

A. American Innovations GEMS (X059)

June 24, 2010

Grantee: American Innovations, Inc. (“American Innovations” or the “Company”)

ESD Investment: A grant of up to 44.12% of eligible project expenditures or \$25,000, whichever is less, pending passage of the New York State budget, to be used for a portion of the cost of international market development expenditures

Project Location: Company Facility, Rockland County

NYS Empire Zone (or equivalent): N/A

ESD Incentive Offer Accepted: April 22, 2010

Project Completion: December 2011

Grantee Contact: Grant Haber, Owner
500 Chestnut Ridge Road
Chestnut Ridge, NY 10977
Phone: (845) 371-3333 Fax: (845) 371-3885

Project Team:

Origination	Ed Kowalewski
Project Management	Wai Shiu
Affirmative Action	Denise Rose
Environmental	Soo Kang

Project Description:

Background

American Innovations, Inc. founded in 1995, is a minority and woman-owned small business with SBA HUBZone and SBA 8(a) Certifications. The Company sells products and training related services, including but not limited to bomb containment chambers, bomb resistant trash receptacles, explosives trace detectors, metal detectors, surveillance cameras, x-ray inspection systems, and CBRNE related training. Customers include government agencies, military, defense contractors, religious institutions, schools, security integrators, corporations and venues.

In late 2009, American Innovations worked with ESD’s International Division to identify a significant market segment in the United Kingdom for bomb-resistant trash bins for use at the 2012 Summer Olympics in London. In advance of the Olympics, the Company would need to re-engineer its current bomb-resistant trash bins to meet UK government requirements, and to transport and distribute the re-engineered product. However, a financing gap existed for American Innovations to fully implement this high-profile re-engineering project. ESD responded with an incentive proposal that included a \$25,000 Global Export Marketing Services grant on April 7, 2010. On April 22, 2010, American Innovations accepted ESD’s incentive proposal, allowing it to proceed with this

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international initiative.

The Project

The \$56,667 project involves the design, engineering and drafting of the bomb-resistant trash bin prototype; freight expenses to the UK; testing to the UK's Home Office Scientific Development Branch standard; consultant costs; development of marketing materials; and attendance in the UK for defense and homeland security trade shows. As a result of the project, American Innovations expects to achieve higher growth in its international business and to increase profitability.

The project began in December 2009 and is expected to be completed by December 2011. Upon completion of the project, the Grantee will furnish a final report describing the impact and effectiveness of the project.

Financing Uses	Amount	Financing Sources	Amount	Percent
Design, Engineering & Drafting	\$24,800	ESD Grant	\$25,000	44%
Travel to UK & Consulting Services	10,000	Company Equity	31,667	56%
UK Testing	8,583			
Freight	7,284			
European Trade Shows - Fees	5,000			
Marketing Materials	1,000			
Total Project Costs	\$56,667	Total Project Financing	\$56,667	100%

Financial Terms and Conditions:

1. The Company will be obligated to advise ESD of a material adverse change in its financial condition prior to disbursement.
2. The Company or the Company's shareholders will contribute at least 10% in equity through Company financial statements or Company accounts, if so requested by ESD.
3. Up to \$25,000 will be disbursed to Grantee for as reimbursement for eligible international market development 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 shall not be paid until the project is complete and the full project costs have been documented. Payment will be made upon presentation to ESDC of an invoice and such other documentation as ESDC may reasonably require. Expenditures must be incurred on or after December 1, 2009 to be considered eligible project costs. All disbursements require compliance with program requirements and must be requested by no later than April 1, 2012.
4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$25,000, 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

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amount of assistance approved by the Directors.

Statutory Basis – Empire State Economic Development Fund:

1. The 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, American Innovations expects to complement its domestic business and increase international business growth and profitability.

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

ESD assistance is needed for the Company to fill a financing gap to implement a multipart strategy to increase international business growth and profitability.

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

Increased revenues anticipated as a result of the re-engineered and internationally-marketed product are expected to exceed the amount of ESD's grant.

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

See cover memo.