

PLEASE NOTE - We welcome public comment on the items on the following agenda. To ensure maximum opportunity for participation, speakers representing themselves may speak for up to 2 minutes each, and those representing groups may speak for up to 4 minutes (1 speaker per group). Speakers' comments may address only items considered at today's meeting. Materials relating to matters that are scheduled for discussion in open session will be available at the meeting and will be posted on ESD's website prior to the meeting in accordance with the Public Officers Law

**NEW YORK STATE URBAN DEVELOPMENT CORPORATION
d/b/a Empire State Development**

Empire State Development works to promote business investment and growth that leads to job creation and prosperous communities across New York State

Meeting of the Directors

Thursday

December 20, 2012 – 9:30 a.m.

PROPOSED AGENDA

FOR CONSIDERATION

I. CORPORATE ACTION

- A. Approval of Minutes of the November 15, 2012 Directors' Meeting (Corporate Action)

II. DISCRETIONARY PROJECTS

LONG ISLAND REGION

- A. Woodbury (Long Island Region – Nassau County) – Clever Devices Capital – Empire State Economic Development Fund - General Development Financing (Capital Grant) - Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

MID-HUDSON REGION

- B. Purchase (Mid-Hudson Region - Westchester County) - TAL International Container Capital - Empire State Economic Development Fund - General Development Financing (Capital Grant) - Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

II. DISCRETIONARY PROJECTS - Continued**WESTERN NEW YORK REGION**

- C. Niagara Falls (Western New York Region - Niagara County) – Olin Capital - Empire State Economic Development Fund - General Development Financing (Capital Grant) - Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions; Determination of No Significant Effect on the Environment

NEW YORK CITY REGION

- D. New York City-wide (New York City Region – All NYC Counties) – NYC Waterfront Development Permitting Working Capital – Urban and Community Development Program – Urban and Community Technical Assistance (Working Capital Grant) – Findings and Determinations Pursuant to Section 10(g) of the Act; Authorization to Make a Grant and to Take Related Actions
- E. New York (New York City Region – New York County) – Oppenheimer & Co. JCRP – World Trade Center Job Creation and Retention Program (Working Capital) – Findings and Determinations Pursuant to Section 10(g) of the Act; Authorization to Make a Grant and to Take Related Actions

CENTRAL NEW YORK REGION

- F. Cortland (Central New York Region - Cortland County) – Pyrotek MAP Capital - Empire State Economic Development Fund - General Development Financing (Capital Grant) - Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

SMALL BUSINESS TECHNOLOGY INVESTMENT FUND

- G. Small Business Technology Investment Fund (SBTIF) – Authorization of a Follow-on Investment of SBTIF Fund in e2e Material

III. REGIONAL COUNCIL AWARDS – ROUND I

FINGER LAKES REGION

- A. Regional Council Award – Priority Project – Rochester (Finger Lakes Region – Monroe County) – Health Science Center for Computational Innovation Capital – Economic Development Purposes Fund and Regional Council Capital Fund (Capital Grants) – Findings and Determinations Pursuant to Section 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make Grants and to Take Related Actions

CAPITAL REGION

- B. Regional Council Award – Priority Project – Albany and Troy (Capital Region – Albany and Rensselear Counties) – Albany Medical College Capital – NYCAP Research Alliance - Economic Development Purposes Fund (Capital and Working 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

REGIONAL COUNCIL AWARDS CONSENT CALENDAR

- C. Regional Council Award Projects Consent Calendar – Findings and Determinations Pursuant to Sections 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make Grants and to Take Related Actions

Regional Council Capital Fund

- A. Cortland Plastics Capital (Cortland County) - \$100,000

IV. NON-DISCRETIONARY PROJECTS

- A. Non-Discretionary Projects – Land Use Improvement and Civic Project Findings and Determinations Pursuant to Sections 10 (c), 10 (d) and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plans; Authorization to Make Grants and to Take Related Actions

Upstate City-by-City (Executive)

- A. City of Buffalo – Building Reuse (Erie County) - \$3,000,000

New York State Economic Development Program (Executive)

- B. Utica College – Online Division Upstate City-by-City Capital (Oneida County) - \$250,000

New York State Economic Development Assistance Program (Senate)

- C. Agudath Israel of America – Community Services Technology Upgrade Capital (New York County) - \$100,000

V. ADMINISTRATIVE ACTIONS

- A. “New York is Open for Business”: Amendment to Contract with Full Service Advertising, Marketing, Branding, Media, and Communications Agency for Continuation of Business Marketing Campaign - Authorization to Enter into Agreement with Power Authority of the State of New York; Authorization to Enter into Amendment of Existing Contract with BBDO USA LLC; Authorization to Take Related Actions
- B. Procurement of Legal Services - Authorization to Enter into a Contract for Real Estate and Environmental Legal Services; and Authorization to Take Related Actions
- C. Authorization to Enter into an Amended Contract with Foley & Lardner LLP
- D. State Small Business Credit Initiative – Bonding Assistance Program – Authorization to Amend Contract with Willis of New York For Consulting Services

VI. INFORMATION

- A. Quarterly Report on Procurement Commitments to Certified Minority and Women Business Enterprises (MWBES) – Second Quarter of Fiscal Year 2012-2013
- B. President’s Report (Oral)

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NEW YORK STATE URBAN DEVELOPMENT CORPORATION

d/b/a Empire State Development
Meeting of the Directors
New York City Regional Office
633 Third Avenue
37th Floor Conference Room
New York, New York 10017

and

Syracuse Regional Office
620 Erie Boulevard West
Syracuse, New York 13204

and

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

November 15, 2012

MINUTES

In Attendance

Directors:

Julie Shimer (Chair)
Kenneth Adams
Derrick Cephas
Robert Dyson
Joyce Miller
Anthony Albanese – Designee for Superintendent – Department
of Financial Services (via telephone)

Present for ESD:

Maria Cassidy, Deputy General Counsel
Steven Cohen, Senior Vice President – Community Economic
Development
Justin Ginsburgh, Chief of Staff
Robert Godley, Treasurer
Edwin Lee, Assistant Vice President – Loans and Grants
Sheri Lippowitsch, Vice President – Loans and Grants
Eileen McEvoy, Corporate Secretary
Kathleen Mize, Deputy CFO and Controller
Paula Roy, Vice President – Portfolio Management and Project
Finance
Susan Shaffer, Vice President – Loans and Grants

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Joyce Smith, Director – Entrepreneurial Assistance Program
Frances A. Walton, Chief Financial and Administrative Officer

Also Present:

James Fayle, Director – Central New York Regional Office
Jessica Gabriel, Director – Capital Region Regional Office
Steve Gawlik, Vice President – Capital Projects and Senior Counsel
Barry Greenspan, Economic Development Program Administrator
Christina Orsi, Director of Western New York Regional Office
Kenneth Tompkins, Director – Mohawk Valley Regional Office
Aimee Vargas, Director – Mid-Hudson Regional Office
David J. Wright, Assistant Commissioner, Albany
Kevin Younis, Deputy Commissioner and Senior Vice President -
Government

Also Present:

The Press
The Media

The meeting of the Directors of the New York State Urban Development Corporation (“UDC”) d/b/a Empire State Development (“ESD” or the “Corporation”) was called to order at 9:34 a.m. by Chair Shimer. It was noted for the record that the time and place of the meeting had been given in compliance with the New York State Open Meetings Law.

Next, Chair Shimer set forth the guidelines regarding comments by the public on matters on the Agenda.

Before calling for a motion on the October 18, 2012 Minutes, Chair Shimer noted that page nine refers to the Chair calling for a motion. The Chair questioned this as she was present for the entire meeting. It was noted that this was a typo that would be corrected for the record.

Chair Shimer then asked the Directors to approve the Minutes of the October 18, 2012

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Directors’ meeting. There being no further changes or corrections, upon motion duly made and seconded, the following resolution was unanimously adopted:

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE OCTOBER 18, 2012 MEETING OF THE DIRECTORS OF THE NEW YORK STATE URBAN DEVELOPMENT CORPORATION

RESOLVED, that the Minutes of the meeting of the Corporation held on October 18, 2012, as presented to this meeting, are hereby approved and all actions taken by the Directors presented at such meeting as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Corporation.

* * *

The Chair then asked Mr. Lee to present a summary of the Discretionary Project items on the Agenda. The Chair explained that following this brief presentation, she would call upon the individual Regional Directors or their representatives to present the projects from their region.

Mr. Lee noted that the Directors will be asked to approve three Economic Development Fund Grants totaling \$1,850,000; one grant from the Restore New York Communities Program for \$320,000; 24 EAP grants totaling \$2,390,232; four local assistance grants totaling \$6,824,408; as well as five Regional Council grants totaling \$4,000,000 and three Economic Development Purpose grants totaling \$6,700,000.

Mr. Lee added that these projects will leverage over \$115,000,000 of additional investments and will assist in retaining 784 jobs and in creating approximately 236 jobs in New York State.

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Following Mr. Lee’s full summary, the Chair asked Ms. Orsi to take the Agenda out of order and present the Time Release EDF Grant item and the Dream It Do It Regional Council Awards Grant item for the Directors’ consideration.

Ms. Orsi explained that the Directors are being asked to authorize ESD to make a \$300,000 grant to Time Release Sciences to be used to assist the Company with the purchase and installation of new machinery and equipment.

Ms. Orsi noted that the Company is a contract manufacturer of the Mr. Clean Magic Eraser and that this grant will assist the Company in significantly increasing its capacity for production and enable it to bring on a new line of extra power Mr. Clean Magic Erasers.

Ms. Orsi added that as a result of this project, the Company will be able to retain 59 jobs and ultimately add 20 new jobs. Ms. Orsi further stated that the Company currently has a total of 64 jobs and has completed its investment in the facility’s new equipment.

Following the full presentation, Chair Shimer called for any questions or comments. Hearing none and upon motion duly made and seconded, the following resolution was unanimously adopted:

Buffalo (Western New York Region – Erie County) – Time Release Sciences Capital – Empire State Economic Development Fund Capital – General Development Financing (Capital Grant) – Findings and Determinations Pursuant to Sections 16-m and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to

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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 Time Release Sciences Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) Project (the “Project”), the Corporation hereby determines pursuant to Sections 16-m and 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms;
2. The project would be unlikely to take place in New York State without the requested assistance;
3. The project is reasonably likely to accomplish its stated objectives and that the likely benefits of the project exceed costs;
4. 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 President 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 President 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Time Release Sciences, Inc. a grant for a total amount not to exceed Three Hundred Thousand Dollars (\$300,000) from the Empire State Economic Development 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 President 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 President 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

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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 President and Chief Executive Officer 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.

* * *

Buffalo (Western New York Region – Erie County) – Time Release Sciences Capital – Empire State Economic Development Fund Capital – General Development Financing (Capital Grant) – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Time Release Sciences Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant), the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

Next, Ms. Orsi asked the Directors to authorize ESD to make a \$500,000 Regional Council Awards Working Capital Grant to Dream It Do It Western New York, Inc. The grant, she noted, will be used for a portion of the operating costs associated with the Dream It Do it Program.

This program, Ms. Orsi explained, focuses on increasing and addressing the skill base that manufacturers are addressing in the region.

Ms. Orsi explained that while there is still a very strong manufacturing base in Western

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New York, according to the Department of Labor, over 50 percent of the region’s manufacturing jobs could be lost to retirement.

Ms. Orsi added that over the next ten years in Western New York, it is expected that 50,000 individuals in manufacturing will retire and the region does not have the skills base coming into manufacturing jobs to replace those jobs. She added that it is a real issue for the community and one that is shared across upstate and nationally.

The Dream It Do It Program, Ms. Orsi explained, is a national program founded by the National Manufacturing Institute that was brought to Western New York in one of its Southern Tier counties a few years ago.

The entire program, she continued, focuses on attempting to get grade school level children interested in manufacturing careers. This is done, Ms. Orsi further noted, through outreach including internships at the high school level and apprenticeship programs.

Following Ms. Orsi’s full presentation, the Chair called for questions or comments. Hearing none and upon motion duly made and seconded, the following resolution was unanimously adopted:

Regional Council Award – Priority Project – Various Locations (Western New York Region – Allegany, Cattaraugus, Chautauqua, Erie and Niagara Counties) – Dream It Do It Western New York – Economic Development Purposes Fund (Working Capital Grant) – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Make a Grant and to Take Related Actions

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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 Regional Council Award – Western New York Region – Dream It Do It Western New York – Economic Development Purposes Fund (Working 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Dream It Do It Western New York, Inc. a grant for a total amount not to exceed Five Hundred Thousand Dollars (\$500,000) from the Economic Development Purposes 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 President 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 President 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 President and Chief Executive Officer 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.

* * *

Mr. Greenspan then presented the Contract Pharmacal EDF Capital Grant item for the Directors’ consideration. Among other things, Mr. Greenspan noted that the \$1,050,000 grant will be used for a portion of the costs of the acquisition and installation of machinery and equipment.

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Mr. Greenspan explained that the Company is one of Long Island’s largest manufacturers of over-the-counter pharmaceuticals and nutritional supplements with six manufacturing plants on Long Island.

Mr. Greenspan further explained that in 2010, the Company began looking for a plant in Florida. Mr. Greenspan stated that Florida pursued this business, offering grant to the Company to relocate there. Without ESD assistance, Mr. Greenspan continued, the Company would have most likely relocated to Florida with, at the time, 457 jobs.

The ESD funds requested, Mr. Greenspan continued, will reimburse the Company for an investment of \$6 million in new equipment at all six of their Long Island plants.

Mr. Greenspan added that the Company currently employs 630 individuals meeting ESD’s job requirements.

The Company, he continued, is also eligible for up to \$750,000 in Excelsior Jobs Program tax credits.

Following the full presentation, the Chair called for questions or comments. Hearing none and upon motion duly made and seconded, the following resolution was unanimously adopted:

Hauppauge (Long Island Region – Suffolk County) – Contract Pharmacal Capital – Empire State Economic Development Fund - General Development Financing (Capital Grant) –

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Findings and Determinations Pursuant to Sections 16-m and 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 Contract Pharmacal Capital -- Empire State Economic Development Fund General Development Financing (Capital Grant) Project (the "Project"), the Corporation hereby determines pursuant to Sections 16-m and 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the "Act"), that

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms;
2. The project would be unlikely to take place in New York State without the requested assistance;
3. The project is reasonably likely to accomplish its stated objectives and that the likely benefits of the project exceed costs;
4. 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 President 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 President 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Contract Pharmacal Corporation a grant for a total amount not to exceed One Million Fifty Thousand Dollars (\$1,050,000) from the Empire State Economic Development 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 President 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 President and Chief Executive Officer of the Corporation or his designee(s)

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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 President and Chief Executive Officer 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.

* * *

Next, Ms. Vargas asked the Directors to authorize ESD to make a \$500,000 EDF grant to Intercos America, Inc. to be used for a portion of the costs of renovations.

Ms. Vargas noted that Intercos is a producer of cosmetics in Rockland County in the Town of Congers.

Ms. Vargas continued and explained, among other things, that the Company considered relocating to less expensive facilities in New Jersey.

Ms. Vargas added that to induce the Company to stay in New York and to bridge the financial gap that the Company faced at the time it was considering relocating, ESD offered Intercos a \$500,000 capital grant of a total \$4,000,000 project.

Ms. Vargas added that the project will allow the Company to retain 176 existing jobs, including 40 that currently exist in the warehouse facility and will also create 35 jobs by the

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year 2014. The Company has already created 23 new jobs.

Following the full presentation, the Chair called for questions or comments. Director Dyson stated his belief that ESD had assisted the Kolmar Company in Port Jervis which maintained the same type of business.

Ms. Vargas stated that that is correct and that it creates nice synergy between the two cosmetic manufacturing companies in Rockland County.

There being no further questions or comments, and upon motion duly made and seconded, the following resolution was unanimously adopted:

Congers (Mid-Hudson Region – Rockland County) – Intercos America Emulsions Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) – Findings and Determinations Pursuant to Sections 16-m and 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 Intercos America Emulsions Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) Project (the “Project”), the Corporation hereby determines pursuant to Sections 16-m and 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms;
2. The project would be unlikely to take place in New York State without the requested assistance;

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3. The project is reasonably likely to accomplish its stated objectives and that the likely benefits of the project exceed costs;
4. 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 President 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 President 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Intercos America, Inc. a grant for a total amount not to exceed Five Hundred Thousand Dollars (\$500,000) from the Empire State Economic Development 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 President 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 President 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 President and Chief Executive Officer 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.

* * *

Mr. Lee then presented the Restore New York Consent Calendar for the Directors’ consideration.

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Mr. Lee noted that the one project on the calendar involves a \$320,000 grant to the People for Sustainable Housing (PUSH) to be used for a portion of the cost of the rehabilitation of two buildings and the construction of one new building in Buffalo, New York.

Mr. Lee explained that this item had been tabled at the October meeting and that staff has had an opportunity to look into these questions and elected to provide a summary for staff follow-up.

Mr. Lee stated that it was noted at the last meeting that the average cost to develop each unit of housing was \$248,000 which is high for the area. In that regard, Mr. Lee explained that while this Restore project will be developed in a manner that is more costly initially, the additional investment will lower utility and maintenance expenses and extend the overall durability of the buildings.

Most notably, Mr. Lee continued, the buildings will be developed using a variety of green and energy efficient materials and systems for windows and insulation. While such building practices will add up to 20 percent to the development cost, Mr. Lee continued, it will also dramatically reduce energy and utility costs for the tenants.

Mr. Lee went on to elaborate with regard to other building development materials that will add to the longevity and durability of the project.

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Among other things, Mr. Lee also explained that before any work can begin on the three buildings, a significant amount of environmental remediation needs to be undertaken and that that remediation work will add approximately \$44,000 to this project.

Mr. Lee added that as affordable rental housing, PUSH anticipates a high occupant turnover rate. Therefore, he continued, PUSH has chosen to invest in high quality durable materials, as well as green building materials and technologies today to lower costs for its tenants and increase the useful life of the properties by many years.

Following the full presentation, Chair Shimer thanked ESD staff for answering the questions from the October meeting and for successfully describing the gap between what seemed to be a more reasonable market price and the enhancements and remediation that were required. Director Miller added her appreciation for the job done by ESD staff with regard to this project.

Chair Shimer then called for questions or comments. Hearing none and upon motion duly made and seconded, the following resolution was unanimously adopted:

Statewide – Restore NY Communities – Capital Grant – Land Use Improvement Findings and Determinations Pursuant to Sections 10 (c), 10 (g) and 16-n 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 Restore NY Communities Capital Grant Project (the “Project”), the Corporation hereby determines pursuant to Sections 16-n and 10 of the New York State Urban Development Corporation Act of

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1968, as amended (the “Act”), that

1. The area in which the project is to be located is a substandard or unsanitary area, or is in danger of becoming a substandard or unsanitary area and tends to impair or arrest sound growth and development of the municipality.
2. The project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto.
3. The plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.
4. There are no families or individuals 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 President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, are hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written findings of the President 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 findings being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make a to grant to the party and for the amount listed below from Restore NY Communities, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President 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 President 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

Restore NY Communities – Project Summary Table

| | Project Name | Proj # | Grantee | Assistance up to |
|--|--|---------------|----------------|-------------------------|
| | Restore NY Communities Projects | | | |

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| | | | | |
|----|---------------------------------|------|-----------------|------------------|
| A. | Buffalo – RESTORE NY III – PUSH | W897 | City of Buffalo | \$320,000 |
| | | | TOTAL | \$320,000 |

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

* * *

Ms. Smith then asked the Directors to authorize ESD to make 24 grants totaling up to \$2,390,232 to eligible not-for-profit corporations and community colleges under ESD’s Entrepreneurial Assistance Program.

Each organization, Ms. Smith explained, will receive a grant in the amount of \$99,593 which they must match 100% with cash. The grant funds, she continued, are generally used for salary expenses, consultant services and other operational expenses.

Following Ms. Smith’s full presentation, Chair Shimer called for questions or comments. Director Adams noted that this year, the grants to be provided are approximately \$99,000 per facility which is higher than in recent years. He added that this is because the funding is available this year and that this amount may not be available in future years. Director Adams added that Ms. Smith has communicated this to the grantees.

There being no further questions or comments, and upon motion duly made and seconded, the following resolution was unanimously adopted:

Statewide – Entrepreneurial Assistance Program (Training and Technical Assistance

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Grants); Findings and Determinations Pursuant to Section 10(g) of the Act; Authorization to Make Grants 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 Empire State Development Corporation (“the Corporation”), relating to the Entrepreneurial Assistance Program (Training and Technical Assistance Grants) Projects, (the “Projects”), 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 President and Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized to make grants for a total amount not to exceed Two Million Three Hundred Ninety Thousand Two Hundred Thirty-Two Dollars (\$2,390,232) from the Entrepreneurial Assistance Program, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

* * *

The Directors were then asked by Mr. Reinfurt to authorize ESD to make four grants totaling \$6,824,408 to various entities in connection with ESD’s Statewide Innovation Economy Matching Grants Program.

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This Program, he noted, will take advantage of the one-time opportunities that became available in 2009 under the Federal Stimulus Program. Specifically, he added, this Program was targeted to the scientific and technology award program from the federal agencies that were deemed to be strategically important to New York.

The Program in this area, he continued, represents the largest increase in scientific funding in the nation's history and the program was designed to give New York applicants an advantage in providing a competitive match to their grant applications.

Mr. Reinfurt went on to outline the process involved in the selection of the award winners. He then provided the background information on each of the four grantees to be considered for approval at today's meeting. He noted that these four grants fall under two categories - three relate to broadband expansion and one relates to commercialization of an advanced technology.

The first, Mr. Reinfurt explained is the ION Newco Project involving a \$3,175,700 matching grant involving rural broadband expansion to provide middle mile coverage to the Southern Tier of Central New York.

Mr. Reinfurt noted that there are two projects under the Slic Corporation that involve expansion in St. Lawrence County and Franklin County. Collectively, Mr. Reinfurt added, these two projects involve \$80 million in federal and State funding. The State's share being proposed today, he continued, is eight percent of that amount. As a result of these projects, Mr. Reinfurt

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further noted, additional hookup will be provided to approximately 6,000 households.

Lastly, Mr. Reinfurt noted that there is a request for a \$997,688 matching grant to GE Global Research for an advanced energy storage system.

Following the full presentation, Chair Shimer called for questions or comments. Director Adams noted that he recently had the opportunity to meet with the principal of the Slic Corporation.

He noted that it is an incredible company doing very important work. Director Adams added that this is funding that was committed some time ago and ESD's ability to move the funds forward today to reimburse the companies for the huge investment they have made is important to the build out of broadband and telecommunications infrastructure in remote rural areas of the Northern Country.

Directors Dyson and Miller then commented favorably with regard to the foregoing request.

There being no further questions or comments, and upon motion duly made and seconded, the following resolution was unanimously adopted:

Statewide – Local Assistance - Innovation Economy Matching Grants – Working Capital Grants – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Make Grants and to Take Related Actions

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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 Innovation Economy Matching Grant Projects (the “Projects”), the Corporation hereby determines pursuant to Sections 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 areas; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make grants to the parties and for the amounts listed below from Local Assistance, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President 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 President and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the grants, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grants as he or she may deem necessary or appropriate in the administration of the grants; 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

Innovation Economy – Project Summary Table

| | Project Name | Proj # | Grantee | Assistance up to |
|----|--|---------------|------------------------------|-------------------------|
| A. | ION Newco Working Capital | Y027 | ION Newco Corp. | 3,175,700 |
| B. | Slic Network Solutions Working Capital – St. Lawrence County | Y026 | SLIC Network Solutions, Inc. | 2,225,033 |
| C. | GE Global Research Center Working Capital | Y024 | GE Global Research Center | 997,688 |
| D. | Slic Network Solutions Working Capital – Franklin County | Y025 | SLIC Network Solutions, Inc. | 425,987 |
| | | | TOTAL | \$6,824,408 |

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

* * *

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Mr. Cohen then asked the Directors to authorize ESD to reallocate funds, amend the grant agreement and take related actions under ESD’s Small Business Revolving Loan Fund Program.

Specifically, Mr. Cohen noted that this was a request to reallocate Small Business Revolving Loan Fund Awards of \$432,000 from the New York Business Local Development Corporation to its parent entity, the New York Business Development Corporation.

These funds, he explained, were originally allocated in two tracks, one for loans under \$25,000 and one for loans of \$25,000 and above. These funds, he continued, are for loans of \$25,000 and below and will stay in that track.

Mr. Cohen went on to explain that this move is being requested so that these dollars can be used to partially fund the State’s new Storm Sandy Emergency Loan Program, which was announced yesterday by the Governor. This program, Mr. Cohen added, will provide emergency loans of \$25,000 or less to businesses that were impacted either directly or indirectly by the Storm or had economic hardship as a result of the Storm.

Mr. Cohen further stated that it is necessary to move the money from the subsidiary into the parent because the parent is the entity that has raised the matching dollars from the banking community and will be administering this program.

Following the full presentation, Chair Shimer called for questions or comments.

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Director Cephas asked if the repayment terms are the standard set of repayment terms that apply to every borrower or do the terms vary depending on the circumstances of the specific loan.

Mr. Cohen stated that the terms are the same. He further stated that it is a 30 month term. He added that for the first six months, there are no payments and no interest and that the 24 months after that are at 1%.

Director Cephas stated that it is a good program and Directors Dyson and Miller voiced their agreement.

There being no further questions or comments, and upon motion duly made and seconded, the following resolution was unanimously adopted:

Statewide – Small Business Revolving Loan Fund Program – Authorization to Reallocate Funds for Loans; and Authorization 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 (the “Materials”), relating to the Small Business Revolving Loan Fund Program (the “Program”), the Corporation is authorized to reallocate and redeploy Program funding and to enter into agreements and related documentation with New York Business Development Corporation and NYBDC Local Development Corporation in order to effect the reallocation to New York Business Development Corporation from NYBDC Local Development Corporation of approximately \$432,000 in Program funds as set forth in the Materials, in order to redeploy such reallocated Program funding; and be it further

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

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RESOLVED, that the provision by the Corporation of this financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable; (2) receipt of all other necessary approvals; and (3) the availability of funds and the approval of the State Division of the Budget; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, 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.

* * *

Mr. Tompkins then asked the Directors to adopt the proposed General Project Plan and to authorize ESD to make a \$5,000,000 grant to the Economic Development Growth Enterprises d.b.a. MVEDGE to be used for a portion of the costs of the construction of a two lane heavy duty industrial access road to Marcy Nanocenter at SUNY IT.

This Project, Mr. Tompkins explained is known as the Marcy Nanocenter Loop Road Project.

Marcy Nanocenter, he continued, is a 420-acre marine field site located adjacent to the State University of New York's Institute of Technology, a four year college just north of the City of Utica in Oneida County.

This campus, Mr. Tompkins stated, will be developed in the hope of hosting at least three very large semiconductor chip fabrication facilities. That, he continued, would be transformational for the entire Mohawk Valley region and would generate potentially thousands of direct and indirect jobs.

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The Loop Road, Mr. Tompkins explained, would serve as the access road to this campus and is a critical component in the overall development of the site. He added that the private non-profit development entity that is in charge of developing the site overall has studied this for years.

Following Mr. Tompkins' full presentation, the Chair called for questions or comments. Director Dyson requested that renderings be included with the materials on infrastructure projects going forward. Mr. Tompkins and Director Adams stated that renderings for this project will be provided to the Directors shortly. It was added that going forward, infrastructure project materials will include such renderings.

Director Adams then commended Mr. Tompkins, the Regional Council and the Mohawk Valley EDGE for moving this project forward.

Among other things, Director Adams commented that this was a great example of government investing in infrastructure to attract and support private sector investment.

Discussion was also had with regard to the benchmarks used in the cost benefit analysis prepared for infrastructure projects.

The Chair noted that for infrastructure projects, ESD uses 3.0 as the benchmark, as opposed to 7.0 for its other projects. The Chair further noted that while the benchmarks are

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different, the footnotes on the different types of projects are the same which is somewhat confusing.

Ms. Shaffer addressed the issue and stated that she and Frances Walton have often discussed this matter. Ms. Shaffer further stated that staff will work with its policy group and make adjustments to the Cost Benefit Analysis going forward.

Director Miller suggested that a discussion on how benchmarks are arrived at be set up for the Director's edification. Director Adams stated that that would be done.

There being no further questions or comments, and upon motion duly made and seconded the following resolution was unanimously adopted:

Regional Council Award - Priority Project - Marcy (Mohawk Valley Region – Oneida County) – MVEDGE - Marcy Nanocenter Loop Road Capital – Economic Transformation Program (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 MVEDGE - Marcy Nanocenter Loop Road Capital - Economic Transformation Program (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 President 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

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RESOLVED, that upon written finding of the President 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, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Economic Development Growth Enterprises a grant for a total amount not to exceed Five Million Dollars (\$5,000,000) from the Economic Transformation Program, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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.

