T has provided an appraisal representing the value of land and FFE.

**ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION
BOARD OF DIRECTORS**

RESOLUTION

**MODIFYING APPROVAL OF LOAN
TO JAMES AND SHANNON CORNWALL**

WHEREAS, on March 16, 2023 this Board approved a loan (the “Loan Approval”) by Albany County Business Development Corporation (“ACBDC”) to James and Shannon Cornwall (the “Borrowers”) in the amount of \$89,000 (the “Loan”) to be secured by a first mortgage on certain real property commonly known as 121 S. Pearl Street, Albany, New York (the “Commercial Parcel”), which the Borrowers are under contract to acquire; and

WHEREAS, an overall assessment of the risks associated with the Commercial Parcel as collateral for the Loan, supports taking a second mortgage on the residence of the Borrowers at 91 Hays Road, East Greenbush, New York 12061 (the “Residential Parcel”) in lieu of a mortgage on the Commercial Parcel, and the Borrowers are in agreement to provide this substitute collateral;

NOW, THEREFORE, BE IT RESOLVED, that the Loan Approval is hereby modified to substitute the Residential Parcel as collateral for the Loan, in lieu of the Commercial Parcel; and be it further

RESOLVED, that the appropriate representative or representatives of the Advance Albany County Alliance Local Development Corporation, as agent of ACBDC, are hereby authorized to execute and delivery such instruments and documents as are customary and reasonably necessary to accomplish the foregoing, in the judgment of counsel to ACBDC.