FOR CONSIDERATION
June 24, 2010

TO: The Directors
FROM: Dennis M. Mullen
SUBJECT: Brooklyn (Kings County) – NYC Industries for the Blind Capital – Downstate Revitalization Fund – Business Investment (Capital Grant)
REQUEST FOR: Findings and Determinations Pursuant to Sections 16-r and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

General Project Plan

I. Project Summary

Grantee: New York City Industries for the Blind, Inc. (“NYCIB” or the “Organization”)

Beneficiary Company: RJ American, Inc. (“RJA”)

ESD* Investment: A grant of up to $200,000, pending passage of the New York State budget, to be used for a portion of the cost of equipment purchase and facility upgrade.

* The New York State Urban Development Corporation doing business as the Empire State Development Corporation (“ESD” or the “Corporation”)

Project Locations: 3611 14th Avenue, Brooklyn, Kings County*
182-09 149th Road, Jamaica, Queens County

* Project activity site; other is job-retention site
NYS Empire Zone (or equivalent): N/A

Proposed Project: The purchase of new equipment and the upgrade of a portion of the Company’s 175,000-square-foot facility for fulfilling two military clothing contracts.

ESD Incentive Offer Accepted: April 20, 2010

Project Completion: July 2010

Number of Employees at Project Locations*:
- Initial employment at time of ESD Incentive Offer: 245
- Current employment level: 323
- Minimum employment by January 1, 2014: 465

* Payrolls of NYCIB and RJA both count toward employment goals

Grantee Contact: Richard C. Bland, President & CEO
3611 14th Avenue
Brooklyn, NY 11218-3750
Phone: (718) 854-7300 ext. 223
Fax: (718) 854-2700

Beneficiary Contact: Same

Anticipated Appropriation Source: Downstate Revitalization Fund

ESD Project No.: X077

Project Team:
- Origination: Frank Corcoran
- Project Management: Wai Shiu
- Affirmative Action: Helen Daniels
- Environmental: Soo Kang

II. Project Cost and Financing Sources

<table>
<thead>
<tr>
<th>Financing Uses</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure Costs</td>
<td>$175,000</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>650,000</td>
</tr>
<tr>
<td>Furniture and Fixtures</td>
<td>125,000</td>
</tr>
<tr>
<td>Soft Costs, including contingency</td>
<td>50,000</td>
</tr>
<tr>
<td>Total Project Costs</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>
Financing Sources | Amount | Rate/Term/Lien
--- | --- | ---
ESD-Grant | $200,000 | 20%
ESD-NYS Assembly and Senate Grants* | 375,000 | 38%
Banco Popular North America Line of Credit** | 325,000 | 33% ***
Company Equity | 100,000 | 10%

Total Project Financing | $1,000,000 | 100.0%

* $125,000 each from NY State Senators Kevin Parker and Eric Adams and NY State Assemblyman James Brennan. All three grants will be presented to ESD at a later date.
** $2,500,000 line of credit; Banco Popular has renewed the credit line to NYCIB annually for the previous ten years.
*** Prime Rate plus 1.50% p.a. or LIBOR plus 4.50% p.a.

III. Project Description

A. Background

New York City Industries for the Blind, Inc., founded in 1995, is a 501(c)(3) not-for-profit organization, whose mission is to provide meaningful employment and training to blind and visually-impaired men and women in New York City. The Company is self-supported through the manufacture and sale of products and services to government and commercial customers. NYCIB has a 175,000-square-foot manufacturing facility in Borough Park, Brooklyn, with 166 employees.

NYCIB’s product lines include: janitorial cleaning products, writing portfolios, pilot “piddle paks” for the military, patient securing strips for the military, and military uniform pants. The Organization’s services include: warehousing and fulfillment of children’s clothing for a NYC agency and sorting empty foreign mailbags out of the JFK Airport. The Organization derives 44% of its business from customers in New York State. As a not-for-profit agency serving people who are blind, NYCIB enjoys “mandatory source” supplier status to many agencies in New York State and the Federal government.

In 2007, the owners of NYCIB established a for-profit subsidiary, RJ American, Inc., that employs sighted, experienced sewers, and whose revenue streams are 100% transferred back to NYCIB to help fulfill its mission. RJA has 157 employees and shares NYCIB’s manufacturing facility.