* * *

Mr. Vanderloo then asked the Directors to authorize ESD to make a \$1,200,000 Regional Council Awards grant to Trudeau Institute that will enable Trudeau to continue operations and expand its biomedical research laboratory and programs at Saranac Lake, New York.

Mr. Vanderloo further explained that the funding will assist in updating the facilities and in recruiting additional high level research scientists and related professional staff. Without ESD assistance, Mr. Vanderloo added, the expansion and retention project would not take place in New York.

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The Trudeau Institute, Mr. Vanderloo continued, is a non-profit biomedical research organization whose scientific mission is to make break-through discoveries leading to improved human health. Trudeau scientists, he added, conduct research and studies on cancer, influenza, pneumonia, tuberculosis, AIDS and aging.

In closing, Mr. Vanderloo noted that as a result of ESD's support, 92 jobs will be retained and three new jobs will be created.

Following Mr. Vanderloo's full presentation, the Chair called for questions or comments. Director Adams then spoke about the project noting, in part, that over the Summer, Trudeau received three major new NIH grants that enabled it to begin some new research with new principal primary investigators.

Director Adams further noted that there has been a new CEO, Dr. Goldfarb, who has a very strong background in translational research and in biotech.

Director Miller then asked if it were possible for the State to recapture some of its investment directly, given the nature of the research and the potential for a large return on the investment.

Director Adams stated that ESD has made a series of recommendations to the Administration about improving the climate for bioscience across New York State and that in

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that regard, Director Miller’s issue has been raised and ESD will let the Directors know in the New Year if that program will move forward.

There being no further questions or comments, and upon motion duly made and seconded the following resolution was unanimously adopted:

Regional Council Award - Saranac Lake (North Country Region – Franklin County) – Trudeau Institute Working Capital – Economic Development Purposes Fund (Working Capital Grant) – Findings and Determinations Pursuant to Section 10 (g) of the Act; 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 Trudeau Institute Working Capital – Economic Development Purposes Fund Working Capital 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to The Trudeau Institute a grant for a total amount not to exceed One Million Two Hundred Thousand Dollars (\$1,200,000) from the Economic Development Purposes 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 President 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 President 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 President and Chief Executive Officer 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

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consider to be necessary or proper to effectuate the foregoing resolutions.

* * *

Next, Ms. Gabriel asked the Directors to authorize ESD to make a \$1,000,000 Regional Council Awards grant to the Research Foundation for the State University of New York.

Said funds, Ms. Gabriel noted, will be used for a portion of the cost of the purchase and installation of machinery.

Ms. Gabriel continued and explained that the University will establish a Biotechnology Training Center at their east campus in Rensselaer. The Training Program, she added, is part of a larger \$9 million effort by the University to develop a pipeline of highly trained individuals with technical training and certifications in sophisticated collaboration equipment for the biotech and other technology oriented industries.

Ms. Gabriel added that the Biotech Training Center project includes a fit out of 6,000 square feet of re-purposed lab space and the purchase and installation of highly specialized machinery and equipment. Ms. Gabriel further noted that the project is underway and it is anticipated that if all the equipment is installed by June 2013, training will commence in the fall of 2013. Ms. Gabriel then stated that it is anticipated that 30 trainees will participate in the programming annually.

Following the full presentation, the Chair called for questions or comments. Hearing

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

Regional Council Award – Priority Project - Rensselaer (Capital Region – Rensselaer County) – The Research Foundation for SUNY - Biotechnology Training Center Capital – Regional Council Capital Fund (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 The Research Foundation for SUNY - Biotechnology Training Center Capital -- Regional Council Capital Fund 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 President 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 President 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, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to The Research Foundation for The State University of New York a grant for a total amount not to exceed One Million Dollars (\$1,000,000) from the Regional Council Capital 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 President 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 President and Chief Executive Officer 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

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RESOLVED, that the President and Chief Executive Officer 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.

* * *

The Directors were then asked by Mr. Fayle to authorize ESD to make a \$3,000,000 Regional Council Awards grant to Syracuse University to be used for a portion of the costs of construction and fit-out of available space at the Syracuse Center of Excellence for new research and development labs.

Mr. Fayle continued and explained that the new labs will focus specifically on New York energy, regional innovation clusters or the NYE-RIC opportunities. He added that the total cost of the project is \$827 million and that it is consistent with the mission of the Center of Excellence in Syracuse.

Following the full presentation, the Chair called for questions or comments. Hearing none and upon motion duly made and seconded the following resolution was unanimously adopted:

Regional Council Award – Priority Project - Syracuse (Central New York Region – Onondaga County) – Syracuse University NYE – RIC Capital – Regional Council Capital Fund (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 Syracuse University

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NYE – RIC Capital – Regional Council Capital Fund Capital 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 President 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 President 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, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Syracuse University a grant for a total amount not to exceed Three Million Dollars (\$3,000,000) from the Regional Council Capital 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 President 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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.

* * *

Syracuse (Central New York Region – Onondaga County) – Syracuse University NYE – RIC Capital – Regional Council Capital Fund – Determination of No Significant Effect on the Environment

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RESOLVED, that based on the material submitted to the Directors with respect to the Syracuse University NYE – RIC Capital Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

Next, Ms. Lippowitsch presented the November Non-Discretionary Consent Calendar for approval.

Ms. Lippowitsch noted that the Directors were being asked to approve one project covering two grants totaling \$1,980,000 in assistance authorized or re-appropriated in the fiscal year 2012-2013 New York State Budget.

Ms. Lippowitsch went on to explain that due diligence has been exercised by ESD staff and that the recipients have provided ESD with the required disclosure and accountability certifications.

Ms. Lippowitsch then briefly outlined the specifics of the requested action. Ms. Lippowitsch stated that the project is Executive-sponsored through the research Foundation of SUNY for the operating costs of the Hunter James Kelly Research Institute in Erie County relating to research for Krabbe disease and other disorders of the nervous system.

The Project, she added will be funded through the State's general fund.

Following the presentation, the Chair called for questions or comments. Hearing none

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and upon motion duly made and seconded, the following resolution was unanimously adopted:

Local Assistance - Findings and Determinations Pursuant to Section 10 (g) of the Act;
Authorization to Make Grants 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 Local Assistance Projects (the “Projects”), 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(s); and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make grants to the party and for the amount listed below from Local Assistance, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President 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 President and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the grants, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grants as he or she may deem necessary or appropriate in the administration of the grants; 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

Local Assistance – Executive – Project Summary Table

| | Project Name | Proj # | Grantee | Assistance up to |
|---|---|---------------|--|-------------------------|
| A | The Research Foundation – Krabbe Disease Research Working Capital | W889, W890 | The Research Foundation of State University of New York | 1,980,000 |
| | | | TOTAL | \$1,980,000 |

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

* * *

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Mr. Gawlik then asked the Directors to adopt the Modified General Project Plan for the Canalside Project which is being undertaken by ESD's subsidiary, the Erie Canal Harbor Development Corporation.

The Directors were also asked to make a Determination of No Significant Effect on the Environment and to authorize the Corporation to take other related actions.

Mr. Gawlik provided a detailed update on the status of the project to date, noting, in part, that the modification being sought today involves the inclusion of the proposed development on a parcel known as the Webster Walkup.

Mr. Gawlik explained that Webster Walkup is a very integral part of the Canalside district. The property, he noted, is owned by the City of Buffalo and several months ago, the City issued an RFP to develop the property. As a result, Mr. Gawlik continued, a group headed by the Buffalo Sabres owner, Tony Pegula, was selected to develop the site.

Mr. Gawlik went on to explain that the site will be developed as a mixed use building with two full-size NFL ice rinks, which will primarily be used to develop local hockey talent and junior talent, a hotel of up to 200 rooms and first floor retail, restaurant space and parking for approximately 965 cars.

Following the full presentation, the Chair called for questions or comments. Hearing

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

Buffalo (Erie County) – Canalside Land Use Improvement Project -Adoption of Modified General Project Plan; Authorization to Hold Public Hearing; Determination of No Significant Effect on the Environment; Authorization to Take Related Actions

RESOLVED, that with respect to the Canalside Land Use Improvement Project (the “Project”), the Corporation does hereby adopt, as required by Section 16 of the New York State Urban Development Corporation Act of 1968, as amended, the Modified General Project Plan for the Project submitted to this meeting (the “Plan”), together with such changes therein as the President 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 authorizes the Corporation to hold a public hearing on the Plan; and be it further

RESOLVED, that the President or his designee(s) be, and each of them hereby is, authorized and directed, in the name and on behalf of the Corporation, to execute and deliver any and all documents and to take any and all such actions as may be necessary or appropriate to effectuate the foregoing resolutions.

* * *

Buffalo (Erie County) – Canalside Land Use Improvement Project -Adoption of Modified General Project Plan; Authorization to Hold Public Hearing; Determination of No Significant Effect on the Environment; Authorization to Take Related Actions

RESOLVED, that on the basis of the materials submitted to the Directors with respect to the Canalside Land Use Improvement Project (the “Project”), the Erie Canal Harbor Development Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

Next, Mr. Gawlik asked the Directors to authorize ESD to acquire and dispose of the Mid-Orange Correctional Facility. Mr. Gawlik noted that this real property consists of a former prison located in the Town of Warwick in Orange County.

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Among other things, Mr. Gawlik explained that in the Spring of 2011, several correctional facilities and youth facilities around the State were closed, one of them included the Mid-Orange facility which was operated by the New York State Department of Corrections and community supervision.

The facility, he noted, consists of over 700 acres, most of which are owned by the State of New York. A small portion of land, Mr. Gawlik continued, is owned by ESD due to various bond financings.

Since its closing, Mr. Gawlik added, local officials have worked out a plan to develop this site and have requested that a portion of the property be transferred to the Town of Warwick for no consideration with the other portion being transferred to the Local Development Corporation at fair market value.

Mr. Gawlik noted that the plan is to ultimately put the town portion of the property to use as public space for beach, walking trails, playgrounds, pavilions and those types of things and the Local Development Corporation portion will be used to create an industrial and commercial park.

Following the presentation, the Chair called for questions or comments. Director Miller asked about the bond financings and specifically what the sale of the property means in terms of the outstanding bonds. Mr. Gawlik stated that there are certain safe harbor

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provisions that protect ESD and the State for the previous issuance of tax-exempt financing for these parcels.

Director Dyson asked what the history is regarding what happens to these facilities when they are closed and sold off.

Mr. Younis noted that there has not been a great deal of history in that regard. Reiterating a comment made by Mr. Gawlik, Mr. Younis stated that they largely remain dormant and very quickly fall apart.

Mr. Younis added that ESD has worked very closely with a number of different agencies and the locals and that ESD has a certain amount of grant money and tax credits available for businesses that will locate to the facilities to put them back into use. This, he noted, is part of a plan announced by the Governor in 2011 and so far, the plan has had reasonable success.

There being no further questions or comments, and upon motion duly made and seconded, the following resolution was unanimously adopted:

Town Warwick (Orange County)- Proposed Disposition of the Mid-Orange Correctional Facility - Authorization to Acquire and Dispose of Real Property in accordance with the Applicable Provisions of the Public Authorities Law, Determination of No Significant Effect on the Environment and Take Relate Actions.

RESOLVED, that based on the materials presented to this meeting and ordered filed with the records of the New York State Urban Development Corporation d/b/a Empire State Development (the "Corporation") relating to the former Mid-Orange Correctional Facility, the Corporation be and hereby is authorized to: (i) acquire real property from the State of New York

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consisting of the Mid-Orange Correctional Facility in Town Warwick in Orange County; (ii) dispose and convey title of the Mid-Orange Correctional Facility to the Warwick Valley Local Development Corporation and/or Town of Warwick in accordance with, and make all findings required by, the Applicable Provisions of the Public Authorities Law, and Federal tax law; and (iii) take all related actions; and be it further

RESOLVED, that on the basis of the materials submitted to the Directors, the Directors hereby find that there is no reasonable alternative to the proposed below market transfer that would achieve the same purpose of such transfer, and be it further

RESOLVED, that on the basis of the materials submitted to the Directors, the Corporation hereby determines that the proposed action will not have a significant effect on the environment, and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designees be, and each of them hereby is, authorized to take such action and execute such documents as may be necessary or appropriate to carry out the foregoing resolutions and to maintain compliance with Federal tax law applicable to the Corporation's refunding bonds with respect to the portion of the Tryon Facility owned by the Corporation pursuant to various bond financings.

* * *

Ms. Roy then asked the Directors to authorize ESD to take various actions in connection with the Harlem River Park Towers Residential Project.

Ms. Roy stated that in August 2012, the Directors authorized ESD to accept a partial pre-payment of \$40 million and consent to the assignment and subordination of the remaining \$58 million in debt, to allow the purchase and rehabilitation of the Harlem River Park Housing Project.

Ms. Roy then further stated that following the approval of ESD's Directors and the Harlem Community Renewal's ("HCR") board, the project learned that it was unable to obtain project-based vouchers through HUD's rental systems demonstration program and thus, the

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project required substantial restructuring to allow for the continuance of the rent sub-contract for Section 8 vouchers for tenants.

Because of the foregoing, Ms. Roy stated, staff has returned to request the Directors' approval of a new transaction with the project's purchasers.

Ms. Roy then went on to provide historical financial background with regard to the project, noting, in part, that ESD has entered into numerous work-out agreements with the housing company to provide debt relief and has not collected debt service since 2010.

To allow for the needed rehabilitation, Ms. Roy continued, ESD will receive \$20 million at closing and assign the remaining \$75 million debt to the purchaser.

Ms. Roy continued and explained that upon permanent conversion, ESD will receive 45% cash co-split with a guaranteed floor payment of approximately \$24 million up-front payment, the annual guaranteed cash flow payment will total \$52 million 8 to 12 years upon completion of the construction.

Ms. Roy added that the project will be financed through HCR and the purchasers are contributing \$4 million from their property's operation over the cost of the rehab to fund development costs.

The project, Ms. Roy stated, will be maintained as affordable to families earning 60

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percent or below area median income in the household.

Following Ms. Roy’s full presentation, the Chair called for questions or comments.

Director Miller asked how long the period of affordability will run for and Ms. Roy said it would run for 35 years, consistent with HCR financing.

There being no further questions or comments, and upon motion duly made and seconded, the following resolution was unanimously adopted:

BRONX COUNTY - HARLEM RIVER PARK TOWERS RESIDENTIAL PROJECT - UDC LOAN NO. 18 - REQUEST FOR AUTHORIZATION TO (I) ACCEPT A PARTIAL PREPAYMENT OF CASH, (II) ACCEPT CASH FLOW PAYMENTS, (III) CONSENT TO BORROWER ASSIGNMENT AND SUBORDINATION OF THE REMAINING BALANCE OF OUTSTANDING INDEBTEDNESS, AND (IV) TAKE ALL RELATED ACTIONS.

RESOLVED, that, based on the materials submitted to this meeting and ordered filed with the records of the New York State Urban Development Corporation (“Corporation”) relating to the Harlem River Park Residential Project (UDC Loan No. 18), the Corporation be and hereby is authorized to: (i) Accept a Partial Prepayment of Cash, (ii) Accept Cash Flow Payments, (iii) Consent to Borrower Assignment and Subordination of the Remaining Balance of Outstanding Indebtedness, and (iv) Take All Related Actions.
and, be it further

RESOLVED, that the Officers of the Corporation, be, and each of them hereby is authorized and directed to take any and all actions necessary to carry out the foregoing resolutions and to carry out any authority or delegation granted to the Corporation or in conjunction with such authorizations, including, but not limited to, the preparation and execution of any agreements, instrumentation and/or documents as such authorized officer may deem necessary or appropriate.

* * *

Next, Ms. Roy asked the Directors to authorize ESD to enter into a contract for basic loan servicing and additional services for its Affordable Housing Portfolio.

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Ms. Roy provided the relevant background information with regard to ESD’s housing portfolio as well as a detailed synopsis of the process involved in selecting Greystone Servicing Corporation to provide both servicing and consultant support with regard to the portfolio.

Ms. Roy pointed out that Greystone is ESD’s current loan servicing provider and that it received high scores based upon ESD’s review committee’s evaluation.

Ms. Roy further noted that although Greystone is not a certified MWBE, the company intends to partner with Ashland Global, a certified MWBE, to provide the additional support services that may be required in the future.

Following Ms. Roy’s full presentation, Chair Shimer called for questions or comments. Hearing none, and upon motion duly made and seconded, the following resolution was unanimously adopted:

EMPIRE STATE DEVELOPMENT CORPORATION – Authorization to enter into a contract for Basic Loan Servicing and Additional Services for Affordable Housing Portfolio with Greystone Servicing Corporation and take related actions.

RESOLVED, that the Corporation is hereby authorized to enter into a contract for Basic Loan Servicing and Additional Services for Affordable Housing Portfolio with Greystone Servicing Corporation and take related actions for the purposes and services, and substantially on the terms and conditions, set forth in the Materials; and be it further

RESOLVED, that the President & Chief Executive Officer of the Corporation or his designee be, and each of them hereby is, authorized to take such action and execute such documents as may be necessary or appropriate to carry out the foregoing resolution. Any actions taken with respect to this contract prior to the date hereof are hereby ratified and approved.

* * *

Ms. Roy then asked the Directors to delegate authority to the President and Chief Executive Officer to make Section 32 Mortgage Advances.

Ms. Roy explained that several of ESD’s properties in its Mitchell Lama housing portfolio are in areas that were impacted by Hurricane Sandy.

The housing companies, she continued, are making efforts to repair the heat, water, electric and elevator systems in those buildings and most of them are functional at this time.

These systems, Ms. Roy further noted, were damaged severely by flooding and many may require additional capital in the near future for further repairs. Ms. Roy further explained that in order to ensure the tenant’s needs are met in a timely basis, ESD may be called upon to provide Section 32 Mortgage Advances or to enter into certain contracts to allow expedited repairs.

Staff, she continued, is therefore requesting that the Directors delegate authority to the President and Chief Executive Officer or his designees to make Section 32 Mortgage Advances in an amount not to exceed \$5,000,000.

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Director Dyson asked if \$5 million was enough and Ms. Roy stated that staff believes it to be enough on an emergency basis. If more is required, she stated, the matter will be presented to the Directors.

The Chair then asked if this was a total of \$5 million or \$5 million per incident. Ms. Roy stated that it was \$5 million total.

Director Miller asked how many buildings were involved and Ms. Roy said that five properties were affected by the storm.

Director Adams noted that ESD just wants to be prepared should it be necessary to take immediate action.

Director Miller posed several questions relating to the interest rates should these Section 32 Advances be made and Ms. Roy answered them to Directors Miller's satisfaction.

Following the full presentation, the Chair called for and further questions or comments. Hearing none, and upon motion duly made and seconded, the following resolution was unanimously adopted:

REQUEST TO (I) DELEGATE AUTHORITY TO THE PRESIDENT & CHIEF EXECUTIVE OFFICER OR HIS DESIGNEE TO MAKE SECTION 32 MORTGAGE ADVANCES IN AN AMOUNT NOT TO EXCEED \$5 MILLION, (II) DELEGATE AUTHORITY TO THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OR HIS DESIGNEE TO ENTER INTO CONTRACTS FOR NECESSARY REPAIRS AND (III) TAKE ALL RELATED ACTIONS.

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RESOLVED, that, based on the materials submitted to this meeting and ordered filed with the records of the New York State Urban Development Corporation (“Corporation”) relating to the Corporation’s Affordable Housing Portfolio, the Corporation be and hereby is requested to (i) grant authority to the President & Chief Executive Officer or his designee to make Section 32 mortgage advances in an amount not to exceed \$5 million, (ii) delegate authority to the President and Chief Executive Officer or his designee to enter into contracts for necessary repairs, and (iii) take all related actions; and be it further;

RESOLVED, that the Officers of the Corporation, be, and each of them hereby is authorized and directed to take any and all actions necessary to carry out the foregoing resolutions and to carry out any authority or delegation granted to the Corporation or in conjunction with such authorizations, including, but not limited to, the preparation and execution of any agreements, instrumentation and/or documents as such authorized officer may deem necessary or appropriate.

* * *

Next, Mr. Fayle asked the Directors to authorize ESD to affirm an amendment to the General Project Plan and to take related actions in connection with the Radisson New Community Project.

Mr. Fayle provided a detailed synopsis of background information with regard to this request. He included an outline of the comments received with regard to the public hearing held on the General Project Plan on October 24, 2012 and ESD staff’s review and response to same.

Following the full presentation, the Chair called for questions or comments. The Chair and Director Adams thanked staff for their work on this project.

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There being no further questions or comments, and upon motion duly made and seconded, the following resolution was unanimously adopted:

TOWN OF LYSANDER (ONONGADA COUNTY) – RADISSON NEW COMMUNITY PROJECT – Affirmation of Amendment to General Project Plan; and Authorization to Take Related Actions

RESOLVED, that, pursuant to the UDC Act, after due consideration of the testimony given at the public hearing on October 24, 2012 and all written comments received on the Amendment to the General Project Plan (the “Plan Amendment”) as described in and attached to the materials presented to this meeting, the Corporation does hereby affirm the Plan Amendment, a copy of which Plan Amendment is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that all continuing authority of the President and Chief Executive Officer of the Corporation, or his designee(s), to carry out the Project pursuant to the resolutions, previously adopted and adopted today by the Directors with respect to the Project, is hereby ratified and confirmed; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation, or his designee(s), be, and each of them hereby is, authorized and directed, in the name and on behalf of the Corporation, to execute and deliver any and all documents and to take all actions as may be considered necessary or appropriate to effectuate the foregoing.

* * *

The Chair noted that there were two information items on the Agenda. With regard to the first item relating to the Budget Variance Reports, the Chair noted that there would be no presentation, but that staff was available to answer any questions.

Mr. Adams then provided the President’s Report for the Directors’ information.

Among other things, Director Adams spoke about the Governor’s New York State Wine, Beer, Cider and Spirits Summit in Albany. In that regard, he noted that the Governor has asked

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that new promotional campaigns be set up to promote Upstate and Long Island Wines and to assist all new breweries and spirits and cider mills all over the State.

The President also spoke about the MWBE Statewide Conference that was hosted by the Governor on October 25th.

President Adams then spoke of the various measures implemented by the Governor's Office to combat the effects of Hurricane Sandy on the local communities.

There being no further business, the meeting was adjourned at 11:20 a.m.

Respectfully submitted,

Eileen McEvoy
Corporate Secretary

FOR CONSIDERATION

December 20, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Woodbury (Long Island Region – Nassau County) – Clever Devices Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant)

REQUEST FOR: Findings and Determinations Pursuant to Sections 16-m 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: Clever Devices Inc. (“Clever Devices” or the “Company”)

ESD* Investment: A grant of up to \$200,000 to be used for a portion of the cost of building renovations and the purchase of machinery and equipment.

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

Project Location: 300 Crossway Park Drive, Woodbury, Nassau County

Proposed Project: Renovate and equip a leased 45,000-square-foot building and relocate operations.

Project Type: Business expansion involving job retention and creation.

Regional Council: The Long Island Regional Council has been made aware of this item. The Project predates the Regional Council Initiative. The Incentive Offer was accepted in July 2011. This project is strongly supported by the November 2011 Long Island Strategic Economic Development Plan because it provides assistance to an advanced manufacturing firm

that sells its products globally. The Long Island plan specifically noted support for global exporters and advanced manufacturing firms as a strategy for economic growth.

| | | |
|-------------|--|-----|
| Employment: | Initial employment at time of ESD Incentive Offer: | 125 |
| | Current employment level: | 181 |
| | Minimum employment on January 1, 2014: | 167 |

II. Project Cost and Financing Sources

| <u>Financing Uses</u> | <u>Amount</u> |
|------------------------------------|---------------------------|
| Construction/Renovation | \$2,100,000 |
| Furniture, Fixtures, and Equipment | <u>\$3,700,000</u> |
| Total Project Costs | <u>\$5,800,000</u> |

| <u>Financing Sources</u> | <u>Amount</u> | <u>Percent</u> | <u>Rate/Term/Lien</u> |
|--------------------------------|---------------------------|--------------------|-----------------------|
| ESD-Grant | \$200,000 | 3% | |
| M&T Bank* | \$1,900,000 | 33% | 2.96%/5 years/M&E |
| Company Equity | <u>\$3,700,000</u> | <u>64%</u> | |
| Total Project Financing | <u>\$5,800,000</u> | <u>100%</u> | |

*Floating at the One Month LIBOR plus 2.75%. Or A Fixed rate via an Interest Rate swap.

III. Project Description

A. Company

Industry: Manufacturer of electronic systems for the public and private transit industry.

Company History: Founded in 1987, Clever Devices provides innovative, state of the art, transit technology solutions to public and private transportation providers. The Company implements clean engineering methods to manufacture its electronic transit systems. In recent years it has expanded operations and gained a variety of jobs, with average wages of one hundred thousand dollars per year. The Company's technologies advance the ability of transit agencies to monitor and control its fleets, reduce fuel consumption, lower emissions and increase safety and security, improving accessibility for riders and contributing to the economic and environmental sustainability of the transit systems within the communities it serves.

Ownership: The Company is a privately held corporation.

Size: The Company has two headquarter offices located in Woodbury, Long Island and Ontario, Canada; and four US Regional offices located in Richmond, VA, Chicago, IL, Vancouver, WA and Durham, NC.

Market: Clever Devices offers a broad range of Intelligent Transportation Systems (ITS) for all modes of public transportation, including fixed-route, bus rapid transit, paratransit, and rail. Their top ten clients include: New Flyer Industries, City of Ottawa, New Jersey Transit, Washington Metro Area Transportation Authority, MTA Business Service Center, Pinellas Suncoast Transit Authority, Chicago Transit Authority, North American Bus Industries, Nova Bus LFS, and Worcester Regional Transit Authority.

ESD Involvement: The Company experienced an increase in productivity and planned to expand its operations to an existing facility in Richmond, Virginia or to another location in Nassau County. Based on relocation cost, Virginia was the best option. To encourage the Company to proceed with the Project in New York State, ESD made an incentive offer of a \$200,000 capital grant, which was accepted in July 2011. In addition, the Incentive Proposal includes an incentive for up to \$1,000,000 of Excelsior Job Program Credits.

Competition: Without ESD's financial assistance the Company would have relocated the Long Island operation to its existing facility in Richmond, Virginia.

Past ESD Support: This is the first ESD grant to the Company. Clever Devices Ltd was Empire Zone certified as a Regionally Significant Project in Nassau County in 2009. They voluntarily decertified in 2011. The company never reported using any tax credits.

B. The Project

Completion: November 2012

Activity: The Project involved the construction and renovation of a 45,000-square-foot leased facility in Woodbury, as well as the purchase of IT machinery and equipment, and furniture. The expansion included the renovation of office, laboratory, and manufacturing space to accommodate the addition of new employees.

Results: The Company will expand its research, development and manufacturing operations, as well as retain 125 existing jobs and create 42 new jobs in Nassau County.

Grantee Contact: Andrew Stanton, Chief Operating Officer
300 Crossways Park
Woodbury, NY 11797
Phone: (516) 433-6100 Ext.107 Fax: (516) 433-5080

ESD Project No.: X452

| | | |
|---------------|---------------------------------|-----------------|
| Project Team: | Origination | Barry Greenspan |
| | Project Management | Glenda Wenerski |
| | Contractor & Supplier Diversity | Vikas Gera |
| | Environmental | Soo Kang |

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Company shall pay a commitment fee of 1% of the \$200,000 capital grant \$2,000 and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
3. The Company will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
4. Prior to disbursement, the Company 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 Location 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 Location 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.

Up to \$200,000 will be disbursed to the Grantee in three installments as follows:

- a) a First Disbursement, of an amount equal to 50% of the grant (\$100,000) will be disbursed upon documentation of substantial completion of the project, as described in these materials, verifying purchase and installation of \$500,000 in machinery and equipment and \$2,000,000 in building construction/renovations,

- and documentation of the employment of at least 140 Full-time Permanent Employees at the Project Location, 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 155 Full-time Permanent Employees at the Project Location (Employment Increment of 15), provided Grantee is otherwise in compliance with program requirements and can be requested simultaneously with the First Disbursement;
 - c) a Third Disbursement of an amount equal to 25% of the grant (\$50,000) will be disbursed upon verification of total project expenditures of approximately \$5,800,000 and documentation of the employment of at least 167 Full-time Permanent Employees at the Project Location (Employment Increment of 12), provided Grantee is otherwise in compliance with program requirements.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses reimbursed by ESD's grant must be incurred on or after July 8, 2011, to be considered eligible project costs. All disbursements must be requested by April 1, 2014.