In March 2010, NYCIB was offered a three-year US Department of Defense sub-contract by the prime contractor, valued at $10 million annually, for its new Advanced Combat Shirt for the US Army. In May 2010, RJA was awarded a Department of Defense sub-contract by the prime contractor, awarded valued at $6 to 7 million annually, to produce military clothing items. Both contracts are expected to be continued when they are completed.

In order to satisfy the contracts, NYCIB and RJA needed to increase its production capacity by buying new equipment, hiring additional employees, and upgrading its Borough Park facility. However, the size, scope, and timing of the two contracts stretched NYCIB’s financial ability to implement this much needed $1 million capacity build-up plan. ESD responded with an incentive offer for a $200,000 grant to NYCIB to assist in bridging this financing gap, which the Organization accepted in April 2010. Without ESD’s assistance, it is unlikely that NYCIB could
have obtained sufficient financing for the built-up plan. This would have resulted in the loss of the Defense Department contracts and the inability to increase employment for the Organization.

NYCIB received an $8,000 grant from ESD for productivity and competitiveness assessments. The Organization complied with all requirements and the grant was closed in 2001.

B. The Project

The project consists of an upgrade of NYCIB and RJA’s facilities through the purchase and installation of air-conditioning units, head rails, furniture, lockers, and fixtures. The project also includes the acquisition of a new computerized cutting machine and automatic sewing machines. Approximately 70% of the project expenditure will benefit NYCIB and 30% will benefit RJA.

NYCIB began the project in April 2010 and expects to complete it in July 2010. As a result, NYCIB expects to completely fulfill its and RJA’s manufacturing contract with the Defense Department. The Organization also anticipates to increase employment by 220 jobs and to maintain a total employment of 465 blinded and sighted employees through January 2016.

C. Financial Terms and Conditions

1. The Organization shall pay a commitment fee of 1% of the $200,000 capital grant ($2,000) upon execution of the grant disbursement agreement. In addition, at the time of disbursement, the Organization will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.

2. The Organization will be obligated to advise ESD of a material adverse change in its financial condition prior to disbursement.

3. The Organization or the Organization’s shareholders 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 Organization financial statements or Organization accounts, if so requested by ESD.

4. Prior to disbursement, the Organization must employ at least the number of Full-time Permanent Employees set forth as the Baseline Employment in the table below. A Full-time Permanent Employee shall mean (a) a full-time, permanent, private-sector employee on the Grantee’s payroll, who has worked at the Project Locations for a minimum of thirty-five hours per week for not less than four consecutive weeks and who is entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties; or (b) two part-time, permanent, private-sector employees on Grantee’s payroll, who have worked at the Project Locations for a combined minimum of thirty-five hours per week for not less than four consecutive weeks and who are entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties.

5. Up to $200,000 will be disbursed to the Grantee in three installments as follows:
   a) an Initial Disbursement of an amount equal to 50% of the grant ($100,000) upon completion of the project substantially as described in these materials and as evidenced
by a certificate of occupancy or other documentation verifying project completion as
ESD may require, documentation of the employment of at least 245 Full-time
Permanent Employees at the Project Locations*, and submission of documentation
verifying project expenditures of approximately $1,000,000, assuming that all project
approvals have been completed and funds are available;
b) a Second Disbursement of an amount equal to 25% of the grant ($50,000) will be
disbursed upon documentation of the employment of at least 355 Full-time Permanent
Employees at the Project Locations* (Employment Increment of 110), provided
Grantee is otherwise in compliance with program requirements;
c) a Third Disbursement of an amount equal to 25% of the grant ($50,000) will be
disbursed upon documentation of the employment of at least 465 Full-time Permanent
Employees at the Project Locations* (Employment Increment of 110), provided
Grantee is otherwise in compliance with program requirements.

Payment will be made upon presentation to ESDC of an invoice and such other
documentation as ESDC may reasonably require. Expenditures incurred prior to April 23,
2010 cannot be reimbursed by grant funds. All disbursements must be requested by April 1,
2014.

* Payrolls of NYCIB and RJA both count toward employment goals

6. ESD may reallocate the project funds to another form of assistance, at an amount no
greater than $200,000, for this project if ESD determines that the reallocation of the
assistance would better serve the needs of the Organization and the State of New York. In
no event shall the total amount of any assistance to be so reallocated exceed the total
amount of assistance approved by the Directors.

7. In consideration for the making of the Grant, Grantee will achieve the Employment Goals
set forth in Column B of the table below. If the Full-time Permanent Employee Count for
the year prior to the reporting date set forth in Column A of the table below is less than
eighty-five percent (85%) of the Employment Goal set forth in Column B (an
“Employment Shortfall”), then upon demand by ESD, Grantee shall be obligated to repay
to ESD a portion of each disbursement of the Grant, as follows:

The Recapture Amount is based on the time that has lapsed between when the Grant funds
were disbursed and when the Employment Shortfall occurred. The Recapture Amount
shall be calculated by aggregating the Recapture Amount for each disbursement of the
Grant, which in each instance shall be equal to:

(i) 100% of the disbursed amount if the Employment Shortfall occurred in the calendar
year that the disbursement was made, or in the first full calendar year after the
disbursement was made;

(ii) 80% of the disbursed amount if the Employment Shortfall occurred in the second full
calendar year after the disbursement was made;

(iii) 60% of the disbursed amount if the Employment Shortfall occurred in the third full
calendar year after the disbursement was made;

(iv) 40% of the disbursed amount if the Employment Shortfall occurred in the fourth full
calendar year after the disbursement was made;
(v) 20% of the disbursed amount if the Employment Shortfall occurred in the fifth full
calendar year after the disbursement was made.

The Grantee’s number of Full-time Permanent Employees shall be deemed to be the
greater of the number as of the last payroll date in the month of December for such year or
the average employment for the 12 month period computed by quarter.

<table>
<thead>
<tr>
<th>Baseline Employment*</th>
<th>245</th>
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<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
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<tbody>
<tr>
<td>Reporting Date</td>
<td>Employment Goals</td>
</tr>
<tr>
<td>February 1, 2011</td>
<td>245+X+Y</td>
</tr>
<tr>
<td>February 1, 2012</td>
<td>245+X+Y</td>
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<tr>
<td>February 1, 2013</td>
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<tr>
<td>February 1, 2015</td>
<td>245+X+Y</td>
</tr>
<tr>
<td>February 1, 2016</td>
<td>245+X+Y</td>
</tr>
</tbody>
</table>

X = Grantee’s Employment Increment that will be the basis of the Second Disbursement of the Grant as
described in section C.5 above (i.e. X=110, and Employment Goals shall equal [245 + X = 355] if the
Second Disbursement is made, in the year such disbursement is made and for each year thereafter). If the
Second Disbursement has not yet been made then X=0.

Y = Grantee’s Employment Increment that will be the basis of the Third Disbursement of the Grant as
described in section C.5 above (i.e. Y=110, and Employment Goals shall equal [245 + X + Y = 465] if the
Third Disbursement is made, in the year such disbursement is made and for each year thereafter). If the
Third Disbursement has not yet been made then Y=0.

* Payrolls of NYCIB and RJA both count toward employment goals

IV. Statutory Basis

This project is authorized under section 16-r of the New York State Urban Development
Corporation Act (the”Act”) and satisfies the eligibility criteria in the Act and the rules and
regulations for the Downstate Revitalization Fund. No residential relocation is required as there are
no families or individuals residing on the site.

V. Environmental Review

ESD staff has determined that the project constitutes a Type II action as defined by the
New York State Environmental Quality Review Act (“SEQRA”) and the implementing regulations
of the New York State Department of Environmental Conservation. No further environmental
review is required in connection with the project.
VI. Affirmative Action

ESD’s Non-discrimination and Affirmative Action policy will apply. The Grantee is encouraged to include minorities and women in any job opportunities created by the project, and to solicit and utilize Minority and Women-owned Business Enterprises for any contractual opportunities generated in connection with the project.

VII. ESD Financial Assistance Subject to Availability of Funds and Additional Approval

The provision of ESD financial assistance is contingent upon the availability of funds and the approval of the State Division of the Budget.

VIII. Additional Submissions to Directors

Resolutions
New York State Map
Project Finance Memorandum
Cost-Benefit Analysis
June 24, 2010

Brooklyn (Kings County) – NYC Industries for the Blind Capital – Downstate Revitalization Fund – Business Investment (Capital Grant) – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the NYC Industries for the Blind Capital – Downstate Revitalization Fund – Business Investment (Capital Grant) Project (the “Project”), the Corporation hereby determines pursuant to Section 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that there are no families or individuals to be displaced from the project area; and be it further

RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plan (the “Plan”) for the Project submitted to this meeting, together with such changes therein as the Chairman and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written finding of the Chairman and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the Chairman and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to New York City Industries for the Blind, Inc. a grant for a total amount not to exceed Two Hundred Thousand Dollars ($200,000) from the Downstate Revitalization Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the Chairman and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

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

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

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