- 5. 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 Company 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.
- 6. 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.

| | |
|---------------------|-----|
| Baseline Employment | 125 |
|---------------------|-----|

| A | B |
|------------------|------------------|
| Reporting Date | Employment Goals |
| February 1, 2014 | 125+X+Y+Z |
| February 1, 2015 | 125+X+Y+Z |
| February 1, 2016 | 125+X+Y+Z |
| February 1, 2017 | 125+X+Y+Z |

X = Grantee's Employment Increment that will be the basis of the First Disbursement of the Grant as described in section C.5 above (i.e. X=15, and Employment Goals shall equal [125 + X = 140] if the First Disbursement is made, in the year such disbursement is made and for each year thereafter). If the First Disbursement has not yet been made then X=0.

Y = 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. Y=15, and Employment Goals shall equal [125 + X + Y = 155] 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 Y=0.

Z = 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. Z=12, and Employment Goals shall equal [125 + X + Y + Z = 167] 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.

IV. Statutory Basis

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms.

As a result of this project, the Company will maintain its employment level of 125 and create 42 new jobs.

2. The proposed project would be unlikely to take place in New York State without the requested assistance.

Without ESD assistance, this project would likely have been relocated to an existing facility in Richmond, Virginia.

3. The project is reasonably likely to accomplish its stated objectives and the likely benefits of the project exceed costs.

Clever Devices, Inc. – Business Investment

Benefit-Costs Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment, and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits not captured in the period of analysis and may involve no permanent job commitments, the estimated benefits typically reflect only construction-related activity.

Evaluated over a seven-year period, the following are anticipated project impacts (dollar values are present value):

- Fiscal benefits to NYS government from the project are estimated at \$15,139,772;
- Fiscal cost to NYS government is estimated at \$968,682;
- Project cost to NYS government per direct job is \$9,957;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$2,731;
- Ratio of project fiscal benefits to costs to NYS government is 15.63:1;
- Fiscal benefits to all governments (state and local) are estimated at \$27,855,124;
- Fiscal cost to all governments is \$968,682;
- All government cost per direct job is \$9,957;
- All government cost per total job is \$2,731;
- The fiscal benefit to cost ratio for all governments is 28.76:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$167,639,618, or \$472,601 per job (direct and indirect);
- The economic benefit to cost ratio is 173.06:1;
- Project construction cost is \$2,100,000, which is expected to generate 14 direct job years and eight indirect job years of employment;
- For every permanent direct job generated by this project, an additional 2.65 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is one year.

(See Project Summary Benefit-Cost Evaluation attached for detail and definitions.)

4. The requirements of Section 10(g) of the Act are satisfied.

No residential relocation is required because 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. Non-Discrimination and Contractor & Supplier Diversity

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority- and women-owned businesses in the performance of ESD projects and procurements. MWBE participation goals cannot be established for this project for the following reasons: (i) Per the Grantee's amended CFA application dated November 30, 2012, the construction and renovation aspects of the project totaling approximately 66% of the overall project cost were controlled and incurred by the landlord of the property and therefore exempt from MWBE participation requirements, and (ii) the remaining 33% accounts for procurement of Fixtures and Furniture, for which the grantee has already secured agreements. In November of 2012, the Grantee reported that the project is complete and that 100% of the funds have been spent or committed. As such, no potential exists for any MWBE utilization.

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
Benefit-Cost Analysis

Woodbury (Long Island Region – Nassau County) – Clever Devices Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) – Findings and Determinations Pursuant to Sections 16-m and 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 Clever Devices Capital - Empire State Economic Development Fund - General Development Financing (Capital Grant) Project (the "Project"), the Corporation hereby determines pursuant to Sections 16-m and 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the "Act"), that

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms;
2. The project would be unlikely to take place in New York State without the requested assistance;
3. The project is reasonably likely to accomplish its stated objectives and that the likely benefits of the project exceed costs;
4. 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 President 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 President 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Clever Devices Inc. a grant for a total amount not to exceed Two Hundred Thousand Dollars (\$200,000) from the Empire State Economic Development 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 President 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 President 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 President and Chief Executive Officer 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.

* * *

Project Summary Benefit-Cost Evaluation¹

Clever Devices, Inc. – Business Investment

Benefit-Costs Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment, and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits reported in the table below typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits not captured in the period of analysis and may involve no permanent job commitments, the table typically reflects only construction-related activity. Benchmarks for each type of project are noted in the footnotes.

Initial Jobs: 125
New Jobs: 42

Construction Job Years (Direct): 14
Construction Job Years (Indirect): 8

| Evaluation Statistics | Project Result NYS Govt. | NYS Govt. Benchmarks for ESD Projects ² | Project Results State & Local Governments | State & Local Government Benchmarks for ESD Projects |
|--------------------------------------|-----------------------------|--|---|---|
| Fiscal Costs³ | \$968,682 | \$794,250 | \$968,682 | \$1,020,500 |
| Fiscal Benefits⁴ | \$15,139,772 | \$2,085,600 | \$27,855,124 | \$4,271,980 |
| Fiscal Cost /Direct Job | \$9,957 | \$3,000 | \$9,957 | \$4,110 |
| Fiscal Cost/Total Jobs | \$2,731 | \$1,424 | \$2,731 | \$1,964 |
| Fiscal B/C Ratio | 15.63 | 7.00 | 28.76 | 10.60 |
| | | | | |
| | Project Results | Benchmarks for ESD Projects | | |
| Economic Benefits⁵ | \$167,639,618 | \$119,468,000 | | |
| Econ. Benefits/Total Jobs | \$472,601 | \$147,600 | | |
| Economic B/C Ratio | 173.06 | 50.00 | | |

1 Dollar values are present value calculated over a 7-year period. Separate evaluations are made and reported for New York State government assistance alone and for State and Local government.

2 The current project evaluation results (both fiscal and economic) are compared to performance measure benchmarks based on results of a sample of ESD non-retail projects. Business Investment project benchmarks are 7.00 (Fiscal) and 50.00 (Economic).

3 Fiscal cost includes the value of grants, loans and associated default risks, and discretionary subsidies (such as tax exemptions or abatements on sales, property, and interest income).

4 Fiscal benefits are the loan repayments and tax revenues to New York State and Local governments generated by project activity. This includes estimated taxes on personal incomes from project direct and indirect employment, corporate and business incomes, excise and user taxes, property taxes, and other taxes.

5 Economic benefits are estimated project benefits measuring fiscal flows to government plus net resident disposable income from project direct and indirect employment net of transfers, without adjusting for individual income earners' opportunity cost of employment.

FOR CONSIDERATION

December 20, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Purchase (Mid-Hudson Region – Westchester County) – TAL
International Container Capital – Empire State Economic Development
Fund – General Development Financing (Capital Grant)

REQUEST FOR: Findings and Determinations Pursuant to Sections 16-m 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: TAL International Container Corporation (“TAL International” or the
“Company”)

ESD* Investment: A grant of up to \$290,000 to be used for a portion of the cost of
renovation of a 27,718 square foot facility.

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

Project Location: 100 Manhattanville Road, Purchase, Westchester County

Proposed Project: Renovation of 27,718 square feet of existing leased office space facility
improvement and purchase of furniture, fixtures and equipment.

Project Type: Business improvement involving job retention and creation.

Regional Council: The Mid-Hudson Regional Council has been made aware of this item.
Project predates the Regional Council Initiative. The Incentive Offer was
accepted in November 2011. The project is consistent with the Regional
Plan because the Mid-Hudson plan focused on undertaking initiatives to
retain and stimulate mature industries such as the transportation

industry, since it represents a large, vital anchor industry in the Mid-Hudson economy.

Employment: Initial employment at time of ESD Incentive Offer: 72*
Current employment level: 72*
Minimum employment through January 1, 2015: 70*

*Including up to 2 Full-Time Contract Employees

II. Project Cost and Financing Sources

| <u>Financing Uses</u> | <u>Amount</u> | |
|--------------------------|--------------------|----------------|
| Construction/Renovation | \$1,400,000 | |
| Telephone/IT Equipment | 146,000 | |
| Furniture, Fixtures | 800,000 | |
| Soft Costs | <u>350,000</u> | |
| Total Project Costs | <u>\$2,696,000</u> | |
| | | |
| <u>Financing Sources</u> | <u>Amount</u> | <u>Percent</u> |
| ESD-Grant | \$290,000 | 11% |
| Company Equity | <u>2,406,000</u> | <u>89%</u> |
| Total Project Financing | <u>\$2,696,000</u> | <u>100%</u> |

III. Project Description

A. Company

Industry: TAL International leases premier intermodal freight containers. An intermodal container is a standardized, reusable, steel box used for the safe, efficient and secure storage and movement of materials and products in global transport.

Company History: Founded in 1963, TAL International is one of the world's largest lessors of intermodal freight containers, currently operating 17 offices in 11 countries and approximately 216 third-party container depot facilities in 39 countries. TAL International leases, re-leases, and sells intermodal containers that can be transported on ships, trucks and railcars, enabling goods to travel over long distances with a minimum of handling.

The Company offers dry freight containers for general cargo, such as manufactured component parts, consumer staples, electronics, and apparel; refrigerated containers for perishable items, such as fresh and

frozen foods; and special containers for heavy and oversized cargo, including marble slabs, building products, and machinery.

TAL International currently operates in 27,718 square-foot of rental space.

Ownership: The Company is a primary subsidiary of TAL International Group, Inc., a publicly traded company listed on the New York Stock Exchange.

Size: TAL International has six facilities in the United States and twelve facilities internationally.

Market: The Company's main competitors are Textainer, Triton and CAI in San Francisco, GE Seaco in Singapore, and Seacube in New Jersey.

ESD Involvement: In late 2011, TAL International began looking to renovate its operating facility after an 18year residence. The project was driven, in part, by the upcoming expiration of the Company's lease in June 2012, but the Company also sought to create a work environment that was more dynamic, interactive and modern, while improving office efficiency.

Initially, the Company considered leasing a new space and searched over 30 different locations in New York and Connecticut. Remaining in New York presented a challenge, since the Company had to find alternate office space in the same building while construction was underway.

In August 2011, TAL International approached ESD to help it close a funding gap in the cost of renovating its existing office space. In September 2011, ESD made the Company an offer from the Empire State Economic Development Fund. TAL accepted ESD's incentive proposal in November 2011. In December 2011, to facilitate building renovation, TAL International amended its existing lease with its landlord, SEB Investment, to have SEB Investment perform all construction and renovation upgrades to the building. Additionally the lease was extended for 11 years. The incentive proposal was revised in November 2012 to reflect actual costs incurred.

The incentive proposal includes an incentive for up to \$16,000 of Excelsior Job Program Credits.

Competition: The Company had considered relocating to Connecticut.

Past ESD Support: This is the first ESD grant to the Company.

B. The Project

Completion: June 2012

Activity: Construction and renovation of TAL International's existing space began in March 2012. The Company completely renovated the space, redesigning the office layout, installing a new phone system, a new computer room, and all new furniture and fixtures.

Results: Retain 67 Full-time Permanent Employees, and 2 Full time Contract Employees, and create 1 Full-time Permanent Employee.

Grantee Contact: Michael Limoncelli, Vice President, Human Resources
100 Manhattanville Road
Purchase, NY 10577
Phone: (914) 697-2726 Fax: (914) 697-2996

ESD Project No.: X539

| | | |
|---------------|---------------------------------|--------------------|
| Project Team: | Origination | Chris St. Lawrence |
| | Project Management | Simone Bethune |
| | Contractor & Supplier Diversity | Denise Ross |
| | Finance | Jonevan Hornsby |
| | Environmental | Soo Kang |

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Company shall pay a commitment fee of 1% of the \$290,000 capital grant (\$2,900) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. TAL International Group, Inc. will guarantee the grant repayment obligation of its subsidiary, TAL International Container Corporation, in the event of an Employment Shortfall or other default, as defined in these materials or the Grant Disbursement Agreement.
4. The Company will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Company's acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the

project.

5. Prior to disbursement, the Company 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 Location 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 Location 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.

A Contract Employee is defined as a full-time private sector employee (or self-employed person) who is not on the Recipient's payroll but who works exclusively for the Recipient at the project location for a minimum of 35 hours per week for not less than four consecutive weeks, providing services that would otherwise be provided by a Full-time Permanent Employee. The position held by a Full-time Contract Employee must be a year-round position.

6. Up to \$290,000 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$145,000) upon completion of the project substantially as described in these materials, documentation of purchase and installation of \$2.69 million in project costs, documentation of renovation and leased space improvement project costs totaling approximately \$1.4 million, documentation of lease agreement for 27,718 rentable square feet of space, and documentation of the employment of at least 67 Full-time Permanent Employees, and 2 Full-time Contract Employees at the Project Location, 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 (\$72,500) upon continued employment of at least 67 Full-Time Permanent Employees and up to 2 Full-Time Contract Employees will be disbursed no sooner than 12 months after the date the Initial Disbursement was made, provided Grantee is otherwise in compliance with program requirements;
 - c) a Third Disbursement of an amount equal to 25% of the grant (\$72,500) upon documentation of the employment of at least 68 Full-time Permanent Employees, and up to 2 Full-time Contract Employees at the Project Location (Employment Increment of 1), will be disbursed no sooner than 24 months after the initial disbursement, provided Grantee is otherwise in compliance with program requirements.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after

November 2, 2011, to be considered eligible project costs. All disbursements must be requested by April 1, 2016.

7. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$290,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company 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.
8. 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.

| | |
|---------------------|------------------|
| Baseline Employment | 69* |
| A | B |
| Reporting Date | Employment Goals |
| February 1, 2013 | 69+X |
| February 1, 2014 | 69+X |
| February 1, 2015 | 69+X |
| February 1, 2016 | 69+X |

X = 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. X=1, and Employment Goals shall equal [69 + X = 70*] if the Third 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.

*Including up to 2 Contract Employees

IV. Statutory Basis

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms.

As a result of this project, the Company will maintain its employment level of 69 jobs, which were at risk of relocation to another state, and create 1 new job.

2. The proposed project would be unlikely to take place in New York State without the requested assistance.

The Company considered relocating its operations to Connecticut. ESD's assistance helped to reduce costs and make the project feasible in New York.

3. The project is reasonably likely to accomplish its stated objectives and the likely benefits of the project exceed costs.

TAL International Container Corporation – Business Investment

Benefit-Costs Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment, and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits not captured in the period of analysis and may involve no permanent job commitments, the estimated benefits typically reflect only construction-related activity.

Evaluated over a seven-year period, the following are anticipated project impacts (dollar values are present value):

- Fiscal benefits to NYS government from the project are estimated at \$3,571,165;
- Fiscal cost to NYS government is estimated at \$290,000;
- Project cost to NYS government per direct job is \$6,612;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$4,006;
- Ratio of project fiscal benefits to costs to NYS government is 12.31:1;
- Fiscal benefits to all governments (state and local) are estimated at \$6,205,911;
- Fiscal cost to all governments is \$290,000;
- All government cost per direct job is \$6,612;
- All government cost per total job is \$4,006;
- The fiscal benefit to cost ratio for all governments is 21.40:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$40,068,503, or \$553,512 per job (direct and indirect);
- The economic benefit to cost ratio is 138.17:1;
- Project construction cost is \$1,896,000, which is expected to generate 13 direct job years and seven indirect job years of employment;
- For every permanent direct job generated by this project, an additional 0.64 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is one year.

(See Project Summary Benefit-Cost Evaluation attached for detail and definitions.)

4. The requirements of Section 10(g) of the Act are satisfied.

No residential relocation is required because 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. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-discrimination and Contractor and Supplier Diversity policy will apply. TAL International shall use good faith efforts to achieve an overall Minority and Women-owned Business Enterprise ("MWBE") goal of 10%, and to provide meaningful participation by MWBEs as primary contractors, subcontractors or suppliers in the performance of 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

Benefit-Cost Analysis

December 20, 2012

Purchase (Mid-Hudson Region – Westchester County) – TAL International Container Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) – Findings and Determinations Pursuant to Sections 16-m and 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 TAL International Container Capital -- Empire State Economic Development Fund General Development Financing Project (the "Project"), the Corporation hereby determines pursuant to Sections 16-m and 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the "Act"), that

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms;
2. The project would be unlikely to take place in New York State without the requested assistance;
3. The project is reasonably likely to accomplish its stated objectives and that the likely benefits of the project exceed costs;
4. 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 President 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 President 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to TAL International Container Corporation a grant for a total amount not to exceed Two Hundred and Ninety Thousand Dollars (\$290,000) from the Empire State Economic Development 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 President 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 President 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

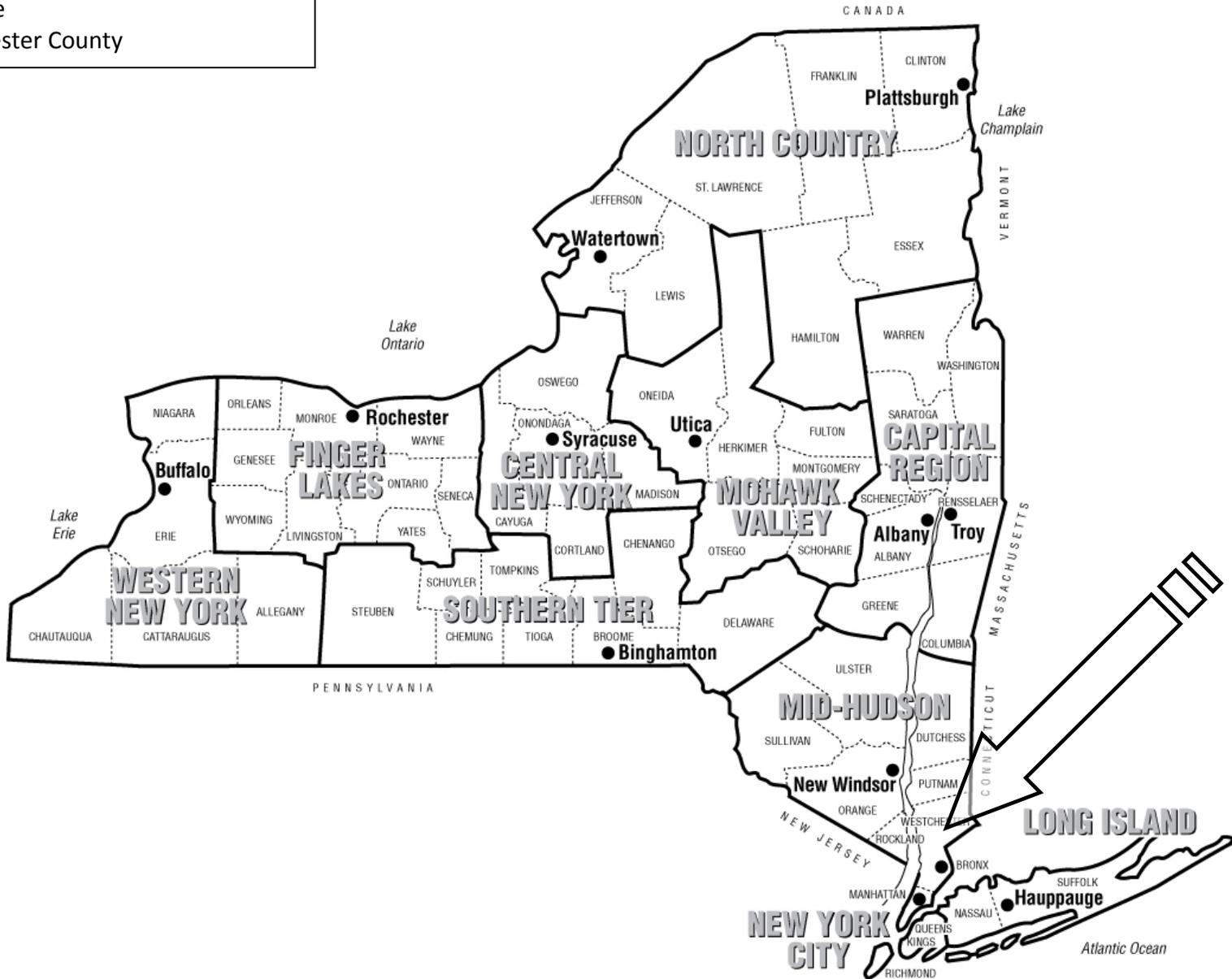
RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary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

* * *

TAL International Container Capital

Purchase

Westchester County



FOR CONSIDERATION

December 20, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Niagara Falls (Western New York Region – Niagara County) – Olin Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant)

REQUEST FOR: Findings and Determinations Pursuant to Sections 16-m and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions; Determination of No significant Effect on the Environment

General Project Plan

I. Project Summary

Grantee: Olin Chlor Alkali Products (“Olin” or the “Company”)

ESD* Investment: A grant of up to \$500,000 to be used for a portion of the costs associated with the purchase and installation of new machinery and equipment.

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

Project Location: 2400 Buffalo Avenue, Niagara Falls, Niagara County

Proposed Project: Building expansion and new machinery and equipment necessary to manufacture a new product line.

Project Type: Business expansion involving job retention and creation.

Regional Council: The Western New York Regional Council has been made aware of this item. The Incentive Offer was accepted in May 2011 which predates the Regional Council Initiative. The project is consistent with the Regional Plan as it retains and creates jobs.

Employment: Initial employment at time of ESD Incentive Offer: 192*
Current employment level: 203*
Minimum employment June 30, 2012: 203*
** May include up to 15 Full-time Contract Employees*

II. Project Cost and Financing Sources

| <u>Financing Uses</u> | <u>Amount</u> |
|-----------------------|------------------|
| Construction | \$15,350,000 |
| Machinery & Equipment | <u>6,000,000</u> |

Total Project Costs \$21,350,000

| <u>Financing Sources</u> | <u>Amount</u> | <u>Percent</u> |
|--------------------------|-------------------|----------------|
| ESD-Grant | \$ 500,000 | 2% |
| Company Equity | <u>20,850,000</u> | <u>98%</u> |

Total Project Financing \$21,350,000 100%

III. Project Description

A. Company

Industry: Olin Chlor Alkali Products is a global corporation that manufactures chlorine, caustic soda and bleach.

Company History: The Company, incorporated in 1892, is a subsidiary of Olin Corporation, with its principal office located in Clayton, MO. It is the largest producer of industrial bleach in North America and a leading supplier of chlorine and bleach used for drinking water and wastewater disinfection and purification. In addition, it makes hydrochloric acid, and hydrogen and potassium hydroxide. The Company has a fleet of 300 rail cars to deliver its products in a cost effective manner.

Ownership: Publicly-traded on the New York Stock Exchange.

Size: Olin has ten plants in North America and employs 1,485 people worldwide, with 1,292 people in the US.

Market: The Company's products are building blocks for a variety of chemicals

and pharmaceuticals found in food processing, health care facilities, buildings materials and high-tech electronic components. Major customers are DuPont (Wilmington, Delaware) and Jones Chemical (Caledonia, NY). Competitors include Occidental Petroleum Company (Los Angeles, CA), PPG Industrial (Pittsburgh, PA), and Dow Chemical Company (Midland, Michigan).

ESD Involvement: In late November 2010, Olin notified ESD that it had licensed a new manufacturing technology for one of its customers and entered into an agreement to manufacture a new high-strength bleach product, HyPure® Bleach. Olin's Niagara Falls location was competing internally with existing plants in Charleston, TN and Becancour, Quebec, Canada. Charleston had a lower labor and operating cost and would not have to incur additional construction costs to winterize the system; Becancour received government incentives. On May 3, 2011, Olin accepted ESD's incentive proposal of a \$500,000 capital grant, which resulted in the decision to proceed with the new product line in Niagara Falls. Without ESD assistance, this project would have been completed in Tennessee or Quebec, Canada.

Competition: The Company was considering manufacturing the new product in Charleston, Tennessee, which had lower labor and operating costs, or its plant in Quebec, which was offered government incentives.

Past ESD Support: In June 2007, ESD provided Olin with a MAP Capital grant in the amount of \$550,000 for the acquisition and installation of production machinery and equipment. The grant is fully disbursed and the Company is in compliance with the grant.

The May 2011 Incentive Proposal also includes a \$971,674 Excelsior tax credits for the Company's expansion project and employment commitments described below.

B. The Project

Completion: October 2012

Activity: The Project involves demolition of existing buildings totaling 7,100-square-feet, construction of a new 60,000-square-foot building, and the acquisition and installation of new process equipment, piping, controls, electrical systems and rail siding necessary to manufacture a new high strength, low salt bleach line.

Results: The Company will retain 177 existing full-time permanent employees, 15 full-time contract employees, and create 11 full-time permanent jobs by June 30, 2012.

Grantee Contact: Mr. Marc Audet, Plant Manager
2400 Buffalo Avenue
Niagara Falls, NY 14302
Phone: (716) 278-6585 Fax: (716) 278-6495

ESD Project No.: X375

| | | |
|---------------|---------------------------------|-----------------|
| Project Team: | Origination | Will Welisevich |
| | Project Management | Jean Williams |
| | Contractor & Supplier Diversity | Vikas Gera |
| | Environmental | Soo Kang |
| | Finance | Ross Freeman |

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Company shall pay a commitment fee of 1% of the \$500,000 capital grant (\$5,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. Olin Corporation will guarantee the grant repayment obligation of its subsidiary, Olin Chlor Alkali Products, in the event of an Employment Shortfall or other default, as defined in these materials or the Grant Disbursement Agreement.
4. The Company will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after ESD's announcement of the project. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
5. Prior to disbursement, the Company 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 Location 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 Location 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. For the purposes of this agreement, a Full-time

Contract Employee shall mean (a) a full-time private sector employee (or self-employed person) who is not on the Grantee's payroll but who works exclusively for the Grantee at the Project Location for a minimum of thirty-five hours per week for not less than four consecutive weeks, providing services that would otherwise be provided by a Full-time Permanent Employee.

The position held by a Full-time Contract Employee must be a year-round position or (b) two part-time, private-sector employees (or self employed individuals) that are not on the Grantee's payroll but who have worked for the Grantee at the Project Location for a combined minimum of thirty-five hours per week for not less than four consecutive weeks providing services that are similar to services that would otherwise be performed by a Full-time Permanent Employee. The maximum number of Contract Employees shall not exceed 15.

6. Up to \$500,000 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$250,000) upon completion of the project substantially as described in these materials; documentation verifying project expenditures of approximately \$20 million, including \$6 million for the acquisition and installation of machinery and equipment; and documentation of the employment of at least 192 jobs, including at least 177 Full-time Permanent Employees and up to 15 Full-time Contract Employees, at the Project Location, 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 (\$125,000) will be disbursed upon documentation of the employment of at least 197 Full-time Permanent Employees, including at least 182 Full-time Permanent Employees and up to 15 Full-time Contract Employees, at the Project Location (Employment Increment of 5), provided Grantee is otherwise in compliance with program requirements;
 - c) a Third Disbursement of an amount equal to 25% of the grant (\$125,000) will be disbursed upon documentation of the employment of at least 203 Full-time Permanent Employees, including at least 188 Full-time Permanent Employees and up to 15 Full-time Contract Employees at the Project Location (Employment Increment of 6), provided Grantee is otherwise in compliance with program requirements.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenditures must be incurred on or after May 3, 2011, to be considered eligible project costs. All disbursements must be requested by April 1, 2014.

7. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$500,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company 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.

8. 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.

| | |
|---------------------|-------|
| Baseline Employment | 192 * |
|---------------------|-------|

| A | B |
|------------------|------------------|
| Reporting Date | Employment Goals |
| February 1, 2014 | 192+X+Y |
| February 1, 2015 | 192+X+Y |
| February 1, 2016 | 192+X+Y |
| February 1, 2017 | 192+X+Y |

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=5, and Employment Goals shall equal [192 + X = 197*] 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=6, and Employment Goals shall equal [192 + X + Y = 203*] 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.

IV. Statutory Basis

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms.

As a result of this project, the Company will maintain its employment level of 192 and create 11 new full-time jobs by June 30, 2012.

2. The proposed project would be unlikely to take place in New York State without the requested assistance.

The Company considered relocating its operations to Charleston, Tennessee or Quebec, Canada. ESD's assistance helped to reduce costs and make the project feasible in New York.

3. The project is reasonably likely to accomplish its stated objectives and the likely benefits of the project exceed costs.

Benefit-Costs Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment, and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits not captured in the period of analysis and may involve no permanent job commitments, the estimated benefits typically reflect only construction-related activity.

Evaluated over a seven-year period, the following are anticipated project impacts (dollar values are present value):

- Fiscal benefits to NYS government from the project are estimated at \$15,259,104;
- Fiscal cost to NYS government is estimated at \$1,442,711;
- Project cost to NYS government per direct job is \$13,887;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$3,487;
- Ratio of project fiscal benefits to costs to NYS government is 10.58:1;
- Fiscal benefits to all governments (state and local) are estimated at \$26,202,018;
- Fiscal cost to all governments is \$1,442,711;
- All government cost per direct job is \$13,887;
- All government cost per total job is \$3,487;
- The fiscal benefit to cost ratio for all governments is 18.16:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$155,687,589, or \$376,281 per job (direct and indirect);

- The economic benefit to cost ratio is 107.91:1;
- Project construction cost is \$15,350,000, which is expected to generate 151 direct job years and 104 indirect job years of employment;
- For every permanent direct job generated by this project, an additional 2.99 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is one year.

(See Project Summary Benefit-Cost Evaluation attached for detail and definitions.)

4. The requirements of Section 10(g) of the Act are satisfied.

No residential relocation is required because there are no families or individuals residing on the site.

V. Environmental Review

The City of Niagara Falls, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project to be an Unlisted Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on September 7, 2011. ESD staff reviewed the Negative Declaration and supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

VI. Non-Discrimination and Contractor & Supplier Diversity

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority- and women-owned businesses ("MWBEs") in the performance of ESD contracts. For purposes of this project, however, project performance has already been completed, and therefore MWBE participation goals cannot be established.

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
- Benefit-Cost Analysis

December 20, 2012

Niagara Falls (Western New York Region – Niagara County) – Olin Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) – Findings and Determinations Pursuant to Sections 16-m and 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 Olin Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) Project (the “Project”), the Corporation hereby determines pursuant to Sections 16-m and 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms;
2. The project would be unlikely to take place in New York State without the requested assistance;
3. The project is reasonably likely to accomplish its stated objectives and that the likely benefits of the project exceed costs;
4. 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 President 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 President 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Olin Chlor Alkali Products a grant for a total amount not to exceed Five Hundred Thousand Dollars (\$500,000) from the Empire State Economic Development 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 President 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 President 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 President and Chief Executive Officer 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.

* * *

December 20, 2012

Niagara Falls (Western New York Region – Niagara County) – Olin Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Olin Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

Project Summary Benefit-Cost Evaluation¹

Olin Chlor Alkali Products – Business Investment

Benefit-Costs Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment, and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits reported in the table below typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits not captured in the period of analysis and may involve no permanent job commitments, the table typically reflects only construction-related activity. Benchmarks for each type of project are noted in the footnotes.

Initial Jobs: 192

Construction Job Years (Direct): 151

New Jobs: 11

Construction Job Years (Indirect): 104

| Evaluation Statistics | Project Result NYS Govt. | NYS Govt. Benchmarks for ESD Projects ² | Project Results State & Local Governments | State & Local Government Benchmarks for ESD Projects |
|--------------------------------------|-----------------------------|--|---|---|
| Fiscal Costs³ | \$1,442,711 | \$794,250 | \$1,442,711 | \$1,020,500 |
| Fiscal Benefits⁴ | \$15,259,104 | \$2,085,600 | \$26,202,018 | \$4,271,980 |
| Fiscal Cost /Direct Job | \$13,887 | \$3,000 | \$13,887 | \$4,110 |
| Fiscal Cost/Total Jobs | \$3,487 | \$1,424 | \$3,487 | \$1,964 |
| Fiscal B/C Ratio | 10.58 | 7.00 | 18.16 | 10.60 |
| | | | | |
| | Project Results | Benchmarks for ESD Projects | | |
| Economic Benefits⁵ | \$155,687,589 | \$119,468,000 | | |
| Econ. Benefits/Total Jobs | \$376,281 | \$147,600 | | |

1 Dollar values are present value calculated over a 7-year period. Separate evaluations are made and reported for New York State government assistance alone and for State and Local government.

2 The current project evaluation results (both fiscal and economic) are compared to performance measure benchmarks based on results of a sample of ESD non-retail projects. Business Investment project benchmarks are 7.00 (Fiscal) and 50.00 (Economic).

3 Fiscal cost includes the value of grants, loans and associated default risks, and discretionary subsidies (such as tax exemptions or abatements on sales, property, and interest income).

4 Fiscal benefits are the loan repayments and tax revenues to New York State and Local governments generated by project activity. This includes estimated taxes on personal incomes from project direct and indirect employment, corporate and business incomes, excise and user taxes, property taxes, and other taxes.

5 Economic benefits are estimated project benefits measuring fiscal flows to government plus net resident disposable income from project direct and indirect employment net of transfers, without adjusting for individual income earners' opportunity cost of employment.

Economic B/C Ratio

107.91

50.00

FOR CONSIDERATION

December 20, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: New York City-wide (New York City Region – All NYC Counties) – NYC Waterfront Development Permitting Working Capital – Urban and Community Development Program – Urban and Community Technical Assistance (Working Capital Grant)

REQUEST FOR: Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Make a Grant and to Take Related Actions

I. Project Summary

Grantee: New York City Economic Development Corporation (the “Organization”)

ESD* Investment: A working capital grant of up to \$300,000 to be used for a portion of consultant fees related to the One-Stop Waterfront Permitting Resource Center.

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

Project Locations: New York City waterfront—

New York County: 10034, 10040, 10033, 10039, 10037, 10035, 10029, 10128, 10028, 10075, 10021, 10065, 10022, 10017, 10016, 10010, 10009, 10002, 10038, 10004, 10280, 10281, 10282, 10013, 10014, 10011, 10001, 10018, 10036, 10019, 10069, 10024, 10025, 10027, 10031, 10032, 10033

Kings County: 11222, 11211, 11205, 11201, 11231, 11232, 11220, 11209, 11214, 11228, 11224, 11235, 11229, 11234, 11236, 11239, 11208

Queens County: 11363, 11361, 11360, 11359, 11357, 11356, 11354, 11368, 11369, 11371, 11370, 11105, 11102, 11106, 11101, 11414, 11422, 11697, 11694, 11692, 11691, 11693

Bronx County: 10464, 10475, 10471, 10464, 10468, 10453, 10452, 10451, 10454, 10474, 10473, 10465

Richmond County: 10307, 10309, 10312, 10314, 10303, 10302, 10310, 10301, 10305, 10306, 10308

Proposed Project: Create a One-Stop Waterfront Permitting Resource Center to streamline the permitting process for maritime businesses and waterfront property owners.

Project Type: Technical assistance for local government

Regional Council: The New York City Regional Council has been made aware of this item. The project is consistent with the Regional Plan since it involves the streamlining of government regulations consistent with the businesses of today's economy.

II. Project Cost and Financing Sources

| <u>Financing Uses</u> | <u>Amount</u> | |
|--|------------------|----------------|
| Consultant Services – Phase I – Website Design | \$300,000 | |
| Consultant Services – Phase II – Permit Preparation | <u>200,000</u> | |
| Total Project Costs | <u>\$500,000</u> | |
| <u>Financing Sources</u> | <u>Amount</u> | <u>Percent</u> |
| ESD Grant | \$300,000 | 60% |
| Grantee In-Kind | 140,000 | 28% |
| Grantee Equity | <u>60,000</u> | <u>12%</u> |
| Total Project Financing | <u>\$500,000</u> | <u>100%</u> |

III. Project Description

A. Organization

Industry: Economic development.

Organizational

History: The New York City Economic Development Corporation was founded in 1991, the result of a merger between two existing organizations: the New York City Public Development Corporation and the Financial Services Corporation of New York City. Headquartered in Lower Manhattan, the Corporation's mission is to "encourage economic growth in each of the five boroughs of New York City by strengthening the City's competitive position and facilitating investments that build capacity, generate prosperity and catalyze the economic vibrancy of City life as a whole."

Ownership: The Organization is a non-profit organization.

Market: The Organization partners with building owners, merchants, government agencies, businesses and cultural organizations.

ESD Involvement: City, State and Federal regulatory agencies have implemented complex permitting processes that deter businesses from investing in the maritime economy, which employs over 34,000 New Yorkers. New York hosts the highest concentration of workboats and ship repair facilities on the Atlantic coast, but numerous commercial stakeholders report waste and delay in securing vital waterfront construction permits.

ESD seeks to facilitate a solution to this problem by supporting EDC's efforts to streamline the interagency permitting process. This decision was heavily informed by the Department of Environmental Conservation's ("DEC") Region 2 Director, who has taken a leadership role in the interagency effort to streamline the permitting process. DEC regards the NYC Economic Development Corporation as the best partner to design and host the One-Stop Permitting Resource Center because of its technological capabilities and its impartiality as a non-regulating agency.

Past ESD Support: The City of New York has received ESD grants for a variety of projects including the demolition and cleanup of Bush Terminal in Brooklyn; the Yankee Stadium master plan and site selection study; planning, urban

design, and marketing for the Harlem River passenger ship; a study to determine redevelopment alternatives for Shea Stadium; and improvements to parks and streets in the City of New York. This support has amounted to \$15,250,000 since 2002.

B. The Project

Completion: Phase I: November 2013
Phase II: March 2014

Need: In New York City, maritime businesses and property owners trying to carry out waterfront construction grapple with a complex permitting process involving City, State and Federal agencies.* Applicants are often unaware of the type of permits required for construction or even how to apply for them in the first place. Due to poor guidance and different filing requirements among State and Federal agencies, businesses can spend years and thousands of dollars modifying their projects and applications. On paper, approval takes only six to nine months. In reality, applicants spend an average of three years waiting for a permit.

* Relevant agencies include the Army Corps of Engineers and the EPA; the NYS Departments of State, Environmental Conservation, and General Services; and the NYC Departments of Buildings, Small Business Services, and City Planning.

Activity: The Organization will engage and manage a consultant to create the *One-Stop Resource Center*, a web portal and “integrator” service for maritime businesses and waterfront developers seeking Federal, State, and City permits for waterfront construction work in New York City. The primary goal of the plan is to spur waterfront development by streamlining the permitting process from application through approval and putting it all online. The Organization will bring about this streamlining by (i) providing comprehensive information and guidance to applicants and (ii) modernizing the permitting process itself by developing an online environment for interagency review. The project will begin in March 2013 and be completed in March 2014.

Results: The One-Stop Resource Center will generate several benefits, including:

(i) **A successful pilot of an electronic process for state regulations** - A successful One-Stop Resource Center can serve as a blueprint for future efforts by the State to reduce regulatory burdens on New York’s businesses.

(ii) **Improved quality of applications for regulators** - As one of the major regulators in this environment, DEC will enjoy a significant reduction in administrative costs incurred due to having to reject and reevaluate several versions of the same application.

(iii) **Savings in time and money from streamlining a cumbersome permitting process** - Applicants will save thousands and even tens of thousands of dollars currently spent on legal advice, consultants and technical drawings. These last must often be revised repeatedly because of a lack of initial guidance from regulators.

(iv) **Increased investment and maintenance of waterfront infrastructure by maritime businesses due to a predictable waterfront permitting process** - Removing this barrier to investment will spur growth all along the 520 miles of New York City's coastline.

Upon completion of the project, the Grantee will furnish a final report describing the impact and effectiveness of the project.

This project is an Economic Growth Investment project and does not involve permanent job commitments or construction spending. While such projects generate significant long term fiscal and economic benefits, such benefits are not estimated within the short-term period used in the benefit cost analysis. Therefore, no benefit cost analysis is provided.

Grantee Contact: Alyssa Cobb Konon, Executive Vice President
110 William Street
New York, NY 10038
Phone: 212-312-3890 Fax: (212) 618-5875

ESD Project No.: Y015

Project Team: Origination Justin Ginsburgh
Project Management Andrew O'Shaughnessy
Contractor & Supplier Diversity Vikas Gera

C. Financial Terms and Conditions

1. The Organization will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
2. The Organization will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Organization's acceptance of

ESD's offer. Equity is defined as cash injected into the project by the Organization or by investors, and should be auditable through Organization financial statements or Organization accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project. Initial venture capital investment into participating technology companies shall fulfill the equity requirement.

3. Up to \$300,000 will be disbursed to the Grantee for working capital expenditures, no more frequently than quarterly, in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed to the Grantee upon completion of the project. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after July 16, 2012, to be considered eligible project costs. All disbursements require compliance with program requirements and must be requested by no later than April 1, 2014.
4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$300,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company 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.

IV. Statutory Basis

This project is authorized under Sections 5(4) and 16-d of the New York State Urban Development Corporation Act (the "Act") and satisfies the eligibility criteria for an Urban and Community Technical Assistance grant as set forth in the Act and the rules and regulations for the Urban and Community Development Program. 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. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Organization shall be required to: (i) include minorities and women in any job opportunities created, (ii) solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project and (iii) use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an

overall Minority and Women Business Enterprise (“MWBE”) Participation Goal of 25% related to the total value of ESD and NYS DED’s funding.

VII. ESD Employment Enforcement Policy

ESD's Employment Enforcement Policy will not apply since the project will not directly create or retain jobs.

VIII. 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.

IX. Additional Submissions to Directors

Resolutions

December 20, 2012

New York City-wide (New York City Region – All NYC Counties) – NYC Waterfront Development Permitting Working Capital – Urban and Community Development Program – Urban and Community Technical Assistance (Working Capital Grant) – Findings and Determinations Pursuant to Section 10 (g) of the Act; 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 Waterfront Development Permitting Working Capital – Urban and Community Development Program - Urban and Community Technical Assistance (Working 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to the New York City Economic Development Corporation a grant for a total amount not to exceed Three Hundred Thousand Dollars (\$300,000) from the Urban and Community Development Program, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President 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 President 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 President and Chief Executive Officer 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.

* * *

FOR CONSIDERATION

December 20, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: New York (New York City Region – New York County) – Oppenheimer & Co. JCRP – World Trade Center Job Creation and Retention Program (Working Capital)

REQUEST FOR: Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Make a Grant and to Take Related Actions;

I. Project Summary

Grantee: Oppenheimer & Co, Inc. (“Oppenheimer” or the “Company”)

ESD* Investment: A working capital grant of up to \$3,000,000 to be used for wages, healthcare benefits, payroll taxes, and rent payments at the Lower Manhattan Project Locations.

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

Project Locations: 85 Broad Street, New York**
125 Broad Street, New York
200 Park Avenue, New York
825 3rd Avenue, New York

** Project activity site; others are job-retention sites

Proposed Project: Relocation of 506 Midtown jobs to Lower Manhattan, creation of 100 new Lower Manhattan jobs within 5 years of the first disbursement of grant funds and retention of 580 existing Lower Manhattan jobs. The Company will also maintain an additional 295 Midtown jobs.

Project Type: Business expansion involving job retention and creation.

Regional Council: The New York City Regional Council has been made aware of this item. Project predates the Regional Council Initiative. The Incentive Offer was accepted in February 2011. The project is consistent with the Regional Plan to continue redeveloping the World Trade Center and surrounding sites.

| | | |
|-------------|--|--------------------|
| Employment: | Employment prior to September 11, 2001: | 395 ¹ |
| | Initial employment at time of ESD Incentive Offer: | 580 ¹ |
| | Current employment level: | 1,268 ² |
| | Minimum employment on January 1, 2017: | 1,481 |

¹ Lower Manhattan only

² 250 in Midtown and 1,018 in Lower Manhattan

II. Project Cost and Financing Sources

| | |
|--|--------------------|
| <u>Financing Uses</u> | <u>Amount</u> |
| Wages, healthcare benefits, payroll taxes, and rent payment | <u>\$3,000,000</u> |

| | |
|---------------------|--------------------|
| Total Project Costs | <u>\$3,000,000</u> |
|---------------------|--------------------|

| | | |
|--------------------------|--------------------|----------------|
| <u>Financing Sources</u> | <u>Amount</u> | <u>Percent</u> |
| ESD-Grant | <u>\$3,000,000</u> | <u>100%</u> |
| Total Project Financing | <u>\$3,000,000</u> | <u>100%</u> |

III. Project Description

A. Company

Industry: Financial Services

Company History: Oppenheimer & Co.'s predecessor company, Fahnestock & Co., traces its roots back to 1881 as a privately owned, full-service securities brokerage firm. Prior thereto, Fahnestock & Co. was acquired in 1988 by Edward A Viner & Co., a securities firm that was founded in 1958 in New York City. In 2003, Fahnestock Viner Holdings Inc. acquired the US Oppenheimer Private Client Division and the US Oppenheimer Asset Management Division of CIBC World Markets Corp. In September of 2003, Fahnestock Viner Holdings Inc. changed its name to Oppenheimer Holdings, Inc. The company's principal operating subsidiary, Fahnestock & Co. Inc., was renamed Oppenheimer & Co. Inc. in September 2003. In 2008, Oppenheimer Holdings Inc. acquired a major part of CIBC World Markets' US Capital Markets businesses.

Ownership: Oppenheimer is wholly owned by Viner Finance, Inc., wholly owned by E.A. Viner International Co., wholly owned by Oppenheimer Holdings, Inc. a publicly traded company on the New York Stock Exchange (symbol OPY).

Size: The Company operates from 94 offices in 26 states and through local broker-dealers in five foreign jurisdictions. Oppenheimer employs over 3,500 people worldwide.

Market: Oppenheimer Holdings, Inc. through its principal subsidiaries, Oppenheimer & Co. Inc. and Oppenheimer Asset Management Inc., offers a wide range of investment banking, securities, investment management and wealth management services.

Program

Background: The World Trade Center Job Creation & Retention Program (“JCRP”) is an ESD administered grant program funded by a block grant from the United States Department of Housing & Urban Development (“HUD”). ESD jointly originates new JCRP projects with the New York City Economic Development Corporation (“NYCEDC”). The JCRP program initially focused on gaining the commitment of Lower Manhattan firms to remain and grow downtown in the wake of 9/11. In more recent years, the JCRP program has focused on attracting New York City firms located outside Lower Manhattan to downtown. As a federally funded program, JCRP cannot be used to attract jobs from other states.

In order to be eligible for consideration of a JCRP grant, a project must involve at least 200 existing Lower Manhattan or attracted jobs or the creation of at least 75 net new New York City jobs in Lower Manhattan. Lower Manhattan is defined as south of Canal Street.

JCRP grant amounts are based on a number of factors including a project’s economic and fiscal impact, the number of retained, attracted and created jobs, the industry and an assessment of the need for public funding to move the project ahead. If a company employs staff outside Lower Manhattan, the company is required to maintain those jobs as part of their JCRP commitment. JCRP recipients are required to maintain their jobs in Lower Manhattan for at least 10 years.

Companies accepting JCRP grant offers apply to ESD for a disbursement of grant funds after achieving the incentive grant offer’s terms and conditions (i.e. either creating a certain number of jobs or relocating jobs to Lower Manhattan). Approved companies enter into a binding grant

agreement with ESD and will receive grant funds, which may be applied against wages, health benefits, rent, movable equipment and furniture. Since the program's inception, over 65,000 Lower Manhattan jobs have been retained, created and attracted (including over 9,600 attracted jobs and 2,600 net new NY City jobs). These 65 projects represent over \$250,000,000 in JCRP grant funds out of a total program budget of \$318,261,500

ESD Involvement: In January 2011, Oppenheimer was planning the consolidation and relocation of 1,111 of its 1,406 New York City employees (580 employees in Lower Manhattan and 826 employees in Midtown Manhattan). The remaining 295 employees would stay in Midtown Manhattan, representing Wealth Management and other operating divisions that the Company planned to keep near its client base. Oppenheimer evaluated several locations including 125 Broad Street, 85 Broad Street, and One New York Plaza in Lower Manhattan. The Company also considered Hoboken and Jersey City, New Jersey, which offered a BEIP grant to attract the Company.

To encourage the Company to proceed with its consolidation and relocation plan in Lower Manhattan and create 100 new full-time jobs, in January 2011, ESD offered a \$3,000,000 World Trade Center Job Creation and Retention Program grant to Oppenheimer to offset the higher lease rates and tenant improvement costs in comparison to New Jersey. The proposal was accepted by the Company in February 2011.

Competition: New Jersey

Past ESD Support: This is the Company's first project with ESD.

Company Location

On

September 11, 2001: 125 Broad Street

B. The Project

Completion: October 2012

Activity: The Company executed a lease agreement for 267,000 square feet of space at 85 Broad Street and completed leasehold improvements and data center upgrades totaling approximately \$24 million. The Company has relocated Midtown employees to 85 Broad Street, resulting in 1,018 employees in Lower Manhattan.

Results: As a result of the project, the Company will maintain operations in New York City and consolidate over 1,000 employees in Lower Manhattan. The Company will also create an additional 100 new jobs in Lower Manhattan.

Grantee Contact: Robert Okin, Executive Vice President - Private Client Services
125 Broad Street
New York, NY 10004
Phone: (212) 825-4360 Fax: (212) 825-4361

ESD Project No.: X315

| | | |
|---------------|---------------------------------|---------------------------------|
| Project Team: | Origination | Steven Gold (ESD) |
| | | Michael Toth/Shin Mitsugi (EDC) |
| | Project Management | Glendon McLeary |
| | Contractor & Supplier Diversity | Denise Ross |
| | Finance | Ross Freeman |
| | Environmental | Soo Kang |

C. Financial Terms and Conditions

1. The Company will demonstrate no materially adverse changes in its financial condition prior to disbursement.
2. Prior to disbursement, the Company 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 Location 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 Location 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.
3. The ESD assistance will be disbursed as described in these materials and other documentation assuming that all project approvals have been completed and funds are available.
4. Up to \$3,000,000 will be disbursed to the Grantee in three installments as follows:

- **Initial Disbursement:** Up to \$2,000,000 will be disbursed upon documentation of the signing of a lease for at least 267,000 square feet in Lower Manhattan (85 Broad Street), having formal access to the facility to begin fit-out and employment of at least 580 Full-time Permanent Employees at the Lower Manhattan Project Locations. The Company will be required to relocate at least 506 Full-Time Permanent Employees from Midtown Manhattan to Lower Manhattan (85 Broad Street) within 12 months of receiving the first disbursement.
- **Second Disbursement:** Up to \$1,000,000 will be disbursed upon documentation of the employment of at least 1,481 Full-time Permanent Employees in New York City, consisting of at least 506 Full-time Permanent Employees relocated from Midtown Manhattan to 85 Broad Street, at least of 555 of the 580 Full-time Permanent Employees relocated from 125 Broad Street to 85 Broad Street, 100 new Full-time Permanent Employees at 85 Broad Street and at least 295 Full-time Permanent Employees at other New York City Project Locations, no later than 60 months after the Initial Disbursement. This Disbursement will not be pro-rated if less than 80 of the 100 projected new Full-time Permanent Employee positions are created. New positions may not be filled by transferring employees from other New York State or New York City locations.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after February 9, 2011, to be considered eligible project costs. All disbursements require compliance with program requirements and must be requested by no later than April 1, 2017.

5. 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 number of employees, as of each date set forth in column A of the table below, is less than eighty five percent (85%) of the number of Total number of Jobs as set forth in column B, then upon demand by ESD, Grantee shall be obligated to repay to ESD a percentage of the disbursed Grant Amount, as set forth in column C. If the number of Grantee's employees, as of each date set forth in column A of the table below, is less than ninety-five percent (95%) of the number of Total number of Jobs as set forth in column B for any reason related to a relocation out of New York City, then upon demand by ESD, Grantee shall be obligated to repay to ESD a percentage of the disbursed Grant Amount, as set forth in column D.

| | |
|---------------------------|-----|
| Minimum Employment Number | 580 |
|---------------------------|-----|

| A | B | | C | D |
|------|----------------|-----------|---|---|
| Date | Total Jobs | | Percentage of Grant Amount to be repaid | Percentage of Grant Amount to be repaid (relocation outside of NYC) |
| | South of Canal | NYC | | |
| 2014 | 580 | 1,381 + X | 75.0% | 200% |
| 2015 | 1,086 + X | 1,381 + X | 67.5% | 200% |
| 2016 | 1,086 + X | 1,381 + X | 60.0% | 200% |
| 2017 | 1,086 + X | 1,381 + X | 52.5% | 150% |
| 2018 | 1,086 + X | 1,381 + X | 45.0% | 120% |
| 2019 | 1,086 + X | 1,381 + X | 37.5% | 100% |
| 2020 | 1,086 + X | 1,381 + X | 30.0% | 80% |
| 2021 | 1,086 + X | 1,381 + X | 22.5% | 60% |
| 2022 | 1,086 + X | 1,381 + X | 15.0% | 40% |
| 2023 | 1,086 + X | 1,381 + X | 7.5% | 20% |

X = Grantee's Employment Increment that will be the basis of the Second Disbursement of the Grant (i.e. X=100, and Employment Goals shall equal [1,086* + X = 1,186 – South of Canal] if the Second Disbursement is made. To receive the Second Disbursement, the Grantee is also required to maintain at least 295 jobs in Midtown Manhattan, relocate 555 of the 580 Full-time Permanent Employees from 125 Broad Street to 85 Broad Street, for a grand total of 1,481 in Lower Manhattan and Midtown Manhattan.

* The Grantee is required to relocate 506 Full-time Permanent Employees from Midtown Manhattan to 85 Broad Street within 12 months of receiving the First Disbursement. The First Disbursement is expected in 2013.

IV. Community Development Block Grant Underwriting Requirements – World Trade Center Job Creation and Retention Program:

1. Other existing incentive transactions and offers received by the Grantee: In 1998, NYCIDA entered into a 16-year discretionary benefits agreement with Fahnstock, predecessor to Oppenheimer, which included \$500,000 NPV sales and use tax exemptions for retaining 398 jobs in NYC, \$250,000 in sales and use tax exemptions for growing 125 jobs in NYC and \$400,000 in Business Incentive Rate (BIR) for its energy usage at 125 Broad Street. In FY 2010, Oppenheimer reported NYC employment of 660. A de minimis amount of job retention benefit remains and the entire amount of job growth benefit has been used. The grantee has fulfilled all past obligations through job growth in Manhattan.
2. Alternative locations the Grantee may be considering: Harborside Financial Center, Jersey City, NJ and Waterfront Corporate Center, Hoboken, NJ.
3. Analysis of the risk that, without ESD assistance: (a) the business if located south of the centerline of Canal Street at the time of the disaster will not remain within lower Manhattan; (b) the business if located south of the centerline of Canal Street at the time

of the disaster and that has temporarily relocated elsewhere because of the disaster would not return; (c) the New York City business that suffered significant economic dislocation because substantial numbers of its major customers were businesses south of the centerline of Canal Street would not remain in New York City; or (d) the business seeking to locate new operations and create new jobs in Lower Manhattan would not otherwise locate there: Staff believes there is a medium risk that Oppenheimer’s support operations may be at risk of relocating to New Jersey but that the headquarter functions will likely remain in Lower Manhattan.

4. Economic benefit/cost analysis: This project is funded by the World Trade Center Job Creation and Retention Program. The Program is funded by a block grant from the U.S Department of Housing and Urban Development (HUD), and administered by ESD. Since the project is financed by the federal government, the benefit cost analysis does not include any fiscal cost to New York State or local governments.

Evaluated over a seven-year period, the following are anticipated project impacts (dollar values are present value):

- Fiscal benefits to NYS government from the project are estimated at \$88,543,401;
 - Fiscal benefits to all governments (state and local) are estimated at \$165,941,792;
 - Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$1,018,110,034, or \$548,353 per job (direct and indirect);
 - There is no construction-related activity involved in this project;
 - For every permanent direct job generated by this project, an additional 2.45 indirect jobs are anticipated in the state’s economy.
5. Fiscal impact on State and City revenues: Oppenheimer generates an estimated \$44,529,202 annually in direct, indirect, and induced taxes for New York City, and an estimated \$29,450,987 annually in direct, indirect, and induced taxes for New York State.

V. Non-Discrimination and Contractor & Supplier Diversity

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority and women-owned business in the performance of ESD projects. For purposes of this Project, however, goals will not be established due to the unavailability of minority and women-owned businesses for performance of this Project.

VI. 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.

VII. Additional Submissions to Directors

Resolutions

New York State Map

Project Finance Memorandum

December 20, 2012

New York (New York City – New York County) – Oppenheimer & Co. JCRP – World Trade Center Job Creation and Retention Program (Working Capital) – Findings and Determinations Pursuant to Section 10 (g) of the Act; 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 Oppenheimer & Co. JCRP -- World Trade Center Job Creation and Retention Program (Working Capital) 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Oppenheimer & Co, Inc. a grant for a total amount not to exceed Three Million Dollars (\$3,000,000) from the World Trade Center Job Creation and Retention Program, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President 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 President 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 President and Chief Executive Officer 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.

* * *

FOR CONSIDERATION

December 20, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Cortland (Central New York Region – Cortland County) – Pyrotek MAP Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant)

REQUEST FOR: Findings and Determinations Pursuant to Sections 16-m 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: Pyrotek, Inc. (“Pyrotek” or the “Company”)

ESD* Investment: A grant of up to \$350,000 to be used for a portion of the cost of building acquisition, facility improvements and the purchase and installation of new machinery and equipment.

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

Project Location: Monarch Building, US Route 13, Cortland, Cortland County

Proposed Project: Building acquisition and facility improvements and the purchase and installation of new machinery and equipment to expand the Company’s business and new product lines.

Project Type: Purchase of a new facility for Company expansion involving job retention and creation.

Regional Council: The Central New York Regional Council has been made aware of this item. Project predates the Regional Council Initiative. The Incentive Offer was accepted in February 2010 and revised in August 2012. The project is consistent with the Regional Plan because it supports continued growth in the Advanced Manufacturing cluster.

Employment: Initial employment at time of ESD incentive offer: 42
 Current employment level: 82
 Minimum employment on January 1, 2014: 110

II. Project Cost and Financing Sources

| <u>Financing Uses</u> | <u>Amount</u> |
|-------------------------|----------------|
| Building Acquisition | \$1,720,000 |
| Renovations | 25,000 |
| Machinery and Equipment | <u>996,000</u> |

Total Project Costs \$2,741,000

| <u>Financing Sources</u> | <u>Amount</u> | <u>Percent</u> |
|--------------------------|------------------|----------------|
| ESD – Grant | \$350,000 | 13% |
| Small Cities Grant | 335,000 | 12% |
| Company Equity | <u>2,056,000</u> | <u>75%</u> |

Total Project Financing \$2,741,000 100%

III. Project Description

A. Company

Industry: Pyrotek specializes in the development, manufacture, and sale of high-temperature materials for industrial applications. It supplies aluminum, foundry, glass, zinc, steel and the noise control and hearth industries with performance improving technical products, integrated processing systems and consulting services worldwide. Some of the Company’s products and services include molten metal pumping and processing, systems for submerging light gauge aluminum scrap, treated and purified graphite tubes and rods, components for continuous galvanizing processes and degassing systems for non-ferrous metals melting refractories. Its noise control products include vinyl barrier systems, acoustic absorbing foams and vibration damping materials.

Company History: The Company was founded in 1956 in Spokane, Washington by Dale Swanson and Allan Roy on the concept of adapting fiberglass fabric

technology into a filter designed to capture impurities in molten aluminum. Today that filtration system is a global standard. In the spirit of continuing innovation and advancing technologies, Pyrotek grew from a small filter sewing operation into a leading global corporation providing hundreds of innovative products aimed at helping customers continually achieve higher quality standards and improve operating efficiencies at lower total costs.

Ownership: Privately held

Size: Pyrotek is an international company headquartered in Spokane, WA with 66 locations in 31 countries and more than 1,500 employees.

Market: Since 2004 its sales revenue at the Cortland facility, more than tripled from \$4.1 million in sales in fiscal year 2005 to \$16 million in fiscal year 2011. Major customers include Alcoa Inc. (Pittsburgh, PA), Shandong Nanshan Aluminum Co., Ltd. (Longkou, China) and Kaiser Aluminum (Foothill Ranch, CA). Major competitors include Permasteel (Graham, NC), Refraco (Quebec, Canada) and Wahl Refractory Solutions (Fremont, Ohio). Pyrotek has approximately 40% of the market, better sales coverage, more engineering expertise, state of the art equipment and superior mold making technology to its competitors.

ESD Involvement: In March 2004, Pyrotek acquired Thermal Systems America, a Company located in a 38,000 square-foot facility, in Canastota, NY. Since it acquired the business, the total manufactured throughput tripled, using all of its Canastota space. For the Company to remain viable, it had to continue to expand. In 2010, it approached ESD to help fund its relocation into the Monarch building in Cortland, NY. ESD responded with a \$350,000 MAP grant to assist in the financing of the project, retaining the Company and its jobs in New York State.

Competition: Since 2004 Pyrotek had been looking for a larger plant location in Central New York. The Canastota plant lacked adequate office space, the lot did not allow for significant expansion, and the cost of new construction in Upstate New York was prohibitive. Few buildings met the Company's need for high building bays, heavy overhead cranes and reinforced floors. The Monarch building was the only suitable building the Company found to accommodate its growing business. At the time of the original ESD incentive offer, several other viable options were also available. Those options included relocating to a vacant Pyrotek plant in Jackson, TN, relocating to a Pyrotek plant in Monterrey, Mexico, buying Permasteel, a major competitor located in Graham, NC and relocating there, or breaking the Canastota operation into segments and relocating it to Pyrotek plants in Sweden, Canada, China, Brazil, Russia and Mexico. All

of these options involved lower upfront and ongoing operating costs than moving to and operating a plant in New York State.

Past ESD Support: This is the Company's first project with ESD, however, in March 2011, ESD approved a \$650,000 convertible loan to Metallics Systems, a Division of Pyrotek Inc., to be used for a portion of infrastructure costs and the purchase and installation of new machinery and equipment at its Sanborn, NY plant. The loan will result in the creation of 57 jobs in New York State. It is current with its existing loan.

B. The Project

Completion: June 2012

Activity: The Company has purchased and equipped a 140,000-square-foot building in Cortland. This expansion will provide the Company with the space needed to grow the business by adding new product lines, increasing capacity available for existing large scale products, eliminating high cost outsourcing, and increasing production efficiency.

Results: Retain 42 existing jobs and create 68 new jobs. The Company has already created 40 new jobs. In addition to continued growth of its existing business, the following targeted growth initiatives will be enabled by the proposed project:

- Pyrotek will have sales revenue growth via an expansion of "Big Block" furnace linings.
- Pyrotek will begin a partnership with one of its divisions called TAB Refractories, located in the United Kingdom that installs big block furnace linings around the world operating in Europe, Asia, Africa, South America and Australia.
- Pyrotek will develop a controls shop at the Cortland plant in order to manufacture custom engineered UL, CE and NEC compliant electrical control panels, human-machine interface panels, gas distribution and metering and combustion control panels in support of Pyrotek manufacturing not only in Cortland but also in Solon, OH, Elmsford, NY and Burton on Trent, UK.
- Pyrotek will relocate its Carlisle, PA customer service, warehouse and shipping facility to Cortland.
- With the added production floor space in Cortland, Pyrotek proposes to open a metal working machine shop in the facility which it currently does not have.

Grantee Contact: Thomas Howard, Division Manager
641 State Route 13
Cortland, New York 13045
Phone: (607)756-3051 Fax: (607)756-3089

ESD Project No.: W964

| | | |
|---------------|---------------------------------|-----------------|
| Project Team: | Origination | Bonnie Palmer |
| | Project Management | Jessica Hughes |
| | Contractor & Supplier Diversity | Diane Kinnicutt |
| | Finance | Jonevan Hornsby |
| | Environmental | Soo Kang |

C. MAP Project Findings and Outcomes

This project qualifies as a Manufacturing Assistance Program project because the Company i) is a resident New York State manufacturer with between 50 and 1,000 employees; ii) exports at least 30% of its production beyond its region or provides at least 30% of its production to a manufacturer that exports beyond the Company's region; and iii) is making a substantial investment of at least \$1,000,000 in order to improve its competitiveness and productivity and thereby enhance its long-term viability in the State of New York.

The project is expected to produce the following measurable outcomes for the Company:

Primary Outcome: A 900% increase in output, from 100 "Big Block" furnace lining components per year to 1,000 "Big Block" furnace lining components per year.

Secondary Outcome: An increase in output, from 0 Integrated Melting Systems per year to 4 Integrated Melting Systems per year.

Total estimated value of competitiveness and project outcomes: \$10,000,000 annually

D. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Company shall pay a commitment fee of 1% of the \$350,000 capital grant (\$3,500) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Company will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Company's acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so

requested by ESD. Equity cannot be borrowed money secured by the assets in the project.

4. Prior to disbursement, the Company 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 Location 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 Location 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 \$350,000 will be disbursed to the Grantee in four installments as follows:
 - a) an Initial Disbursement of an amount equal to 25% of the grant (\$87,500) upon acquisition of the Project facility, documentation of Project costs totaling \$2.2 million and documentation of the employment of at least 42 Full-time Permanent Employees at the Project Location, 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 (\$87,500) will be disbursed upon documentation of an additional \$175,000 (aggregate total of \$2.375 million) in eligible project costs, a Certificate of Completion for rehabilitation work completed (as applicable) and the employment of at least 57 Full-time Permanent Employees at the Project Location (Employment Increment of 15), provided Grantee is otherwise in compliance with program requirements;
 - c) a Third Disbursement of an amount equal to 25% of the grant (\$87,500) will be disbursed upon documentation of the employment of at least 82 Full-time Permanent Employees at the Project Location (Employment Increment of 25), provided Grantee is otherwise in compliance with program requirements.
 - d) a Fourth Disbursement of an amount equal to 25% of the grant (\$87,500) will be disbursed upon documentation of an additional \$350,000 (aggregate total of \$2.725 million) in eligible project costs, a Certificate of Completion for the remaining rehabilitation work completed (as applicable), the employment of at least 110 Full-time Permanent Employees at the Project Location (Employment Increment of 28) and evidence verifying production of 366 Big Block components for commercially acceptable quality furnaces from July 2010 through March 2011, provided Grantee is otherwise in compliance with program requirements.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after February 11, 2010, to be considered eligible project costs. All disbursements must be requested by April 1, 2014.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$350,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company 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.

| | |
|---------------------|----|
| Baseline Employment | 42 |
|---------------------|----|

| A | B |
|------------------|------------------|
| Reporting Date | Employment Goals |
| February 1, 2014 | 42+X+Y+Z |
| February 1, 2015 | 42+X+Y+Z |
| February 1, 2016 | 42+X+Y+Z |
| February 1, 2017 | 42+X+Y+Z |
| February 1, 2018 | 42+X+Y+Z |

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=15, and Employment Goals shall equal $[42 + X = 57]$ 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=25, and Employment Goals shall equal $[42 + X + Y = 82]$ 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.

Z = Grantee's Employment Increment that will be the basis of the Fourth Disbursement of the Grant as described in section C.5 above (i.e. Z=28, and Employment Goals shall equal $[42 + X + Y + Z = 110]$ if the Fourth Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Fourth Disbursement has not yet been made then Z=0.

IV. Statutory Basis

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms.

As a result of this project, the Company will maintain its employment level of 42 and create 68 new jobs.

2. The proposed project would be unlikely to take place in New York State without the requested assistance.

The Company considered relocating its operations to Jackson, TN, Monterrey, Mexico, Graham, NC or other Pyrotek plants around the world. ESD's assistance helped to reduce costs and make the project feasible in New York.

3. The project is reasonably likely to accomplish its stated objectives and the likely benefits of the project exceed costs.

Pyrotek, Inc. – Business Investment

Benefit-Costs Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment, and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related

activity. For Business Investment projects, benefits typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits not captured in the period of analysis and may involve no permanent job commitments, the estimated benefits typically reflect only construction-related activity.

Evaluated over a seven-year period, the following are anticipated project impacts (dollar values are present value):

- Fiscal benefits to NYS government from the project are estimated at \$3,637,541;
- Fiscal cost to NYS government is estimated at \$350,000;
- Project cost to NYS government per direct job is \$4,647;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$2,478;
- Ratio of project fiscal benefits to costs to NYS government is 10.39:1;
- Fiscal benefits to all governments (state and local) are estimated at \$6,151,744;
- Fiscal cost to all governments is \$350,000;
- All government cost per direct job is \$4,647;
- All government cost per total job is \$2,478;
- The fiscal benefit to cost ratio for all governments is 17.58:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$32,578,781, or \$230,669 per job (direct and indirect);
- The economic benefit to cost ratio is 93.08:1;
- Project construction cost is \$25,000, which is expected to generate less than one direct job year and less than one indirect job year of employment;
- For every permanent direct job generated by this project, an additional 0.88 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is one year.

(See Project Summary Benefit-Cost Evaluation attached for detail and definitions.)

4. The requirements of Section 10(g) of the Act are satisfied.

No residential relocation is required because 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. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-discrimination and Contractor and Supplier Diversity policy will apply. Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority-and women-owned business in the performance of ESD contracts. For purposes of this Contract, however, goals will not be established due to the unavailability of minority and women-owned businesses for performance of this Contract.

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
Benefit-Cost Analysis

December 20, 2012

Cortland (Central New York Region – Cortland County) – Pyrotek MAP Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) – Findings and Determinations Pursuant to Sections 16-m and 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 Pyrotek MAP Capital Project (the “Project”), the Corporation hereby determines pursuant to Sections 16-m and 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms;
2. The project would be unlikely to take place in New York State without the requested assistance;
3. The project is reasonably likely to accomplish its stated objectives and that the likely benefits of the project exceed costs;
4. 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 President 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 President 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Pyrotek, Inc. a grant for a total amount not to exceed Three Hundred Fifty Thousand Dollars (\$350,000) from the Empire State Economic Development 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 President 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 President 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 President and Chief Executive Officer 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.

* * *

FOR CONSIDERATION

December 20, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Small Business Technology Investment Fund (SBTIF)

REQUEST FOR: Authorization of a follow-on investment of SBTIF funds in e2e Material.

Project Summary

Awardees: e2e Materials Inc.

Amount: \$207,626 (the Fund's pro-rata amount for the Series B round)

Project Location: Ithaca, NY

Anticipated
Funding Source: The \$2,000,000 in liquid assets held by ESDC for SBTIF.

ESD Project No.: Y030

Project Team:

| | |
|---------------------------------|-----------------|
| Origination | Steve Cohen |
| Project Management | Clayton Besch |
| Legal | Richard Dorado |
| Contractor & Supplier Diversity | Diane Kinnicutt |
| Environmental | Soo Kang |

Background

The Small Business Technology Investment Fund (SBTIF) is a state-run early-stage venture capital Fund. Established in 1982 with \$15.3 million from State and Federal sources, the Fund has invested in 142 early-stage, high-tech, New York State based companies. The SBTIF portfolio currently consists of 20 companies, as well as four publicly traded companies. It has also invested in two seed stage funds, one in Western New York and one in NYC. The Fund currently has about \$2,000,000 in liquid assets to invest in new investment opportunities and follow-on investments in current portfolio companies.

The SBTIF provides early-stage, innovative technology companies throughout New York State with a source of venture capital financing. The Fund works closely with State-funded Centers of Advanced Technology and Centers of Excellence, University Tech Transfer offices and Business Incubators across the State to source deal flow and mentor possible investment start-ups. To leverage funds from the Private Investment Community, the Fund also requires a co-investment by local Venture Capital Funds and/or Angel Investors. The Fund has invested in companies with technologies in the areas of software, biotechnology, medical devices, optics, telecommunications, advanced materials, energy, and green technology.

SBTIF is positioned to work closely with the Innovate NY Fund program that will invest in start-up companies throughout the State.

Past ESD Support

In February 2012, e2e accepted an Incentive Proposal for an award of \$1.25 million of tax credits through the Excelsior Jobs Program. This award was part of the first round of the Consolidated Funding Application.

Project Status

To date, SBTIF has invested \$600,000 in e2e Materials, the maker of energy -saving, biodegradable composites made from annually renewable fibers and abundantly available soy flour. Co-investors are Cayuga Ventures in Ithaca and CNY Seed, the Syracuse Angel investment group.

The Company has made progress on a number of fronts since the last round of investment. It has expanded its manufacturing facility by installing a new production line in a facility in Geneva, NY, and hired a high quality team (the Ithaca area has an impressive entrepreneurial workforce), while starting work on upgrading the manufacturing process from wet (with its energy costs) to dry. It has cut its production cost, improved the product performance and, most importantly, begun selling its product to big name distributors and end consumers. This success has come from better understanding of the material and process strengths. Their shaped products can be manufactured competitively with the currently used traditional materials and processes. The “green” aspect of the product represents value added.

The current Series B round to raise \$2,000,000 will be an internal round inviting current share holders to invest at the pro-rata of the Investors’ percentage of equity ownership which calculates to \$207,626 for SBTIF. The Investment Review Committee reviewed this plan and unanimously approved it. Given the progress made by the Company, SBTIF feels the opportunity offered by the Company, as it develops its process and its market, warrants continued support through participation in this Insider’s round.

Statutory Basis

The Small Business Technology Investment Fund was formerly under the jurisdiction of the New York State Office of Science, Technology and Academic Research which was abolished pursuant to Public Authorities Law §3157. Pursuant to Public Authorities Law §3165, Economic Development Law §360, and Executive Law §209-f, appropriations with respect to the Fund and assets and liabilities of the Fund were transferred to ESD, and administration of the Fund was transferred and assigned to, assumed by and devolved upon ESD. Fund investments, including equity and convertible debt investments, are authorized by the ESD investment guidelines.

Environmental Review

ESD staff has determined that the project does not constitute an 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.

Non- Discrimination and Contractor & Supplier Diversity

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority-and women-owned business in the performance of ESD contracts. For purposes of this Contract, however, goals will not be established due to the unavailability of minority and women-owned businesses for performance of this Contract.

Additional Submissions to Directors

Schedule A – Summary of e2e Materials Inc.

Schedule B – Summary of Series B Investment Terms

December 20, 2012

Small Business Technology Investment Fund - Authorization of a follow-on investment of SBTIF funds in e2e Material

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 (the "Materials), relating to the Small Business Technology Investment Fund (the "Fund"), the Corporation is authorized to make an additional Fund investment, in a amount not to exceed \$207,626, in e2e Material (the "Company") and to enter into agreements and related documentation with the Company and the investment entities named in the Materials in order to effect such investment; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the investment, and each of them hereby is, authorized to take such actions, including modifying the terms of the investment and entering into additional agreements with the Company and others, as he or she may deem necessary or appropriate in the administration of the Corporation's investments in the Company; and be it further

RESOLVED, that the provision by the Corporation of financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable; (2) receipt of all other necessary approvals; and (3) the availability of funds and the approval of the State Division of the Budget, if applicable; and be it further

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

* * *

Schedule A
Small Business Technology Investment Fund: Summary of e2e Materials, Follow-on
Investment Fund Awardee
Board of Directors Meeting
December 20, 2012

e2e Materials Inc

e2e Materials, based in Ithaca, N.Y., develops, designs, engineers and produces proprietary biocomposites for the furniture, cabinetry and other markets. e2e's proprietary composites are made from soy flour and natural grass fiber such as jute, flax and kenaf. The company's proprietary biocomposites—featuring 28 pending patents—are made from plentiful feedstocks including soy flour and natural grass fiber such as jute, flax and kenaf, which eliminates the off-gassing of formaldehyde or any toxic chemicals. Using these biocomposite materials enables e2e to manufacture lighter products that maintain the tensile strength and durability approaching some steel products and have been extensively tested and validated to multiple industry standards. In addition, the company employs a unique 3-D forming capability that eliminates costly manufacturing processing steps and associated waste. Additionally, e2e uses only a small fraction of the energy required for wood composites, saving billions of pounds of carbon dioxide

As the latest commercially available product in the e2e Office product line, the recently announced TransFORM Workstation is uniquely sustainable, leveraging a highly versatile work surface and a series of privacy/communication panels both made from e2e's proprietary biocomposite material. Optional re-used and refurbished leg systems that contribute additional LEED points are readily configurable to meet today's design needs. e2e office products have been fully tested and validated to meet the Business and Institutional Furniture Manufacturers Association (BIFMA) standards and use only 19 percent of the embodied energy of traditional wood composites. By using e2e biocomposites, the TransFORM Workstation utilizes annually renewable feedstocks, is 100 percent bio-based and is completely formaldehyde free.

Schedule B

e2e Materials, Inc. (the “Company”) Summary of Series B Investment Terms

| | |
|--|---|
| Security: | Shares of Series B Preferred Stock (the “ Series B ”). |
| Investors: | Cayuga Venture Fund will serve as the lead investor; all other existing Series A holders will be given pro rata investment rights; all other shareholders (i.e., common) and all convertible debt holders who are not already Series A holders will also be invited to participate. The Company wishes to sell \$2mm or more of Series B. |
| Series A Pull Through: | Shares of Series A stock held by participating Series A holders (or affiliates) will convert to Series B stock in direct proportion to the actual participation percentage of Series B stock purchased (new money) by such holder (or affiliates) compared to such holder’s actual pro rata participation amount of a \$2mm raise. For example, if a Series A holder’s pro rata share of \$2mm is \$52,000, and such holder purchases \$42,000 of Series B stock, then 80.8% (i.e., 42,000/52,000) of such holders Series A stock would convert to Series B. The conversion ratio of Series A to Series B will be \$3.12 (the Series A liquidation preference per share) divided by the Series B liquidation preference per share (which will be the price per share paid for Series B stock, which is estimated to be \$0.75). |
| Convertible Debt: | Existing convertible debt converts to Series B at its stated 30% discount. |
| Price Per Share: | \$0.75 per share |
| Rights, Preferences Restrictions: | <p><u>Dividend rate:</u> 8%, non-cumulative (same as Series A).</p> <p><u>Priority:</u> Senior to Series A and common in all respects (dividends, liquidation preference, etc.), except for registration rights, which shall be pari passu.</p> <p><u>Liquidation Preference:</u> 1X with full participation after payment of liquidation preference.</p> <p><u>Redemption:</u> The outstanding shares of Series B shall be redeemable at the election of holders of at least a majority of the outstanding Series B five years from the date of purchase. The redemption price shall be the purchase price plus a 8% per annum return. The Series A redemption date would be changed to match the Series B date.</p> <p><u>Conversion:</u> Each holder of Series B shall have the right to convert shares of Series B at any time, at the option of the holder, into shares of Common. The conversion rate shall initially be 1:1. The conversion price of the Series B shall be</p> |

subject to adjustment, on a narrow-based weighted average basis. The Series A anti-dilution protection for this Series B offering would be waived.

Automatic Conversion: Each share of Series A and Series B shall automatically convert into Common, at the then applicable conversion rate, upon the earlier to occur of (i) the closing of a qualified initial public offering or (ii) the affirmative consent of the holders of at a majority of the then outstanding shares of Series A and Series B voting together as a class.

Voting Rights: The holder of each share of Series B shall have the right to a number of votes equal to the number of shares of common issuable upon conversion of the Series B.

Protective Provisions and Related Matters: Consent of holders of at least a majority of the Series A and Series B voting together as a class shall be required for customary protective voting actions and, except as otherwise provided herein, other actions requiring a vote of preferred holders.

Registration Rights:

Standard demand, S-3 and piggy back.

Preemptive Rights:

Standard preemptive rights.

Liquidation Preference, Redemption, Conversion, Antidilution, Registration, Pre-emptive, Co-Sale and other Investor Rights:

Same as other co-investing note holders with modification for SBTIF. Will include the "I Love NY" clause

Conditions Precedent:

Approval by SBTIF's Investment Committee and the ESDC Board

-

FOR CONSIDERATION

December 20, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Regional Council Award – Priority Project – Rochester (Finger Lakes Region – Monroe County) – Health Sciences Center for Computational Innovation Capital – Economic Development Purposes Fund and Regional Council Capital Fund (Capital Grants)

REQUEST FOR: Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make Grants and to Take Related Actions

General Project Plan

I. Project Summary

Grantee: University of Rochester (“UR” or the “University”)

Beneficiary
Company: International Business Machines (“IBM” or the “Company”)

ESD* Investment: Grants of up to \$3,300,000 (X807) and \$1,700,000 (X861) to be used for a portion of the cost of computer hardware and software, related equipment and building renovations to UR’s data center.

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

Project Location: 300 Science Parkway, Rochester, Monroe County

Proposed Project: Install a new generation supercomputer at the University’s new data center and collaborate with IBM on research. UR will recruit faculty and staff who will apply bio-mathematical modeling techniques to the study of key questions and challenges in health and medicine.

Project Type: Industry-university collaboration

Regional Council: The Incentive Offer was accepted in September 2012. The Health Sciences Center for Computational Innovation (“HSCCI”) has been designated a Priority Project by the Finger Lakes Regional Economic Development Council and unanimously endorsed by two of its work groups, Advanced Healthcare and Life Sciences, as a top priority. The president of the University of Rochester is co-chair of the 21-member Finger Lakes Regional Economic Development Council. In conformance with the State’s policy, this individual has recused himself on votes recommending this project. The Council includes 14 additional, ex-officio members who are elected officials but cannot vote on individual project recommendations.

II. Project Cost and Financing Sources

| <u>Financing Uses</u> | <u>Amount</u> |
|--|---------------------|
| Computer Hardware & Software | \$7,200,000 |
| Faculty Research Support | 550,000 |
| Operational Support – | |
| Computer Scientists | 125,000 |
| Program Support | 1,350,000 |
| Data Center Renovations & Startup Equipment | <u>1,950,000</u> |
| Total Project Costs | <u>\$11,175,000</u> |

| <u>Financing Sources</u> | <u>Amount</u> | <u>Percent</u> |
|---------------------------|---------------------|----------------|
| ESD-Grant (#X807) | \$3,300,000 | 30% |
| ESD-Grant (#X861) | 1,700,000 | 15% |
| IBM | 5,000,000 | 45% |
| University of Rochester** | <u>1,175,000</u> | <u>10%</u> |
| Total Project Financing | <u>\$11,175,000</u> | <u>100%</u> |

**Prior to January 1, 2012, multi-million dollar investments were made by UR to establish a foundation for this new initiative, \$1.18 million of which is included in this phase. The Grantee has actually invested \$20 million since 2009 to establish the data center and its predecessor supercomputer.

III. Project Description

A. Grantee/Beneficiary Company

Industry: Supercomputing for health research.

Healthcare stands at the threshold of a transformative era. Decades of breakthroughs in genomics, proteomics (the study of proteins) and molecular biology; new technologies such as advanced health imaging systems and real-time sensors; and the accumulation of highly detailed demographic information together represent an opportunity and a barrier to research. This wealth of information holds the potential to give scientists unprecedented insights into human health; however, efforts to interpret this data have often been frustrated by the absence of computing resources or software tools powerful enough to fully analyze the mountains of data generated.

The University of Rochester, IBM and New York State (the “State”) are partnering to create the \$100 million Health Sciences Center for Computational Innovation, resulting in one of the world’s most powerful, high-performance computing systems dedicated to health research.

History:

Formed in 1850, the University of Rochester is an institution of higher education, research and health care chartered by the State Board of Regents. Combined with its medical center and hospital, the University is the largest employer in the Finger Lakes region, with approximately 20,611 full-time equivalent jobs as of June 2012. UR’s Medical Center (“URMC”), the region’s largest acute care facility, comprises the majority of those jobs with approximately 16,585 full-time equivalent employees. URMC was awarded \$220 million in external research funding in 2012. UR’s research represents a source of innovation and new technologies that can be harnessed for commercial potential. The University has a strong track record of helping convert its discoveries into commercial ventures. For the past several years, UR has been among the top 15 universities in the nation in terms of the royalty revenue it receives from its licensed technologies. There are more than 53 start-up companies in the region that have been created from UR’s technologies.

Formed in 1911, IBM is a multinational computer technology and IT consulting corporation headquartered in Armonk, NY. It’s one of the world's largest computer companies and systems integrators with 433,362 employees worldwide. IBM holds more patents than any other U.S.- based technology company and has 11 research laboratories worldwide. The Company has scientists, engineers, consultants, and sales professionals in over 170 countries.

Ownership:

IBM is publicly traded.

Size:

UR’s educational and main medical facilities are located in Rochester, NY. Other medical facilities are located throughout the Finger Lakes region.

IBM has approximately 20,000 employees in New York State.

- Market:** Technology/business services, software and financing for businesses, governments and institutions. IBM's customers include 50 of the world's biggest banks, 22 of the top 25 U.S. retailers, all ten of the world's largest telecommunications companies, as well as small- and medium-sized businesses across all major industries and endeavors. Major competitors include Accenture, Hewlett-Packard, Microsoft, Oracle, EMC, and Dell.
- ESD Involvement:** As a result of the Governor's Regional Economic Development Council initiative, UR was awarded \$5,000,000 through the Consolidated Funding Application ("CFA") process. HSCCI will position upstate New York as a hub of innovation and technology in health care. This is IBM's first joint venture with a major U.S. research institution in advanced biomedical research and represents a significant new potential market for its products and services. This partnership is expected to advance medical knowledge and innovation to improve the quality, delivery and cost-effectiveness of health care and spur significant regional economic growth.
- Supercomputing holds the potential to open new doors of inquiry, allowing scientists to analyze huge volumes of data and create complex models and simulations not previously possible. IBM's Blue Gene/Q represents the pinnacle of high-performance computing and is 14 times more powerful than its predecessor. A single Blue Gene/Q has a peak performance of 209 teraflops – meaning it can make 209 trillion calculations per second. Additionally, it is the world's most energy-efficient computer.
- Examples of health research underway at UR using high-performance computing that will benefit from HSCCI include developing complex models of the human immune system to help predict severe disease after respiratory virus infections, anticipate pandemic outbreaks and design more effective vaccines. The University's scientists are also developing experimental therapies for HIV, better ways to understand and prevent brain injuries, and the next generation of antibiotics. IBM and UR are also collaborating on computer-generated heart simulation to better understand which drugs may cause lethal disruptions of the heart's electrical activity. Additionally, there will be capabilities for interdisciplinary research in other core areas at the University, including energy, environment and nanotechnology.
- In recognition of keeping the State at the forefront of next generation supercomputing, ESD funding is critical to leveraging resources to support HSCCI and position the State as an international center for biomedical research, facilitate industry collaborations and create jobs. HSCCI will serve as a powerful resource for the State and foster greater connection and collaboration with industry and academia.
- Competition:** Other research university-industry collaborations in the U.S. and globally.

Past ESD Support: Within the last ten years, ESD provided the following support to UR:

- A \$10 million Empire Opportunity Fund grant to construct additional medical research facilities (2004, fully disbursed);
- A \$1 million Empire Opportunity Fund grant for expansion of UR Medical Center's Eye Institute (2006, fully disbursed); and
- A \$25 million Upstate City-by-City grant for construction of a medical research building for clinical and translational sciences (2008, \$22.5 million disbursed to date).

Within the last ten years, ESD provided the following support to IBM:

- A \$9 million Jobs Now grant for machinery, equipment and tooling in Fishkill (2002, fully disbursed);
- A \$130 million Executive-sponsored grant for a next generation nanofab facility in East Fishkill by IBM and other partners (2005, fully disbursed); and
- A \$65 million grant (from a number of different funding sources) for expansion of nanotechnology research, development and manufacturing at the East Fishkill site (2008, fully disbursed).

B. The Project

Completion: Substantial completion in December 2012 (of phase shown in Project Cost)

Activity: The Blue Gene/Q is located in the University's 23,000-square-foot state-of-the-art data center located at the City of Rochester's Science Park near the University campus. To host and support IBM's technology, the data center required renovations and the installation of new equipment, in addition to the computers. The facility incorporates best practices in data center design, management and sustainability, including: a 7,500-square-foot raised floor that optimizes airflow and heat dissipation allowing the computing equipment to run more efficiently; an air cooled economizer that takes advantage of the area's moderate climate; a high R-value thermal reflective roof; low wattage, high efficiency lighting that reduces electrical costs and heat loads; and an automated building management system to optimize energy use.

ESD assistance will be used to acquire and install computer hardware and software, associated equipment and construction/renovations. The project, which is the first joint State, IBM and UR phase of a five-year effort, began in January 2012 and this phase is expected to be substantially completed in December 2012.

The project builds upon a collaboration established through IBM's \$3 million IBM Shared University Research grant ("SUR") to UR in January 2009 providing the University with an initial Blue Gene system. That grant has fostered collaboration between UR and IBM researchers and, to date, SUR has resulted in over 500 users, attracting over \$107 million in new research funding, including \$4.5 million in funding from pilot grants that alone represent a 22:1 return on investment. Overall, this 35:1 leverage has demonstrated the significant potential of this initiative.

The University of Rochester and IBM have committed \$66 million toward this multi-year initiative and have requested \$33 million from the State to acquire software and hardware, make capital improvements and hire additional research faculty and computational support staff. (Additional funding requests to ESD are expected to be made through the annual CFA process.)

Results:

According to the Center for Governmental Research ("CGR"), the HSCCI will generate approximately 900 jobs, \$50 million in labor income, in excess of \$2 million in income and sales tax revenue, and \$205 million in new research funding over the next ten years. Additionally, given the experience of other similar IBM-university partnerships, it is anticipated that HSCCI will stimulate regional economic activity in the life sciences by generating new technologies resulting in commercial ventures. It will also enhance existing research partnerships the University has with industry leaders like Carestream, Bausch and Lomb, Siemens, Samsung, Intel, Johnson & Johnson, Pfizer, and others. CGR conservatively estimated that employees at similar facilities in Rochester would earn an average wage of about \$57,000 per year.

Economic Growth Investment:

Benefit-Cost Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits not captured in the period of analysis and may involve no permanent job commitments, the estimated benefits typically reflect only construction-related activity.

Evaluated over a seven-year period, the following are anticipated project impacts (dollar values are present value):

- Fiscal benefits to NYS government from the project are estimated at \$129,959;
- Fiscal cost to NYS government is estimated at \$5,000,000;

- Ratio of project fiscal benefits to costs to NYS government is 0.03:1;
- Fiscal benefits to all governments (state and local) are estimated at \$219,878;
- Fiscal cost to all governments is \$5,000,000;
- The ratio of project fiscal benefit to cost ratio to all governments is 0.04:1;
- Economic benefits (total fiscal plus total net resident disposable income from project construction employment) are estimated at \$1,168,818;
- The economic benefit to cost ratio is 0.23:1;
- Project construction cost is \$1,950,000 which is expected to generate 17 direct job years and 13 indirect job years of employment;
- The payback period for NYS costs is over seven years.

(See Project Summary Benefit-Cost Evaluation attached for detail and definitions.)

Grantee Contact: David J. Topham, Ph.D., Vice Provost and Executive Director, Health Sciences Center for Computational Innovation
 School of Medicine and Dentistry
 601 Elmwood Avenue, Box 609
 Rochester, NY 14642
 Phone: (585) 273-1400 Fax: (585) 273-2452

Beneficiary Contact: Onofrio Pirrotta
 NYS Client Unit Executive
 80 State Street
 Albany, NY 12207
 Phone/Fax: (518) 487-6108

ESD Project Nos.: X807, X861

| | | |
|---------------|---------------------------------|------------------|
| Project Team: | Origination | Kevin Hurley |
| | Project Management | Edward Muszynski |
| | Contractor & Supplier Diversity | Vikas Gera |
| | Finance | Ross Freeman |
| | Environmental | Soo Kang |

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreements, the Grantee shall pay a commitment fee of 1% of the \$3,300,000 capital grant (X807) and the \$1,700,000 capital grant (X861) [a total of \$50,000] and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.

2. The Grantee will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Grantee will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Grantee's acceptance of ESD's offer. Equity is defined as cash injected into the project by the Grantee or by investors, and should be auditable through Grantee's financial statements or accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project. (UR will be considered as having met this requirement with its multi-million dollar investments made prior to January 1, 2012.)
4. Up to \$5,000,000 (\$3,300,000 from project X807 and \$1,700,000 from project X861) will be disbursed to Grantee upon documentation of project costs totaling approximately \$11,000,000 as described in these materials, as evidenced by a certificate of occupancy, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses reimbursed by ESD must be incurred on or after December 16, 2011 to be considered eligible project costs. All disbursements must be requested by April 1, 2014.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$3,300,000 (X807) and \$1,700,000 (X861), for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee 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.

IV. Statutory Basis – Regional Council Capital Fund, Economic Development Purposes Fund

The project was authorized in the 2011-2012 New York State budget and reappropriated in the 2012-2013 New York State budget. 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. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-discrimination and Contractor & Supplier Diversity policy will apply to the project. The Grantee shall adhere to ESD's Non-discrimination and Equal Employment Opportunity ("EEO") policy. Due to the unavailability of certified MWBEs for performance of the highly specialized portions of this contract and because project performance on the remaining aspects has largely

been completed, specific MWBE goals cannot be established for this first phase. The Grantee has indicated that it is fully committed to meeting and hopefully exceeding MWBE goal requirements in all future phases of the project.

VII. ESD Employment Enforcement Policy

ESD's Employment Enforcement Policy will not apply since the project will not directly create or retain jobs.

VIII. 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.

IX. Additional Submissions to Directors

Resolutions

New York State Map

Project Finance Memorandum

Benefit-Cost Analysis

December 20, 2012

Regional Council Award – Priority Project - Rochester (Finger Lakes – Monroe County) – Health Sciences Center for Computational Innovation Capital – Economic Development Purposes Fund and Regional Council Capital Fund (Capital Grants) – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make Grants 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 Health Sciences Center for Computational Innovation Capital – Economic Development Purposes Fund and Regional Council Capital Fund (Capital Grants) 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 President 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 President 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, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to the University of Rochester grants for a total amount not to exceed Five Million Dollars (\$5,000,000) comprising Three Million Three Hundred Thousand Dollars (\$3,300,000) from the Economic Development Purposes Fund and One Million Seven Hundred Thousand Dollars (\$1,700,000) from the Regional Council Capital 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 President 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 President and Chief Executive Officer or his designee(s) be, subsequent to the making of the grants, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grants as he or she may deem necessary or appropriate in the administration of the grants; and be it further

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

RESOLVED, that the President and Chief Executive Officer 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.

* * *

Project Summary Benefit-Cost Evaluation ¹

University of Rochester HSCCI—Economic Growth Investment

Benefit-Costs Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment, and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits reported in the table below typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits not captured in the period of analysis and may involve no permanent job commitments, the table typically reflects only construction-related activity. Benchmarks for each type of project are noted in the footnotes.

Construction Job Years (Direct): 17

Construction Job Years (Indirect): 13

| Evaluation Statistics | Project Result NYS Govt. | NYS Govt. Benchmarks for ESD Projects ² | Project Results State & Local Governments | State & Local Government Benchmarks for ESD Projects |
|--------------------------------------|-----------------------------|--|---|---|
| Fiscal Costs³ | \$5,000,000 | \$794,250 | \$5,000,000 | \$1,020,500 |
| Fiscal Benefits⁴ | \$129,959 | \$2,085,600 | \$219,878 | \$4,271,980 |
| Fiscal B/C Ratio | 0.03 | 3.00 | 0.04 | 10.60 |
| | | | | |
| | Project Results | Benchmarks for ESD Projects | | |
| Economic Benefits⁵ | \$1,168,818 | \$119,468,000 | | |
| Economic B/C Ratio | 0.23 | 20.00 | | |

¹ Dollar values are present value calculated over a 7-year period. Separate evaluations are made and reported for New York State government assistance alone and for State and Local government.

² The current project evaluation results (both fiscal and economic) are compared to performance measure benchmarks based on results of a sample of ESD non-retail projects. Infrastructure Investment (or Economic Growth Investment) project benchmarks are 3.00 (Fiscal) and 20.00 (Economic).

³ Fiscal cost includes the value of grants, loans and associated default risks, and discretionary subsidies (such as tax exemptions or abatements on sales, property, and interest income).

⁴ Fiscal benefits are the loan repayments and tax revenues to New York State and Local governments generated by project activity. This includes estimated taxes on personal incomes from project direct and indirect employment, corporate and business incomes, excise and user taxes, property taxes, and other taxes.

⁵ Economic benefits are estimated project benefits measuring fiscal flows to government plus net resident disposable income from project direct and indirect employment net of transfers, without adjusting for individual income earners' opportunity cost of employment.

FOR CONSIDERATION

December 20, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Regional Council Award – Priority Project - Albany and Troy (Capital Region – Albany and Rensselaer Counties) – Albany Medical College Capital - NYCAP Research Alliance – Economic Development Purposes Fund (Capital and Working Capital Grant)

REQUEST FOR: Findings and Determinations Pursuant to Sections 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: Albany Medical College (the “College”), as fiscal agent for the New York Capital Research Alliance (“NYCAP Research Alliance” or the “Alliance”)

Beneficiary Organizations: Rensselaer Polytechnic Institute (“RPI”); and The Research Foundation for The State University of New York (the “Research Foundation”), on behalf of the University at Albany (“UAlbany”), as the founding members of the New York Capital Research Alliance

ESD* Investment: A grant of up to \$950,000 to be used for a portion of the cost of salaries, supplies, machinery and equipment, and other research-related costs.

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

Project Locations: Albany Medical College, 42 New Scotland Avenue, Albany, Albany County;
Rensselaer Polytechnic Institute, 110 Eighth Street, Troy, Rensselaer County; and
University at Albany, 1400 Washington Avenue, Albany, Albany County

Proposed Project: Formation of the New York Capital Research Alliance to foster leadership in various areas of scientific and technological research within the Capital Region, and direct support for ten or more research collaborations in mutually agreed upon areas of translational medicine and related fields, outreach and technology transfer.

Project Type: The project supports the creation of an Alliance to foster collaborative biomedical research among the Capital Region’s leading academic research institutions, leveraging strategic public and private sector investment and job growth, and advancing the Capital Region as a national and global destination for biomedical research. The Alliance brings together, for the first time, the medical and biomedical research capacity of the Albany Medical Center (the “Center”), the engineering and computational capacity of RPI and the biomedical research capacity of UAlbany into one organization that will utilize their collaborative assets to attract research funding.

Regional Council: The Incentive Offer was accepted in October 2012 and the project is consistent with the Capital Region’s Strategic Plan. The Capital Region Economic Development Council identified the formation of the NYCAP Research Alliance as a transformational initiative. The Alliance will provide the formal structure for the Capital Region’s businesses, colleges and universities, and local and state governments to collaborate in areas of biomedical research, advance the biomedical and life sciences sectors and bring new opportunities and job growth to the region. The presidents of the Albany Medical College and Rensselaer Polytechnic Institute are co-chairs, and the president of the University at Albany is a member, of the 21-member Capital Regional Economic Development Council. In conformance with the State’s policy, these individuals have recused themselves on votes recommending this project. The Council includes 25 additional, ex-officio members who are elected officials but cannot vote on individual project recommendations.

II. Project Cost and Financing Sources

| <u>Financing Uses</u> | <u>Amount</u> |
|---|--------------------|
| Alliance Planning & Administration | \$4,005,723 |
| Salaries & Fringe | 613,747 |
| Supplies | 266,069 |
| Machinery and Equipment | 21,977 |
| Travel | 1,000 |
| Other (lab testing fees, implant prototypes, surgical/post-operative care, microarray services, equipment usage time, etc.) | <u>123,577</u> |
| Total Project Costs | <u>\$5,032,093</u> |

| <u>Financing Sources</u> | <u>Amount</u> | <u>Percent</u> |
|--------------------------------------|--------------------|----------------|
| ESD-Grant | \$950,000 | 19% |
| Grantee Equity** | 510,123 | 10% |
| Grantee and Beneficiaries In-Kind*** | <u>3,571,970</u> | <u>71%</u> |
| Total Project Financing | <u>\$5,032,093</u> | <u>100%</u> |

**Includes salaries of Principal and Co-Principal Investigators to conduct research, external review of research proposals, symposiums to showcase NYCAP Research Alliance opportunities, meeting accommodations, etc.

***Includes indirect expenses, administrative meeting time for Executive Planning, Scientific Strategy, Funding Advocacy, Communications and Legal, non-meeting preparation time, lab equipment expenses, etc.

III. Project Description

A. Grantee/Beneficiary Organizations

Industry: The Albany Medical College is an entity of the Albany Medical Center, northeastern New York's only academic health sciences center. Albany Medical Center is one of the largest private employers in the Capital Region and one of New York's largest teaching hospitals. It incorporates the 651-bed Albany Medical Center Hospital, which offers the widest range of medical and surgical services in the region, and the Albany Medical College, which trains the next generation of doctors, scientists and other healthcare professionals, and also includes a biomedical research enterprise and the region's largest physician's practice with 350 doctors. The Center works with dozens of community partners to improve the region's health and quality of life. Albany Medical College is an academic health sciences center. Each year, the College enrolls approximately 135-140 diverse and multi-talented students in educational programs leading to the degree of Doctor of Medicine.

RPI is one of the leading technological universities in the country and focuses its research in the areas of biotechnology and the life sciences; computational science and engineering; nanotechnology and advanced materials.

UAlbany is one of the University Centers in the State University of New York System and received ESD funding from Round 1 of the Consolidated Funding Application (“CFA”) Process to expand research capabilities of the RNA Institute and to establish a Biotechnology Training Center.

Organization History: The Albany Medical College was established in 1839 and it is one of the oldest medical colleges in the United States. Although the name Albany Medical Center has referred to both the Albany Medical College and the Albany Medical Center Hospital for over a century, the two institutions, which share a campus, were independent until formally joining together in 1982 as the Albany Medical Center. As an academic health sciences center, the Center has a mission of providing excellence in medical education, biomedical research and patient care.

Ownership: The Albany Medical College, as the fiscal agent for the Alliance, is part of the Albany Medical Center, a non-profit organization that coordinates planning, financial management, resource utilization, fundraising, and policy direction for Albany Medical Center Hospital, Albany Medical College, the Albany Medical Center Foundation, and other related organizations. It is anticipated that at some time in the future, once the NYCAP Research Alliance expands its membership to additional corporate and academic partners, a 501(c)(3) will be established and the Albany Medical College will no longer be the fiscal agent for the Alliance.

Size: The Albany Medical Center and its entities employ over 7,000 individuals, of which 1,390 are full-time employees of the Albany Medical College. RPI has 6,000 students and 850 faculty members. UAlbany has 17,000 students and 1,000 faculty members.

Market: Albany Medical Center serves a 150-mile radius with an area population of over two million and is the only level-1 trauma center and academic medical institution for the 25-county region between New York City and Montreal, treating patients from Western New England, Southern Quebec and Upstate New York. RPI and UAlbany attract students and faculty from all over the world.

ESD Involvement: As a result of the Governor’s Regional Economic Development Council Initiative, Albany Medical College, RPI and the University at Albany applied to and were awarded \$950,000 through the CFA toward a

\$5 million effort to establish the NYCAP Research Alliance and provide seed funding for direct, collaborative research. The aim of the new Alliance is to invest in research that can be commercialized and to attract more federal research dollars to the Capital Region. By combining strengths, focusing resources and leveraging their diversified assets, the Alliance will accelerate the potential for scientific discoveries and innovations in health care, and expedite their pathway into the marketplace. This is an important investment in the region's health and economic future.

Competition: The Alliance will ensure that the three academic institutions are leveraging the strengths of their joint assets to attract additional research funding to the Capital Region. The future expansion of the Alliance to incorporate additional academic institutions and corporate partners will further increase the potential to attract additional research funding.

Past ESD Support: This is the Organization's first project with ESD.

B. The Project

Completion: December 2013

Activity: Albany Medical College, RPI and the Research Foundation will establish and operate a collaborative research alliance among and between businesses, academic institutions and governmental entities to aid and foster leadership in various areas of scientific and technological research within the Capital Region of New York. The project includes the formation of the NYCAP Research Alliance by the partners, direct support for ten or more research projects, each of which would involve at least two Alliance member organizations in mutually agreed upon areas, outreach and technology transfer.

The project began in early 2012 with a series of meetings presided over by the presidents of the three founding member organizations. Planning and information gathering committees were developed to provide guidance and recommendations on the formation, structure and research focus of the Alliance initiative. While the optimal structure of the Alliance would be the establishment of a 501(c)(3), the members determined that a more fiscally prudent approach would be to allocate 100% of the ESD funding to directly support collaborative research executed by the partners, given the administrative cost to establish a 501(c)(3) entity. The partners signed a Memorandum of Understanding in October 2012, designating Albany Medical College as the fiscal agent to administer the grant funds. As additional university, research and

corporate partners are added to the Alliance, the 501(c)(3) will likely be established as the additional partners contribute the necessary overhead to support and sustain the ultimate corporate structure.

Through a Request For Application offering in late Spring 2012, 33 proposals were submitted to the Alliance requesting seed funding by researchers affiliated with the three founding institutions. The projects were ranked based on criteria established by the Alliance, including the requirement that research projects involve investigators from two or more of the founding institutions, and an independent review by a scientific evaluation organization. The ten highest ranking proposals were awarded \$745,000 in grants by the Alliance, with an additional \$205,000 to be allocated for continued research by those projects deemed most promising in the coming months. The Alliance will also undertake efforts to attract additional member organizations, establish new collaborations among regional private businesses and academic institutions, and conduct outreach through conferences and symposiums based on research themes awarded. By consolidating the efforts of the three academic institutions with future academic institutions and corporate partners, the Alliance will eliminate area entities competing for the same research funds and will foster a collaborative environment that maximizes the diverse assets for present and future partners.

Results: As a result of ESD funding, a formal governance structure for the NYCAP Research Alliance has been established. Ten research projects, each involving investigators from two or more member institutions, have been awarded seed funding. The projects selected focus on many of today's most pressing health challenges, such as Alzheimer's disease and cancer, and will also investigate other neurodegenerative diseases and regenerative medicine. By establishing a collaborative structure, it is anticipated that the efforts of NYCAP Research Alliance will grow business and create jobs in one of the Capital Region's emerging and most promising industries.

Economic Growth Investment: Note: This project is an Economic Growth Investment project and does not involve permanent job commitments or construction spending. While such projects generate significant long-term fiscal and economic benefits, such benefits are not estimated within the short-term period used in the benefit cost analysis. Therefore, no benefit cost analysis is provided.

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ESD Project No.: X804

| | | |
|---------------|---------------------------------|-----------------|
| Project Team: | Origination | Arnie Will |
| | Project Management | Linda Dillon |
| | Contractor & Supplier Diversity | Diane Kinnicutt |
| | Finance | Ross Freeman |
| | Environmental | Soo Kang |

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Grantee shall pay a commitment fee of 1% of the \$950,000 capital grant (\$9,500) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will demonstrate no materially adverse changes in its financial condition prior to disbursement.

3. The Grantee will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after ESD's announcement of the project. Equity is defined as cash injected into the project by the Grantee or by investors, and should be auditable through Grantee financial statements or Grantee accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.

4. Up to \$950,000 will be disbursed to Grantee in four installments as follows:

Up to 25% of the grant (\$237,500) as reimbursement for eligible expenses incurred during the course of the project, as evidenced by documentation verifying project expenditures of \$1,237,500, upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require, including progress reports on achievement of project goals and objectives, assuming that all project approvals have been completed and funds are available;

Up to 25% of the grant (\$237,500) as reimbursement for eligible expenses incurred during the course of the project, as evidenced by documentation verifying project expenditures of an additional \$1,237,500 (\$2,475,000 cumulative), upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require, including progress reports on achievement of project goals and objectives, assuming that all project approvals have been completed and funds are available;

Up to 25% of the grant (\$237,500) as reimbursement for eligible expenses incurred during the course of the project, as evidenced by documentation verifying project expenditures of an additional \$1,237,500 (\$3,712,500 cumulative), upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require, including progress reports on achievement of project goals and objectives, assuming that all project approvals have been completed and funds are available; and

Up to 25% of the grant (\$237,500) upon project completion, as described in Sections II and III above, as reimbursement for eligible expenses incurred during the course of the project, as evidenced by documentation verifying project expenditures of an additional \$1,237,500 (\$4,950,000 total cumulative), upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require, including progress reports on achievement of project goals and objectives, assuming that all project approvals have been completed and funds are available.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses incurred prior to October 24, 2012 cannot be reimbursed by grant funds. All disbursements must be requested by April 1, 2014. Progress reports on the achievement of project goals and objectives must be submitted annually for three years following the final disbursement in order to monitor project results.

5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$950,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee 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.

IV. Statutory Basis – Economic Development Purposes Fund

The project was authorized in the 2011-2012 New York State budget and reappropriated in the 2012-2013 New York State budget. 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. Non-Discrimination and Contractor & Supplier Diversity

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority-and women-owned business in the performance of ESD contracts. For purposes of this contract, however, goals will not be established due to the unavailability of minority and women-owned businesses for performance of this contract.

VII. ESD Employment Enforcement Policy

ESD's Employment Enforcement Policy will not apply since the project will not directly create or retain jobs.

VIII. 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.

IX. Additional Submissions to Directors

Resolutions
New York State Map
Project Finance Memorandum

December 20, 2012

Regional Council Award – Priority Project – Albany and Troy (Capital Region – Albany and Rensselaer Counties) – Albany Medical College Capital - NYCAP Research Alliance – Economic Development Purposes Fund – 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 Albany Medical College Capital - NYCAP Research Alliance -- Economic Development Purposes Fund 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 President 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 President 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, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Albany Medical College a grant for a total amount not to exceed Nine Hundred Fifty Thousand Dollars (\$950,000) from the Economic Development Purposes 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 President 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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.

* * *

A. Cortland Plastics Capital (X784)

December 20, 2012

General Project Plan

- Grantee:** Cortland Plastics International, LLC (“CPI” or the “Company”)
- ESD Investment:** A grant of up to \$100,000 to be used for a portion of the cost of machinery and equipment.
- Project Location:** 211 Main Street, Cortland, Cortland County
- Proposed Project:** The purchase and installation of new machinery and equipment at the Company facility in Cortland.
- Project Type:** Business expansion involving job retention and creation.
- Regional Council:** The Incentive Offer was accepted in June 2012. The project is consistent with the Regional Plan in that it supports the continued growth of advanced manufacturing in the Central New York Region.
- Employment:**
- | | |
|--|----|
| Initial employment at time of ESD Incentive Offer: | 45 |
| Current employment level: | 45 |
| Minimum employment on January 1, 2015: | 55 |

Background:

Industry - CPI is a rapidly growing extrusion blow-molding custom plastics manufacturer. The Company manufactures high-density plastic bottles for the pharmaceutical, lawn and garden, personal care, food, chemical, household chemicals, cosmetic, and pool chemical industries.

Company History – The Company was formed in 2006 and began production in March 2007, growing to over \$7 million in sales. Last year, it completed an addition to its building which doubled the size of its facility, adding two machines to its production line and bringing its total number of machines to eight.

Ownership – CPI is a privately owned limited liability company with eight members.

Size – All facilities located in Cortland, NY.

Market – Its three largest customers are Nice Pak Products, Inc. (Moorseville, IN), Abbott Laboratories (White Plains, NY) and Bel-Ray Company, Inc. (Farmingdale, NJ). Its

Cortland Plastics Capital (X784)

December 20, 2012

largest competitors are Meredith Springfield (Springfield, Mass), Consolidated Container (Allentown, PA) and a number of Canadian blow molders.

ESD Involvement – As a result of the Governor’s Regional Economic Development Council Initiative, CPI was awarded \$100,000 through the Consolidated Funding Application (“CFA”) process to fund this project. CPI has acquired several new customers. Since it does not have extra capacity, it requires two new machines to continue its growth and to allow the flexibility required to properly serve its new customers and gain additional business. The Company decided to apply for the first round of Regional Council funding, which was necessary to close a \$100,000 gap in financing.

Past ESD Support – In July 2009, ESD approved a \$70,000 capital grant for new machinery and equipment necessary to add an additional production line for the production of two new specific bottle types at the Company facility. Those funds have been fully disbursed and CPI is in compliance with the terms of that agreement.

The Project:

Completion – October 2012

Activity – The Company has purchased and installed two new blow-molding machines necessary to expand production in its Cortland facility. The installation of the new machines will allow for the production of a larger volume of plastic containers to its customers on a more competitive basis.

Results – Retain 45 existing jobs and create 10 new jobs.

| Financing Uses | Amount | Financing Sources | Amount | Percent |
|-----------------------|-----------|-------------------------|-----------|---------|
| Machinery & Equipment | \$680,000 | ESD Grant | \$100,000 | 15% |
| | | Company Equity | 580,000 | 85% |
| Total Project Costs | \$680,000 | Total Project Financing | \$680,000 | 100% |

Grantee Contact - Kay Breed, Controller
211 Main Street
Cortland, NY 13045-0120
Phone: (607) 662-0120 Fax: (607) 662-0139

Cortland Plastics Capital (X784)

December 20, 2012

| | | |
|-----------------------|---------------------------------|-----------------|
| <u>Project Team</u> - | Origination | Bonnie Palmer |
| | Project Management | Jessica Hughes |
| | Contractor & Supplier Diversity | Diane Kinnicutt |
| | Environmental | Soo Kang |

Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Company shall pay a commitment fee of 1% of the \$100,000 capital grant (\$1,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
3. The Company will be required to contribute at least 10% of the total project cost in the form of equity contributed after the Company's written acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
4. Prior to disbursement, the Company 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 Location 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 Location 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 \$100,000 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$50,000) upon documentation of machinery and equipment project costs totaling \$680,000, upon completion of the project substantially as described in these materials, and documentation of the employment of at least 45 Full-time Permanent Employees at the Project Location, 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 (\$25,000) will be

Cortland Plastics Capital (X784)

December 20, 2012

- disbursed upon documentation of the employment of at least 50 Full-time Permanent Employees at the Project Location (Employment Increment of 5), provided Grantee is otherwise in compliance with program requirements;
- c) a Third Disbursement of an amount equal to 25% of the grant (\$25,000) will be disbursed upon documentation of the employment of at least 55 Full-time Permanent Employees at the Project Location (Employment Increment of 5), provided Grantee is otherwise in compliance with program requirements.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after November 1, 2011 to be considered eligible project costs. All disbursements must be requested by April 1, 2015.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$100,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company 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.

Cortland Plastics Capital (X784)
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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.

| | |
|---------------------|----|
| Baseline Employment | 45 |
|---------------------|----|

| A | B |
|------------------|------------------|
| Reporting Date | Employment Goals |
| February 1, 2014 | 45+X+Y |
| February 1, 2015 | 45+X+Y |
| February 1, 2016 | 45+X+Y |
| February 1, 2017 | 45+X+Y |

X = Grantee's Employment Increment that will be the basis of the Second Disbursement of the Grant as described in section 5 above (i.e. X=5, and Employment Goals shall equal $[45 + X = 50]$ 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 5 above (i.e. Y=5, and Employment Goals shall equal $[45 + X + Y =55]$ 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.

Non-Discrimination and Contractor & Supplier Diversity:

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority-and women-owned business in the performance of ESD contracts. For purposes of this contract, however, goals will not be established due to the unavailability of minority and women-owned businesses for performance of this contract.

Statutory Basis – Regional Council Capital Fund:

The project was authorized in the 2011-2012 New York State budget and reappropriated in the 2012-2013 New York State Budget. No residential relocation is required as there are no families or individuals residing on the site.

Evaluated over a seven-year period, project fiscal benefits to New York State government are expected to be \$328,028, which exceed the cost to the State.

FOR CONSIDERATION

December 20, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Regional Council Award Projects Consent Calendar

REQUEST FOR: Findings and Determinations Pursuant to Sections 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

Attached are summaries of Regional Council Award projects requesting ESD assistance of \$100,000 and under in the following categories:

Regional Council Capital Fund

| | Project Name | Proj # | Grantee | Assistance up to |
|---|---------------------------|---------------|--------------------------------------|-------------------------|
| A | Cortland Plastics Capital | X784 | Cortland Plastics International, LLC | 100,000 |
| | | | TOTAL | \$100,000 |

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

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

Environmental Review

Unless otherwise noted on a project summary, ESD staff has determined that the projects constitute Type II actions as defined by the New York State Environmental Quality Review Act and the implementing regulations for the New York State Department of Environmental Conservation. No further environmental review is required in connection with the projects.

Non-discrimination and Contractor and Supplier Diversity

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority and women-owned businesses in the performance of ESD contracts. Accordingly, ESD's Non-discrimination and Contractor and Supplier Diversity policies will apply to the projects. Unless otherwise specified in the project summary, grantees shall use their Good Faith Efforts to achieve an overall Minority and Women Business Enterprise ("MWBE") Participation Goal of 23% related to the total value of ESD's funding. This shall include a Minority Business Enterprise ("MBE") Participation goal of 13% and a Women Business Enterprise ("WBE") Participation goal of 10%. Grantees shall use Good Faith Efforts to solicit and utilize MWBEs for any contractual opportunities generated in connection with the projects and to include minorities and women in any job opportunities created by the projects.

Reallocation of Funds

ESD may reallocate each project's funds to another form of assistance, at an amount no greater than the amount approved, for the same project if ESD determines that the reallocation of the assistance would better serve the needs of the recipient 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.

ESD Employment Enforcement Policy

Unless otherwise noted on a project summary, the ESD Employment Enforcement Policy will not apply because these projects do not directly create jobs.

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.

Statutory Basis – Regional Council Capital Fund and Economic Development Purposes Fund

The projects were authorized in the 2011-2012 New York State budget and reappropriated in the 2012-2013 New York State Budget. No residential relocation is required as there are no families or individuals residing on the site(s).

Additional Submissions to Directors

New York State Map
Resolutions
Project Summaries

December 20, 2012

Regional Council Capital Fund – 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 Regional Council Capital Fund Project identified below (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 President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, are hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s), that no substantive negative testimony or comment has been received at the public hearings held on the Plan, such Plan shall be effective at the conclusion of such hearings, and that upon such written findings being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make a grant to the party and for the amount listed below from the Regional Council Capital 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 President 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 President 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;

Regional Council Capital Fund

| | Project Name | Proj # | Grantee | Assistance up to |
|---|---------------------------|---------------|--------------------------------------|-------------------------|
| A | Cortland Plastics Capital | X784 | Cortland Plastics International, LLC | 100,000 |
| | | | TOTAL | \$100,000 |

and be it further

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

* * *

A. City of Buffalo - Building Reuse Upstate City-by-City Capital (X956)

December 20, 2012

General Project Plan

- Grantee:** The City of Buffalo (“Buffalo” or the “City”)
- Beneficiary Organization:** Buffalo Urban Development Corporation (“BUDC”)
- ESD Investment:** A grant of up to \$3,000,000 to be used to establish a low-interest loan fund program to assist with the conversion of vacant primarily City Class B and C office space into housing and mixed-use structures.
- Project Location:** Bounded on the north by North Street, south by the Buffalo River, east by Michigan Avenue, and west by Niagara Street, Buffalo, Erie County.
- Proposed Project:** Establish a Revolving Loan Fund (the “Loan Fund”) to provide gap financing to support adaptive re-use of vacant , underutilized commercial buildings in the City.
- Project Type:** Regional low-interest loan program
- Regional Council:** The Western New York Regional Council has been made aware of this item. Project predates the Regional Council Initiative. The project is consistent with the Regional Plan as it promotes Smart Growth and is part of the City’s Queen City Hub Plan, an adopted master plan to improve competitiveness of downtown Buffalo by capturing new jobs and investment, as well as to establish the capacity for downtown sustainable development.

Background:

Beneficiary Industry – BUDC is a not-for-profit local development agency and an affiliate of the Erie County Industrial Development Agency (the “ECIDA”). Its mission is to create a dynamic and responsive project development process and team, capable of meeting the special needs and challenges associated with urban and high-impact project development in Erie County. BUDC currently focuses on redeveloping brownfields and other challenged properties in the City. BUDC facilitates partnerships with the private sector, primarily through the preparation of shovel ready sites, strategic planning and as a pass-through for public and private funding for adaptive re-use and redevelopment projects.

History – The City, incorporated in 1832, is located in Erie County in Western New York. At the turn of the 20th Century, Buffalo was the eighth most populous city and hosted the fifth largest economy in the United States. The City, which is located at the western terminus of the Erie Barge Canal, became known as the “Queen City” of the Great Lakes. It developed as a major transportation hub and contained a vibrant industrial base, which produced

City of Buffalo - Building Reuse Upstate City-by-City Capital (X956)

December 20, 2012

innovations in energy, chemicals and aeronautics. Today, as a result of shifts in transportation trends and a decline of its industrial base, Buffalo is one of the poorest of the largest 100 cities in the United States based on household income, unemployment and percentage of population on public assistance. In the 1990s, more jobs were lost in Buffalo than in any other urban community of comparable size in the country. The City has lost over 50% of its population since the 1950s. The current poverty rate in the City is 27%. Buffalo is also ranked as one of the top five cities based on the number of vacant housing units, which currently involve over 22,000 properties.

BUDC was established in 1978 under the name Development Downtown, Inc. with a primary objective to act as a financing vehicle for downtown Buffalo development projects using Urban Development Action Grants. In 2004, Development Downtown, Inc. became BUDC, reclaiming distressed land and buildings for future development.

Beneficiary Ownership – BUDC is a not-for-profit agency.

Size - The City is approximately 41 square miles in area and has a current population of about 280,000 people.

BUDC is managed by an eighteen-member board of directors which are made up of public and private sector individuals that serve on four committees to assist BUDC in conducting day-to-day business. BUDC has two employees; the ECIDA has 18 employees.

Beneficiary Market – BUDC provides business assistance throughout the Western New York Region.

ESD Involvement - In 2011, the Buffalo Niagara Partnership (the “BNP”), in conjunction with the City, conducted a Building Reuse Market Analysis (the “Analysis”) in an effort to assess the potential for market-rate housing opportunities in approximately 2 million square feet, mostly former Class B and C, vacant commercial office space. The Analysis, conducted by Zimmerman Volk Associates (Clinton, NJ), concluded that while there was a significant demand for downtown residential units, large upfront investment for redevelopment are not financially feasible. The Analysis further acknowledged the need for effective tools to encourage private investment to redevelop these vacant buildings; the City responded with the development of the Loan Fund to provide a continuous funding source to transform vacant and underutilized buildings into housing and mixed-use spaces.

Past ESD support to the City includes:

- a \$3 million RESTORE NY I grant to the City on March 15, 2007 for assistance with the demolition and site clearing of at least 208 single-family homes and one commercial property. The project is complete and all funds have been disbursed;

City of Buffalo - Building Reuse Upstate City-by-City Capital (X956)

December 20, 2012

- a \$5.072 million RESTORE NY II grant on April 17, 2008 for assistance with the demolition and site clearing of up to 725 single-family homes. The project is complete and all funds have been disbursed;
- a \$4.5 million RESTORE NY II grant on July 17, 2008 for assistance with interior and exterior building renovations to the former Trico Building on the Buffalo Niagara Medical Campus. The project is complete and all funds have been disbursed;
- a \$2 million RESTORE NY III grant on December 18, 2009 for the renovation of the former Thaddeus J. Dulski Federal Office Building into a mixed-use facility;
- a \$1.35 million RESTORE NY III grant on February 18, 2010 for the renovation of the Curtiss Building into a boutique hotel;
- a \$1 million City-by-City grant on March 25, 2010 to assist with Erie Basin Marina renovations. The project is complete, ESD has not disbursed any funds, but expects a payment requisition from the City shortly;
- a \$1 million Upstate City-by-City grant on March 25, 2010 to assist the Valley Community Association with improvements at the Buffalo River Fest Park. The project is underway, and ESD has disbursed \$130,000;
- a \$7,635,526 RESTORE NY III grant on November 18, 2010 for assistance with the demolition and site clearing of up to 446 residential structures and the partial demolition and stabilization of one commercial structure. The project is underway, \$2,644,905 has been disbursed;
- a \$763,576 RESTORE NY III grant on June 28, 2011 to assist the Jeremiah Partnership neighborhood development initiative, specifically the expansion of a Head Start facility. The project is substantially complete, \$456,170 has been disbursed; and
- a \$320,000 RESTORE NY III grant on November 15, 2012 to assist People for Sustainable Housing with renovation and construction costs of five low-income residential housing units. The project is expected to be complete in 2013, ESD has not disbursed any funds.

The City is in compliance with the terms of the previously identified grants.

Additionally, the City was awarded the following grants, which will be presented to the ESD Directors on a later date:

- a \$500,000 RESTORE NY III grant for the renovation of the former Fairfield Library into a mixed-use structure;
- a \$100,000 RESTORE NY III grant for the renovation of the former White's Livery Stables into low-income income housing;
- a \$1,870,989 RESTORE NY III grant to assist the Jeremiah Partnership with additional neighborhood development initiatives; and
- A \$5.3 million Upstate City-by-City grant to assist with

City of Buffalo - Building Reuse Upstate City-by-City Capital (X956)

December 20, 2012

renovations to the Buffalo Statler.

Past ESD support to BUDC includes:

- a \$125,000 Wired Building grant on May 17, 2007 to assist with the expansion of a wireless broadband system in portions of downtown Buffalo. The project is complete; however, ESD only disbursed \$23,780 as a significant portion of this project was financed by alternative sources; and
- a \$2.44 million Upstate Regional Blueprint Fund grant on November 18, 2010 to assist with remediation and development costs of the Buffalo Lakeside Commerce Park. The project is complete and funds have been fully disbursed.

BUDC is in compliance with the terms of its previous grants.

The Project:

Completion – Ongoing

Activity – The project involves the establishment of the Loan Fund to provide gap funding to support the adaptive re-use of vacant and underutilized City buildings and spaces, primarily former Class B and C office space, in Buffalo’s Central Business District. The funds will be offered at two points over prime and may be used for short-term gap financing or interest only interim financing and will be used to support the core recommendation of the Analysis, including implementation of a housing and mixed-use infill strategy through the reconstruction and rehabilitation of existing downtown buildings. Financing would be a 36-month maximum loan term and a \$750,000 maximum loan. BUDC will make the funding available through a Request for Proposal (“RFP”) process over an estimated three-year period. As principal repayments are made to the Loan Fund, additional RFPs will be issued, contingent upon the amount of funds available, with the goal of creating a permanent Loan Fund. The City will oversee the Loan Fund; the BUDC will provide the underwriting support. BUDC will charge a \$250 application fee and a 1% loan fee, which it will retain, as well as interest earned from financing to offset BUDC administrative costs. ESD’s Loan funds will be matched by \$3 million in Community Development Block Grant (“CDBG”) funds and \$3 million in National Grid economic development grants. Identified projects may qualify for funding through multiple sources. ESD loan funds shall be used exclusively for eligible expenses related to capital works or purposes.

Results – Over the next five years, the Loan Fund is expected to leverage an estimated \$36 million in private investment; result in an additional 500,000-1,000,000 square feet of residential space (approximately 94 units) and 425,000-895,000 square feet of commercial/retail space per year over the next 3 years; and an increase of \$1.25 – \$2.5 million in property and sales taxes. It will also provide an infill strategy which focuses

City of Buffalo - Building Reuse Upstate City-by-City Capital (X956)

December 20, 2012

on redeveloping existing building infrastructures and/or promoting new construction; increase the need for retail services filling vacant storefront; and increase the City's vibrancy.

| Financing Uses | Amount | Financing Sources | Amount | Percent |
|-----------------------|-------------|-------------------------|-------------|---------|
| Capital Project Loans | \$3,000,000 | ESD Grant | \$3,000,000 | 100% |
| | | | | |
| Total Project Costs | \$3,000,000 | Total Project Financing | \$3,000,000 | 100% |

Grantee Contact: Mr. Michael Breen, Communications Manager
913 City Hall
Buffalo, NY 14202-3376
Phone: (716) 851-5468 Fax: (716) 842-6942

Beneficiary Contact - Mr. David Stebbins, Vice President
143 Genesee Street
Buffalo, NY 14203
Phone: (716) 362-8378 Fax: (716) 856-0854

Project Team - Project Management Jean Williams
Legal Stephen Gawlik
Contractor & Supplier Diversity Vikas Gera
Environmental Soo Kang

Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Grantee shall reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grant will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
3. Up to \$3,000,000 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to \$1 million upon execution of a Grant Disbursement Agreement, assuming that all project approvals have been completed and funds are available;
 - b) a Second Disbursement of an amount equal to \$1 million will be disbursed upon documentation verifying disbursement of at least 75% of the first advance (\$750,000) and Grantee's compliance with Loan Fund reports and requirements, including meeting expected goals;
 - c) a Third Disbursement of an amount equal to \$1 million will be disbursed upon documentation verifying disbursement of 100% of the first advance and 75% of the

City of Buffalo - Building Reuse Upstate City-by-City Capital (X956)

December 20, 2012

second advance (\$1,750,000 cumulative) and Grantee's compliance with Loan Fund reports and requirements, including meeting expected goals.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenditures reimbursed by ESD's grant must be incurred on or after April 1, 2008 to be considered eligible project costs. All disbursements must be requested by April 1, 2016. ESD will be entitled to recoup any advanced funds that are not disbursed by Grantee in a timely fashion.

4. ESD must approve the Loan Fund's loan application, marketing materials and deal sourcing strategies, due diligence process, loan approval guidelines, underwriting policy and guidelines, portfolio management and monitoring processes, and goals.
5. ESD, via the Western New York Regional Office, will approve all funding recommendations. ESD funds should be allocated as loans in a proportional share to the Loan Fund's other funding sources. No single investment of ESD funds may exceed \$750,000 without written consent of ESD, via the Western New York Regional Office. ESD funds may not be subject to a higher risk compared with other Loan Fund funds.
6. ESD funds will be deposited in an account (the "Imprest Account") at a bank mutually acceptable to ESD (as set forth in writing by ESD) and the Grantee. Funds in the Imprest Account, from the time of deposit and until disbursed from such account in accordance with terms to be approved by the ESD Directors, will be invested in accordance with ESD's Investment Guidelines. ESD shall be provided with copies of all account statements, and reports in accordance with reporting requirements. BUDC will retain all returns on ESD investments to offset BUDC administrative costs.
7. Grantee will report on investments and related Loan Fund activity. Such reports will contain information on investments, current status, leveraged funds, business revenue, job creation outcomes, and other items as determined by ESD. Once the Grantee has provided documentation verifying disbursement of the entire \$3,000,000 in grant funds, the Grantee will report annually on investments and related Loan Fund activity during the term of the bonds that will be issued to provide the grant (term to be noted in final Grant Disbursement Agreement).
8. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$3,000,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee 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.

City of Buffalo - Building Reuse Upstate City-by-City Capital (X956)

December 20, 2012

Environmental Review:

ESD staff has determined that the project constitutes a Type II ministerial action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. BUDC will be responsible for complying with SEQRA as applicable. No further environmental review is required in connection with this authorization.

Non-Discrimination and Contractor & Supplier Diversity:

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority and women-owned businesses ("MWBE"s) in the performance of ESD contracts. Accordingly, ESD's Non-discrimination and Contractor & Supplier Diversity policy will apply to the project. No specific MWBE participation goals shall be required of this project. BUDC shall adhere to ESD's Non-discrimination and Equal Employment Opportunity ("EEO") policy and shall include minorities and women in any job opportunities created in relation to this project.

Statutory Basis – Section 10 Findings – Upstate City-by-City:

Land Use Improvement Project

1. That the area in which the project is to be located is a substandard or unsanitary area, or is in danger of becoming a substandard or unsanitary area and tends to impair or arrest the sound growth and development of the municipality.
The project involves the re-use of vacant and underutilized buildings and spaces in the City, transforming the spaces into much desired downtown residential housing and mixed-use structures consistent with Smart Growth initiatives. The buildings, if left vacant, would continue to deteriorate creating further blighting impacts on the downtown and prohibiting economic development efforts within the City. Furthermore, the high volume of obsolete Class B & C office space downtown has depressed market rents, therefore limiting building owners' capacity to make necessary upgrades to remain competitive.
2. That the project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto.
The project includes reconstruction and rehabilitation of primarily Class B and C office space into housing and mixed-use space. Vacant or underutilized warehouse and industrial sites are also candidates for this funding. There are no recreational or other facilities affected or specifically planned as part of this project.
3. That the plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.
Recipients of the Loan Fund will be solicited through a Request for Proposal process that

City of Buffalo - Building Reuse Upstate City-by-City Capital (X956)

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will short-list loan candidates based on defined criteria established through the Buffalo Building Reuse Project strategic planning efforts and that include issues such as proximity to public transit and existing residential clusters, proximity to key economic drivers – such as the Buffalo Niagara Medical Campus; and adaptive reuse of historic structures. Underwriting of the proposed project and borrower will be performed by a third-party with experience and background in financial underwriting, such as the ECIDA or the New York Business Development Corporation. A Loan Committee comprised of both BUDC Board members and independent experts (i.e., banking and financial professionals) will be established to make final review and approval of the proposed loan.

4. That the proposed facilities or project is consistent with any existing local or regional comprehensive plan.

The proposed project is consistent with The Queen City Hub Plan, the adopted master plan for Buffalo's downtown, to improve the competitiveness of downtown Buffalo in capturing new job and investment decisions, as well as to establish a process and management capacity for long term downtown sustainable development.

5. The requirements of Section 10(g) of the Act are satisfied.

No residential relocation is required because there are no families or individuals residing on the sites.

Disclosure and Accountability Certifications:

The Grantee and Beneficiary have provided ESD with the required Disclosure and Accountability Certifications. Both certifications indicate that there are no conflict of interest or good standing violations and, therefore, staff recommends that the Corporation authorize the grant to the Grantee as described in these materials.

B. Utica College – Online Division Upstate City – by – City Capital (Y032)

December 20, 2012

General Project Plan

- Grantee:** Utica College (“UC” or the “College”)
- ESD Investment:** A grant of up to \$250,000 to be used for a portion of the cost of renovations, data upgrades and the purchase and installation of furniture, fixtures and equipment.
- Project Location:** 181 Genesee Street, Utica, Oneida County
- Proposed Project:** Facility renovations including electrical upgrades, fiber infrastructure, office build-outs and the purchase and installation of new furnitures, fixtures and equipment necessary for Utica College to create an Online Division in the Downtown district of the City of Utica.
- Project Type:** Renovations and facility upgrades
- Regional Council:** The Central New York Regional Council has been made aware of this item. The project is consistent with the Regional Plan in that it seeks to align education programs with the region’s workforce.

Background:

Industry – Utica College is an independent, private, nonsectarian, comprehensive college located in the city of Utica. The College is accredited by the Middle States Association of Colleges and Schools and offers bachelor’s, master’s and doctoral degrees in the schools of Arts and Sciences, Health Professions and Education, and Business and Justice Studies. There are 37 undergraduate majors, 27 minors, 23 graduate degree programs, and a number of pre-professional and special programs. Several programs address emerging disciplines such as cybersecurity and economic crime, and areas of high need such as nursing and other healthcare professions. Graduate degree programs include a doctor of physical therapy degree and masters of science degrees in economic crime and fraud management, in cybersecurity intelligence and forensics, and in education.

Grantee History – Utica College was originally founded by Syracuse University in 1946 after offering extension courses in the Utica area since the 1930s. Originally, the school was located in a section of downtown Utica known as Oneida Square. In 1961, the school moved to its current site off of Burrstone Road. Although the College became a financially and legally independent institution in 1995, it announced its final transition to full independence in the fall of 2008.

Utica College – Online Division Upstate City – by – City Capital (Y032)

December 20, 2012

Ownership – Utica College is a private university.

Size – In Fall 2012, Utica College enrolled 2,759 full- and part-time undergraduate students, and 1,060 full- and part-time graduate students. Approximately 59% of the student body is female, and 41% male. Seventy-two percent of students are from New York State, and 40% come from the surrounding counties of Herkimer and Madison. Out of more than 20,000 alumni, 7,900 live in the local vicinity.

Market – Utica College is actively pursuing opportunities to develop new and international markets. With dramatic growth in facilities and academic and athletic programs over the past 10 years, both on campus and online, the College is familiar with managing growth. Utica College continues to prioritize potential areas for growth based upon such factors as further market analysis and higher education market saturation, possible academic or other programmatic offering availability, fiscal and human capital investment realistically needed to open operations, federal, state, and local regulatory challenges, cost-benefit and cash-flow analysis, and domestic and international economic trends indigenous to the area of interest and nationally overall.

ESD Involvement – A \$250,000 appropriation was included in the 2012-2013 New York State budget.

Past ESD Support – Past ESD funding included a \$1 million Empire Opportunity Fund capital grant in 2006 for the creation of the College's new Center for Identity Management and Information Protection, and a \$100,000 Community Capital Assistance Program grant in 2004 for architectural and engineering fees associated with the construction of a new Science and Technology Center. All previous grants are fully disbursed and the College is in compliance with the terms of all previous assistance.

The Project:

Completion – March 2013

Activity – In an effort to diversify its revenue stream, Utica College seeks to begin its own Online Division in the Downtown area of the city of Utica. This project will allow the College to continue to expand upon its long history as an educational leader in the Mohawk Valley, and as one of the city's main economic drivers. The College will lease space in Utica's Harza Building, recently purchased by Tom Clark, and located in the center of the city's Downtown district.

To accommodate expansion into the Harza building, UC will renovate 16,000 square feet to include electrical upgrades, carpeting, office build-outs, stairwell improvements, data and phone wiring upgrades, fiber infrastructure to the building, and trash removal. The

Utica College – Online Division Upstate City – by – City Capital (Y032)

December 20, 2012

project will also involve the purchase and installation of furniture, fixtures and equipment to support the initial set-up of back office operations with workstations, computers and furniture for 36 current and future employees, smart conference room facilities, copiers, scanners, fax machines, phone systems, building signage, and moving costs, which would include ties to the College’s main campus network. Work on the project is scheduled to begin in December 2012 with an anticipated completion date of March 2013. The electrical and IT upgrades will be done by Utica College and the remainder of the work, which includes build-out to accommodate the furniture, fixtures and equipment will be completed by a contractor selected through a competitive bid process. To date, UC has completed most of the design work and will begin the bid process as soon as possible.

Results – Utica College currently has 1,300 online students. This expansion project will support three new Master’s Degree programs, two new Bachelor’s Degree programs and the College’s Accelerated Second Degree Nursing program, which is in final review by the New York State Department of Education. Plans call for the addition of more educational programs in the future, which will, in turn, add more jobs. The College hopes to increase its numbers of online students to 4,000 over the next 5 – 7 years. UC’s new Online Division will help the College to continue to diversify its traditional revenue stream into new markets of students from far-reaching locations who seek a college education.

| Financing Uses | Amount | Financing Sources | Amount | Percent |
|---------------------|-----------|-------------------------|-----------|---------|
| Wiring | \$205,000 | ESD Grant | \$250,000 | 50% |
| FF&E | 200,000 | Grantee Equity | 250,000 | 50% |
| Signage | 25,000 | | | |
| Renovations | 55,000 | | | |
| Moving Costs | 10,000 | | | |
| Soft Costs | 5,000 | | | |
| Total Project Costs | \$500,000 | Total Project Financing | \$500,000 | 100% |

Grantee Contact - Laura Casamento, Senior Vice President
1600 Burrstone Road
Utica, NY 13502
Phone: (315) 792-3219 Fax: (315) 792-3360

Project Team - Project Management Jessica Hughes
Contractor & Supplier Diversity Denise Ross
Environmental Soo Kang

Utica College – Online Division Upstate City – by – City Capital (Y032)

December 20, 2012

Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Grantee shall reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
3. Up to \$250,000 will be disbursed to Grantee upon, documentation of renovation, data upgrades and furniture, fixture and equipment project costs totaling \$500,000, upon completion of the project substantially as described in these materials, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. All project expenditures must have been incurred after September 25, 2012.
4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$250,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee 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.

Non-Discrimination and Contractor & Supplier Diversity:

ESD's Non-discrimination and Contractor Diversity policy will apply to the project. The Grantee shall be required to use good faith efforts to achieve an overall Minority and Women Business Enterprise ("MWBE") Participation Goal of 20% related to the total value of ESD's funding and to solicit and utilize MWBEs for any contractual opportunities generated in connection with the project.

Statutory Basis – Section 10 Findings - New York State Economic Development Program:

Civic Project

1. That there exists in the area in which the project is to be located a need for the educational, cultural, recreational, community, municipal, public service or other civic facility to be included in the project.
The Online Division capital project will allow Utica College to continue its long history as an educational leader in the Mohawk Valley, and to expand its role as one of the City's main economic drivers.
2. That such project shall consist of a building or buildings which are suitable for educational, cultural, recreational, community, municipal, public service or other

Utica College – Online Division Upstate City – by – City Capital (Y032)

December 20, 2012

civic purposes.

Renovations to the Harza Building in the heart of Utica’s Downtown district will include many upgrades, new features and other improvements to its infrastructure which will enhance the facility and contribute to the revitalization of Utica’s Downtown corridor.

3. That such project will be leased to or owned by the State or an agency or instrumentality thereof, a municipality or an agency or instrumentality thereof, a public corporation, or any other entity which is carrying out a community, municipal, public service or other civic purpose, and that adequate provision has been, or will be made for the payment of the cost of acquisition, construction, operation, maintenance and upkeep of this project.

The project is owned by Utica College. The College will pay all costs and expenses for the creation of the Online Division expansion and its continued upkeep.

4. That the plans and specifications assure adequate light, air, sanitation and fire protection.

Grantee has determined that the project has adequate light, air, sanitation, and fire protection and that it meets the specifications required for its operation.

5. That the proposed facilities or project is consistent with any existing local or regional comprehensive plan.

The project is consistent with the Regional Plan in that it seeks to align educational programs with the region’s workforce. These efforts will have a positive impact on workforce development in both the private and public sectors, and on regional and national levels. There will be a larger community of learners for careers in the fields supported by the online programs, and greater numbers of professionals who are well-prepared for careers in their chosen professions.

6. The requirements of Section 10(g) of the Act are satisfied.

No residential relocation is required because there are no families or individuals residing on the site.

Disclosure and Accountability Certifications:

The Grantee has provided ESD with the required Disclosure and Accountability Certifications. Grantee’s certification indicates that Grantee has no conflict of interest or good standing violations and, therefore, staff recommends that the Corporation authorize the grant to the Grantee as described in these materials.

C. Agudath Israel of America – Community Services Technology Upgrade Capital (V943)

December 20, 2012

General Project Plan

- Grantee:** Agudath Israel of America Inc. (“AIA”)
- ESD Investment:** A grant of up to \$100,000 to be used for a portion of the cost of technology upgrades.
- Project Location:** 42 Broadway, New York, New York County
- Proposed Project:** The design, acquisition and installation of technological improvements at Agudath Israel of America Community Services, Inc.
- Project Type:** Capital technology upgrades.
- Regional Council:** The New York City Regional Council has been made aware of this item. Project predates the Regional Council Initiative.

Background:

Industry – Agudath Israel of America is a not-for-profit organization whose mission is to address a broad range of social challenges facing needy members of the community and provide vital services. Some of these services include youth drug prevention programs, summer camps for the needy and advocacy and referral services for children and families with special needs. For adults, it offers career training and vocational guidance, combined with counseling and referrals for gainful employment. For seniors, it offers housing assistance, emergency food aid and constructive recreational projects.

Organizational History – AIA was established in 1939 to accomplish its mission of serving different members of the community through constructive community service projects in the fields of education, human services and social action, including, but not limited to, day care, senior services, career training and placement, neighborhood preservation, youth outreach and leadership training, aid to refugees and immigrants, advocacy, and other charitable needs, for all persons without discrimination. By means of a “think-tank” process, board subcommittees and senior management and staff of the organization meet to project the future needs of its constituents and ensure that its ongoing programs and activities conform to the needs of the time in order to properly reflect and fulfill such needs. In 1997, AIA created Agudath Israel of America Community Services, Inc., which specializes in individual and family social services. Today, AIA provides a vital link to information regarding numerous life-sustaining activities benefiting tens of thousands on a yearly basis. It is a critical information center due to its programming and activities which have directly affected five generations of Americans.

Agudath Israel of America – Community Services Technology Upgrade Capital (V943)

December 20, 2012

Size – With its head office in Manhattan and the bulk of its members living in the New York-New Jersey area, AIA also has active branches in Illinois, Michigan, Ohio, Maryland, Minnesota, Texas, Florida, California, and New Jersey.

ESD Involvement – The project was reappropriated in the 2012-2013 New York State budget.

Past ESD Support - This is the Grantee's first project with ESD.

The Project:

Completion – December 2013

Activity –The Grantee will purchase new computers and related technology equipment including servers, work stations, multi-function printers, and computer furniture necessary to upgrade its technological and support systems in order to provide optimum service to the communities it serves.

Results – The project will result in a number of beneficial outcomes. By upgrading its technology, AIA will be able to communicate more efficiently and effectively both internally and externally with the ability to generate information in real time while increasing its capacity for information handling. AIA will also be able to safeguard its information as that has become a priority in today's world. Having a headquarters located just several blocks away from the World Trade Center site has made it cognizant of the absolute necessity to not only safeguard information and data systems, but also to incorporate back-up and redundancy processes, and support off-site accessibility. This will ensure that if unforeseen circumstances occur, vital records and information will not only be protected, but will also be immediately available via alternative remote access means. Technological upgrades will ensure that it is able to retain its cutting-edge leadership in organizational business intelligence, and continue to have the state-of-the-art technological abilities to provide the highest level of interaction and be responsive to those who depend upon it.

| Financing Uses | Amount | Financing Sources | Amount | Percent |
|---------------------|-----------|-------------------------|-----------|---------|
| Equipment Upgrades | \$100,000 | ESD Grant | \$100,000 | 67% |
| Software Consulting | 50,000 | Grantee Equity | 50,000 | 33% |
| Total Project Costs | \$150,000 | Total Project Financing | \$150,000 | 100% |

Grantee Contact - Rabbi Shlomo Gertzulin, Vice President for Finance & Administration
42 Broadway
New York, NY 10004
Phone: (212) 797-9000 Fax: (646) 254-1610

Agudath Israel of America – Community Services Technology Upgrade Capital (V943)

December 20, 2012

| | | |
|-----------------------|---------------------------------|----------------|
| <u>Project Team</u> - | Project Management | Jessica Hughes |
| | Contractor & Supplier Diversity | Denise Ross |
| | Environmental | Soo Kang |

Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Grantee shall reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
3. Up to \$100,000 will be disbursed to Grantee upon, documentation of technology upgrades totaling \$150,000, upon completion of the project substantially as described in these materials, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. All project expenditures must have been incurred on or after March 28, 2011.
4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$100,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee 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.

Non-Discrimination and Contractor & Supplier Diversity:

ESD's Non-discrimination and Contractor Diversity policy will apply to the project. The Grantee shall be required to use good faith efforts to achieve an overall Minority and Women Business Enterprise ("MWBE") Participation Goal of 23%. The overall goal shall include a Minority Business Enterprise ("MBE") Participation goal of 13% and a Women Business Enterprise ("WBE") Participation goal of 10% related to the total value of ESD's funding and to solicit and utilize MWBEs for any contractual opportunities generated in connection with the project.

Statutory Basis – New York State Economic Development Assistance Program:

The project was reappropriated in the 2012 – 2013 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

Disclosure and Accountability Certifications:

The Grantee has provided ESD with the required Disclosure and Accountability Certifications. Grantee's certifications indicate that Grantee has no conflict of interest or good standing violations and, therefore, staff recommends that the Corporation authorize the grant to the Grantee as described in these materials.

FOR CONSIDERATION

December 20, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Non-Discretionary Projects

REQUEST FOR: Land Use Improvement and Civic Project Findings and Determinations Pursuant to Sections 10 (c), 10 (d) and 10 (g) of the Act; Authorization to Adopt the General Project Plans; Authorization to Make Grants and to Take Related Actions

Attached are the summaries of projects sponsored by the New York State Executive and Legislative branches:

| | Project Name | Proj # | Grantee | Assistance up to |
|---|--|---------------|---------------------|-------------------------|
| | Upstate City-by-City (Executive) | | | |
| A | City of Buffalo – Building Reuse Upstate City-by-City Capital | X956 | The City of Buffalo | 3,000,000 |
| | 1 project | | Sub-total | \$3,000,000 |

| | Project Name | Proj # | Grantee | Assistance up to |
|---|--|---------------|--------------------------------|-------------------------|
| | New York State Economic Development Program (Executive) | | | |
| B | Utica College – Online Division Upstate City-by-City Capital | Y032 | Utica College | 250,000 ¹ |
| | 1 – Reallocation of a portion of the funds from a \$1 million grant to the Utica IDA for the Harza building. | | | |
| | 1 project | | Sub-total | \$250,000 |
| | New York State Economic Development Assistance Program (Senate) | | | |
| C | Agudath Israel of America – Community Services Technology Upgrade Capital | V943 | Agudath Israel of America Inc. | 100,000 |
| | | | Sub-total | \$100,000 |
| | | | | |
| | TOTAL NON-DISCRETIONARY – 3 PROJECTS | | TOTAL | \$3,350,000 |

I. Statutory Basis

The projects are sponsored by the Executive, Assembly or Senate, and were authorized or reappropriated in the 2012-2013 New York State budget. No residential relocation is required as there are no families or individuals residing on the site(s).

II. Environmental Review

Unless otherwise noted on a project summary, ESD* staff has determined that the projects constitute Type II actions as defined by the New York State Environmental Quality Review Act and the implementing regulations for the New York State Department of Environmental Conservation. No further environmental review is required in connection with the projects.

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

III. Non-Discrimination and Contractor & Supplier Diversity

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority and women-owned businesses in the performance of ESD contracts. Accordingly, ESD's Non-discrimination and Contractor & Supplier Diversity policy will apply to the projects. Unless otherwise specified in the project summary, Grantees shall use their Good Faith Efforts to achieve an overall Minority and Women Business Enterprise ("MWBE") Participation Goal of 23% related to the total value of ESD's funding. This shall include a Minority Business Enterprise ("MBE") Participation goal of 13% and a Women Business Enterprise ("WBE") Participation goal of 10%. Grantees shall use Good Faith Efforts to solicit and utilize MWBEs for any contractual opportunities generated in connection with the projects and to include minorities and women in any job opportunities created by the projects.

IV. ESD Employment Enforcement Policy

Unless otherwise noted on a project summary, the ESD Employment Enforcement Policy will not apply since the projects will not directly create or retain jobs.

V. 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.

VI. Additional Requirements

Pursuant to direction received from the New York State Office of the Attorney General ("OAG"), individual project summaries may be subject to comment and approval by the OAG.

Due diligence has been exercised by ESD staff in reviewing information and documentation received from grantees/borrowers and other sources, in preparation for bringing projects to the ESD Directors for approval. The due diligence process also involves coordination with a number of external constituents, including the OAG, and grantees/borrowers have provided ESD with the required Disclosure and Accountability Certifications.

Also, pursuant to s.2879-a of the Public Authorities Law, the Office of the State Comptroller ("OSC") has notified the Corporation that it will review all grant disbursement agreements ("GDAs") of more than one million dollars (\$1 million) that are supported with funds from the Community Projects Fund ("007"). Such GDAs, therefore, will not become valid and enforceable unless approved by the OSC. A clause providing for OSC review will be included in all GDAs that are subject to such approval.

VII. Additional Submissions to Directors

New York State Maps
Resolutions
Project Summaries

December 20, 2012

Upstate City-by-City – Land Use Improvement Findings and Determinations Pursuant to Sections 10 (c) and 10 (g) of the Act; Authorization to Adopt the 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 Upstate City-by-City 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(s); and be it further

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

Land Use Improvement Project

- 1) That the area in which the project is to be located is a substandard or unsanitary area, or is in danger of becoming a substandard or unsanitary area and tends to impair or arrest the sound growth and development of the municipality;
- 2) That the project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto;
- 3) That the plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole;
- 4) That the proposed facilities or project is consistent with any existing local or regional comprehensive plan; and
- 5) The requirements of Section 10(g) of the Act are satisfied.

and be it further

RESOLVED, that upon written findings of the President 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 findings being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make a grant to the party and for the amount listed below from Upstate City-by-City, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President 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 President 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

Upstate City-by-City – Executive - Project Summary Table

| | Project Name | Proj # | Grantee | Assistance up to |
|---|--|---------------|---------------------|-------------------------|
| A | City of Buffalo – Building Reuse Upstate City-by-City Capital | X956 | The City of Buffalo | 3,000,000 |
| | | | TOTAL | \$3,000,000 |

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

* * *

December 20, 2012

New York State Economic Development Program – Civic Project Findings and Determinations Pursuant to Sections 10 (d) and 10 (g) of the Act; Authorization to Adopt the 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 New York State Economic Development Program 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(s); and be it further

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

Civic Project

- 1) That there exists in the area in which the project is to be located a need for the educational, cultural, recreational, community, municipal, public service or other civic facility to be included in the project;
- 2) That such project shall consist of a building or buildings which are suitable for educational, cultural, recreational, community, municipal, public service or other civic purposes;
- 3) That such project will be leased to or owned by the State or an agency or instrumentality thereof, a municipality or an agency or instrumentality thereof, a public corporation, or any other entity which is carrying out a community, municipal, public service or other civic purpose, and that adequate provision has been, or will be made for the payment of the cost of acquisition, construction, operation, maintenance and upkeep of this project;
- 4) That the plans and specifications assure adequate light, air, sanitation and fire protection; and
- 5) That the proposed facilities or project is consistent with any existing local or regional comprehensive plan.

and be it further

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

RESOLVED, that upon written findings of the President 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 findings being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make a grant to the party and for the amount listed below from the New York State Economic Development Program, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President 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 President 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

New York State Economic Development Program – Executive - Project Summary Table

| | Project Name | Proj # | Grantee | Assistance up to |
|---|--|---------------|----------------|-------------------------|
| B | Utica College – Online Division Upstate City-by-City Capital | Y032 | Utica College | 250,000 ¹ |
| | 1 – Reallocation of a portion of the funds from a \$1 million grant to the Utica IDA for the Harza building. | | | |
| | | | TOTAL | \$250,000 |

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

* * *

December 20, 2012

New York State Economic Development Assistance Program - 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 New York State Economic Development Assistance Program 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(s); 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 President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, are hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written finding of the President 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make a grant to the party and for the amount listed below from the New York State Economic Development Assistance Program, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President 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 President 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

New York State Economic Development Assistance Program - Senate - Project Summary Table

| | Project Name | Proj # | Grantee | Assistance up to |
|---|---|---------------|--------------------------------|-------------------------|
| C | Agudath Israel of America – Community Services Technology Upgrade Capital | V943 | Agudath Israel of America Inc. | 100,000 |
| | | | TOTAL | \$100,000 |

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

* * *

FOR CONSIDERATION

December 20, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: “New York is Open for Business”: Amendment to Contract with Full Service Advertising, Marketing, Branding, Media, and Communications Agency for Continuation of Business Marketing Campaign

REQUEST FOR: Authorization to Enter into Agreement with Power Authority of the State of New York; Authorization to Enter into Amendment of Existing Contract with BBDO USA LLC; Authorization to Take Related Actions

I Contract Amendment Summary

Contractor: BBDO USA LLC (“BBDO”).

Scope of Services: To serve as non-exclusive, full-service advertising, marketing, branding, media, and communications agency to promote the “New York State Open for Business” program.

Contract Term: To November 30, 2013, which may be extended for up to two additional years.

Contract Amount: The Amendment will increase the contract amount from \$50,000,000 to up to \$100,000,000. All other contract terms will remain unmodified.

Funding Source: Power Authority of the State of New York: \$50,000,000.

II Background

Pursuant to November 4, 2011 Director authorization, the Corporation entered into a contract with BBDO pursuant to which BBDO is serving ESD as a non-exclusive, full-service, advertising, marketing, branding, media, and communications agency in connection with the “Open for Business” program of marketing and promotion designed to market New York State as an ideal place for businesses to invest and create jobs. The initial term of the existing ESD-BBDO contract expires November 30, 2013 (which may be extended for two additional years) and the initial amount of the contract was not to exceed \$50,000,000.

BBDO has performed satisfactorily in the past year and the “Open for Business” campaign has been highly visible. Most of the initial \$50,000,000 allotment has been either spent or

committed. In order to continue this vital marketing program, the Power Authority of the State of New York ("NYPA") is prepared to enter into an Agreement with ESD pursuant to which NYPA would provide an additional \$50,000,000 for the Open for Business program. This money would be used by ESD to increase the contract amount of the existing ESD-BBDO contract.

III The NYPA Agreement

In connection with Open for Business and related programs, and to enhance ESD's mission to promote a vigorous and growing economy and NYPA's mission to increase the number and quality of businesses that apply for benefits under NYPA programs, NYPA would transfer \$10,000,000 to ESD on or before December 31, 2012 and an additional \$40,000,000 to ESD on or after January 2, 2013 upon ESD written request. ESD would use such funds for "Open for Business" and further and related expenses.

IV The ESD-BBDO Contract Amendment

The upset amount of the existing ESD-BBDO contract would increase, from the current \$50,000,000 up to \$100,000,000. But for this modification, the existing contract, the terms of which were authorized by the Directors on November 4, 2011, would remain unchanged. BBDO's scope of work and fee/commission/compensation arrangement would remain the same.

V Contractor Selection Process

These services were initially competitively bid via an ESD Request for Proposals to which 12 agencies responded. Responses were reviewed, six agencies were interviewed, and the six finalists provided additional requested documentation and interviews. ESD's selection committee recommended BBDO based on its best value combination of technical score and price.

ESD staff recommends that ESD enter into an amendment of the existing contract with BBDO because: (i) ESD is satisfied with BBDO's performance under the existing contract; (ii) BBDO retains specific knowledge relevant to creation, production, financing, and dissemination of the Open for Business campaign components; (iii) BBDO generally is part of an industry-leading, world-wide, advertising firm with expertise in marketing and promotion campaigns; and (iv) BBDO agrees to continue the same fee/commission/compensation arrangement as set forth in the existing contract. BBDO also has a specific expertise in developing business-to-business campaigns, a particularly critical component of the New York State Open for Business campaign.

Further, the process of soliciting for a potential new marketing firm, and then familiarizing any such firm with the details and the goals of the intended New York State campaigns, and then waiting while any such firm designed, produced, and placed further advertizing and marketing materials, would produce a delay of at least many months and would distract from the focus and momentum of the existing campaigns at a time when the marketplace may be improving and the existing campaigns are otherwise ready to continue forward. Such delay would place New York State at a competitive disadvantage with other states, particularly given that many

other states, including nearby competitive states, expended far more on promotion than New York State.

The Amendment is subject to review and approval by the Office of the New York State Comptroller.

VI Determination of Responsibility

Pursuant to State Finance Law Section 139-j and 139-k and ESD's policy related thereto, staff has: (a) considered BBDO's ability to continue the requested services; (b) consulted the list of offerers determined to be non-responsive bidders and debarred offerers by the New York State Office of General Services; and (c) conducted the appropriate responsibility analysis based on BBDO's responses to the Office of the State Comptroller mandated Responsibility Questionnaire, and verified those responses from available resources. Based on the foregoing, staff considers BBDO to be a responsible contractor based on its financial and organizational capacity, its legal authority to do business, the integrity of the firm and its principals, and its past performance on contracts, including the existing ESD-BBDO contract.

VII Non-Discrimination and Contractor & Supplier Diversity

ESD's M/WBE Program will apply to the amended contract. BBDO has been and will be encouraged to use its best efforts to achieve a Minority Business Enterprise participation goal of 15% and a Women Business Enterprise participation goal of 5% of the total dollar value of the amended contract.

VIII Environmental Review

The requested actions, to execute a funding agreement and to amend a contract for full-service marketing, constitute Type II actions 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 these requested actions.

IX Requested Actions

The Directors are being asked to authorize ESD to: (1) enter into the Agreement with NYPA; (2) amend the existing contract with BBDO to increase the upset amount of the contract from \$50,000,000 up to \$100,000,000; and (3) take related actions.

X Recommendation

Based on the foregoing, I recommend approval of the requested actions.

XI Attachments

Resolutions

December 20, 2012

NEW YORK STATE URBAN DEVELOPMENT CORPORATION – Authorization to Enter into Agreement with Power Authority of the State of New York; Authorization to Enter into Amendment of Existing Contract with BBDO USA LLC; Authorization to Take Related Actions

RESOLVED, that on the basis of the materials presented to this meeting (the “Materials”), a copy of which is hereby ordered filed with the records of the Corporation, the Corporation hereby finds BBDO USA LLC (“BBDO”) to be responsible; and be it further

RESOLVED, that the Corporation is hereby authorized to enter into an Agreement with the Power Authority of the State of New York (“NYPA”), substantially on the terms and conditions set forth in the Materials, pursuant to which NYPA would disburse \$50,000,000 to ESD for use in the “Open for Business” and related marketing programs; and be it further

RESOLVED, that the Corporation is hereby authorized to enter into an Amendment of the existing ESD-BBDO contract, pursuant to which the contract amount would be increased from the current \$50,000,000 up to \$100,000,000, and all other contract terms would remain unmodified and in full force and effect, substantially on the terms and conditions set forth in the Materials; and be it further

RESOLVED, that the ESD-BBDO contract amendment is expressly contingent upon receipt of all other necessary approvals; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to take such actions and execute such documents as may be necessary or appropriate to carry out the foregoing resolutions.

* * *

FOR CONSIDERATION

December 20, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Procurement of Legal Services

REQUEST FOR: Authorization to Enter into an Amended Contract with Foley & Lardner LLP

I. Contract Summary

Contractor: Foley & Lardner LLP (the "Firm")

Scope of Services: Advice and counsel in connection with negotiations concerning the Ralph Wilson Jr. Stadium f/k/a Rich Stadium

Contract Term: One year

Contract Amount: Original Contract Amount: \$50,000
Increase in Contract Amount: \$150,000
Total Contract Amount not to exceed: \$200,000

Funding Source: Corporate funds or other source to be determined

II. Background

In December of 1998, New York State Urban Development Corporation, now doing business as Empire State Development ("ESD"), through its subsidiary the Erie County Stadium Corporation ("Stadium Corp"), together with the County of Erie ("County") and the Buffalo Bills, Inc. (the "Bills") agreed to a plan for the renovation of Ralph Wilson Jr. Stadium, f/k/a Rich Stadium (the "Stadium") and for a new 15-year lease. Under the these agreements, the County leases the Stadium to Stadium Corp, which in turn subleases it to the Bills. The current lease is set to expire on July 31, 2013. Discussions have begun regarding a lease extension.

Because of the complexity of the transaction and the specialized nature of the negotiations, the advice and assistance of outside counsel is required. In consultation with the Office of the Governor and pursuant to approval of the ESD Board at its August meeting, a contract with

Foley & Lardner LLP was entered into for an amount not to exceed \$50,000. As the lease negotiations have continued, ESD staff recommends that the retainer amount be increased to a total contract amount of \$200,000 which will allow Foley & Lardner, LLP to continue working on matter.

III. Proposed Contractor and Contractor Selection Process

Founded in 1842, Foley & Lardner LLP (“F&L” or the “Firm”) is a national firm with approximately 900 attorneys in 21 offices. Among its many practice areas, the firm specializes in the Sports industry. Mr. Irwin Raij, a partner with the Firm, is co-chair of the Firm’s Sports Industry Team.

Mr. Raij has represented and counseled major sports clients including a professional sports league, professional sports teams as well as owners and acquirers of professional sports teams. He advises clients in connection with a variety of new stadium development projects, construction agreements, new and interim lease agreements, acquisition of professional sports franchises, strategic counsel and commercial matters.

Mr. Raij's experience includes leading the team that represented Guggenheim Baseball Management in the recent acquisition of the Los Angeles Dodgers, the single largest transaction ever for a professional sports franchise. He also represented Rangers Baseball Express in its acquisition of the Texas Rangers. Mr. Raij was appointed by the Commissioner of Major League Baseball to serve on a three-person committee to determine feasibility of developing a new stadium for the Oakland A's in Northern California, represented MLB in the relocation of the Montreal Expos, now the Washington Nationals, to Washington, D.C., and acted as MLB's counsel in its successful efforts to facilitate the negotiation and approval of new stadiums for the Miami Marlins and the Washington Nationals. Mr. Raij also has provided counsel to the Miami Dolphins in their efforts to renovate Sun Life Stadium and has worked with private developers regarding in the creation of stadium development concepts throughout the country.

Mr. Raij role will be to provide ESD with targeted, strategic advice through the course of lease negotiations.

A Contract Reporter exemption for this contract was granted based on the Mr. Raij’s and the Firm’s particular expertise in negotiations involving professional sports teams and stadiums.

Pursuant to State Finance Law Section 139-j and 139-k and the Corporation’s policy related thereto, staff has; a) considered proposed contractor’s ability to perform the services provided for in the proposed contract; and b) consulted the list of offerers determined to be non-responsible bidders and debarred offerers maintained by the New York State Office of General Services. Based on the foregoing, staff considers the proposed contractor to be responsible.

IV. Scope of Work

Strategic advice and counsel in connection with Ralph Wilson Jr. Stadium lease negotiations.

V. Contract Term, Price and Funding

The proposed term of the contract is one year. The Firm has agreed to a partner rate of \$495 per hour. All other legal personnel will be billed within ESD's maximum rate structure.

VI. Contractor and Supplier Diversity

Because of the specialized nature of the services to be rendered by the Firm, the contract will not contain Minority- and Women-Owned Business Enterprise participation goals.

VII. Environmental Review

ESD staff has determined that the requested authorization constitutes a Type II action as defined by the New York State Environmental Quality Review Act and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required in connection with the authorization

VIII. Requested Action

The Directors are requested to (1) make a determination of responsibility with respect to the proposed contractor; (2) authorize the Corporation to enter into a contract with Foley & Lardner LLP for an amended amount not to exceed \$200,000 on the terms set forth above, including a partner rate of \$495/hr.

IX. Recommendation

Based on the foregoing, I recommend approval of the requested actions.

X. Attachments

Resolution

December 20, 2012

Empire State Development – Authorization to Enter Into an Amended Contract with
Foley & Lardner LLP to Provide Legal Services and to Take Related Actions

BE IT RESOLVED, that upon the basis of the materials presented to this meeting (the “Materials”), a copy of which is hereby ordered filed with the records of the Corporation, the Corporation hereby finds Foley & Lardner LLP to be responsible; and be it further

RESOLVED, that the Corporation is hereby authorized to enter into an amended contract with Foley & Lardner LLP in an amount not to exceed Two Hundred Thousand Dollars (\$200,000) for the purposes and services, and substantially on the terms and conditions, set forth in the Materials; and be it further

RESOLVED, that the President of the Corporation or his designee be, and each of them hereby is, authorized to take such action and execute such documents as may be necessary or appropriate to carry out the foregoing resolution.

* * *

FOR CONSIDERATION

December 20, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: State Small Business Credit Initiative – Bonding Assistance Program

REQUEST FOR: Authorization to Amend Contract with Willis of New York for Consulting Services

CONTRACT NEED AND JUSTIFICATION

CONTRACT SUMMARY

Consultant: Willis of New York

Scope of Services: reviewing all documents and data required necessary for a credit risk decision, and the issuance or denial of a guarantee by the New York State Urban Development Corporation d/b/a Empire State Development (ESD or the Corporation) on New York State’s Surety Bond Assistance Program (NYSBAP or the Program); conduct marketing and outreach efforts to sureties, bonding agencies and other stakeholders to bring clients into the program; provide consulting services to ESD on program parameters, program materials and agreements. Meet with State officials, surety companies, associations and brokers in order to advance program goals. This includes quarterly agency meetings, providing feedback to program managers, reporting on program activity, and offering technical and advisory assistance to market the program. Monitor, track and report on portfolio of guarantees if requested by the Corporation once significant numbers of guarantees are outstanding; provide other consulting services as requested by the Corporation.

Contract Term: up to 14 months (expected end date 3/31/14)

Contract Amount: not to exceed \$99,000.

BACKGROUND

Willis of New York (Willis) is one of the most experienced bond producers and advisers in the State. Willis has vast experience developing innovative surety bond programs for contractors that need assistance acquiring their first bond or increasing their bond capacity to work with

government agencies. Over the past ten years, the New York City School Construction Authority has sponsored a Mentor Surety Bond Program and Willis has been their consultant in this endeavour from the beginning. In 2011, Willis began providing consulting services to the Metropolitan Transportation Authority (MTA) who implemented the Small Business Mentor Program (SBMP) to help secure bonding for small contractors interested in working on MTA projects. Willis will provide the Small Business Division at ESD with expertise in reviewing and assessing surety underwriters' credit assessment for the issuance or denial of Irrevocable Letter of Credits (ILOCs). Additionally, Willis will assist ESD in building relationships with surety companies, bonding agents and agencies, as well as provide other consulting services as deemed necessary. Willis' proven ability to successfully help small contractors establish themselves in New York will allow NYSBAP to meet its goals and comply with federal regulations and deliverables. In May 2012, ESD contracted with Willis for \$15,000 to assist in the development of the NYSBAP until January 2013. The amendment will extend the contract to March 2014 and allow Willis to continue providing the Corporation with the additional consulting services identified in the revised scope of services. The new contract amount will be \$99,000 and the term will be extended until March 2014. Under existing ESD procurement guidelines, the Board of Directors must authorize this change.

SELECTION OF CONSULTANT

Willis is one of the leading bonding brokers in New York. In 2011, Willis was selected through a competitive process led by the MTA to design and implement their Small Business Mentor Program (SBMP) that provides similar assistance to small firms to become bond ready and secure bonding. ESD has coordinated efforts with MTA to utilize Willis for similar purposes as part of NYSBAP. Based on the competitive solicitation issues by the MTA, ESD can receive the benefits of the competitive pricing that was negotiated between the State and Willis. Accordingly, State procurement law permits ESD to enter into a contract for the same service and essentially the same terms without entering into a new State contract process ("piggybacking"). The agreement (No. 11020-0100) between the MTA and Willis took effect on May 1, 2012 and the expiration date is September 30, 2019. A total of \$4,766,622 has been obligated for the creation and implementation of SBMP and the negotiated rates will be the same under our contract with Willis.

CONTRACT PRICE AND FUNDING

Compensation under the amended contract will be based on the submission of acceptable invoices and reports of activity and deliverables.

RESPONSIBLE PARTY

Pursuant to State Finance law Sections 139-j and 139-k and ESD's policy related thereto, staff has: (a) considered Willis' ability to perform the services provided for in the proposed contract; and (b) consulted the list of offerers determined to be non-responsible bidders and debarred offerers maintained by the New York State Office of General Services. Based on the foregoing, staff considers Willis to be responsible.

NON-DISCRIMINATION AND AFFIRMATIVE ACTION

ESD's non-discrimination and affirmative action policy will apply to this contract.

ENVIRONMENTAL REVIEW

The requested authorization to enter into this contract for consulting services 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.

REQUESTED ACTIONS

The Board is requested to (1) make a determination of responsibility with respect to the proposed contractor; and (2) authorize the Corporation to contract with Willis for consulting services in an amount not to exceed Ninety-nine Thousand Dollars (\$99,000) and on substantially on such terms and conditions as described above.

RECOMMENDATION

Based on the foregoing, I recommend approval of the requested action.

ATTACHMENTS

Resolution

December 20, 2012

State Small Business Credit Initiative – NYS Surety Bond Assistance Program –
Authorization to Amend Contract with Willis of New York for Consulting Services

BE IT RESOLVED, that upon the basis of the materials presented to this meeting (the “Materials”), a copy of which is hereby ordered filed with the records of the Corporation, the Corporation hereby finds Willis of New York to be responsible; and be it further

RESOLVED, that in accordance with the Materials, the Corporation is hereby authorized to enter into a contract with Willis of New York for consulting services, the cost of which is not to exceed Ninety-Nine Thousand Dollars (\$99,000) for the purposes and services, and substantially on the terms and conditions, as set forth in the Materials; and be it further

RESOLVED, that the President, or other Officer of the Corporation, or his designee(s) be, and each of them hereby is, authorized to take such action and execute such documents as may be necessary or appropriate to carry out the foregoing resolutions.

* * *