

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

UPSTATE EMPIRE STATE DEVELOPMENT CORPORATION

at the offices of
Empire State Development – Buffalo Regional office
95 Perry Street – Suite 500
Buffalo, New York 14203

Meeting of the Directors

Thursday

February 20, 2014 – 9:15 a.m.

PROPOSED AGENDA

FOR CONSIDERATION

CORPORATE ACTION

1. Approval of the Minutes of the January 16, 2014 Directors Meeting

UPSTATE REGIONAL BLUEPRINT FUND

NORTH COUNTRY REGION

2. Potsdam (North Country Region – St. Lawrence County) – Clarkson University Biotech Initiative URB Capital - Upstate Regional Blueprint Fund – Downtown Redevelopment (Capital Grant) – Findings and Determinations Pursuant to Sections 16-q and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

DRAFT – SUBJECT TO REVIEW AND REVISION

UPSTATE EMPIRE STATE DEVELOPMENT CORPORATION

Meeting of the Directors
Held at the New York City Regional Office
633 Third Avenue
New York, New York 10017

and

Buffalo Regional Office
95 Perry Street
Buffalo, New York 14203

January 16, 2014

MINUTES

**In Attendance
Directors:**

Kenneth Adams (Acting Chair)
Sam Hoyt

**Present for Upstate
ESD:**

Steve Gawlik, Deputy General Counsel
Eileen McEvoy, Secretary
Frances Walton, Chief Financial and Administrative Officer

Present for ESD:

Maria Cassidy, Deputy General Counsel
Edwin Lee, Assistant Vice President – Discretionary
Projects
Kathleen Mize, Controller

Also Present:

Ed Muszynski – Finger Lakes Regional Office

The Press
The Public

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The meeting of the Upstate Empire State Development Corporation, a wholly-owned subsidiary of the New York State Urban Development Corporation d/b/a Empire State Development (“ESD”), was called to order at 9:17 a.m. by Acting Chair Adams. It was noted for the record that notices to the public and news media of the time and place of the meeting had been given in compliance with the New York State Open Meetings Law.

First, Acting Chair Adams noted that the public is free to comment on any matters on the Agenda.

The Acting Chair then called for a motion to approve the Minutes of the December 19, 2013 Directors’ meeting. Upon motion duly made and seconded, the following resolution was unanimously adopted:

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE DECEMBER 19, 2013 MEETING OF THE DIRECTORS OF THE CORPORATION FOR UPSTATE EMPIRE STATE DEVELOPMENT CORPORATION

RESOLVED, that the Minutes of the meeting of the Corporation held on December 19, 2013, as presented to this meeting, are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Corporation.

* * *

The Acting Chair then asked Mr. Muszynski to present the Intrinsic Materials Upstate Regional Blueprint Fund convertible loan item for the Directors’ consideration.

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Mr. Muszynski provided the relevant background information with regard to this request noting that the Directors were being asked to authorize the Corporation to make a \$400,000 Upstate Regional Blueprint Capital convertible loan to Intrinsiq Materials, Inc.

Mr. Muszynski explained that Intrinsiq is one of a trio of companies owned by Trillium International that were attracted to Rochester in 2011. He added that Intrinsiq produces nano particle inks for the printed electronics industry.

Mr. Muszynski noted that the loan will be used to assist with the costs of machinery and equipment to expand its engineering manufacturing and research and development facility at Rochester's Eastman Business Park.

Mr. Muszynski further explained that the requested \$400,000 is the first tranche of a \$2.4 million loan offered to the Company and its two sister companies Quintel USA and Omni ID as part of its attraction in 2011.

Mr. Muszynski further stated that Intrinsiq's goal is 158 employees and that under the terms of ESD's agreement, the goal can also be met by a combined 250 employees at all three companies, Quintel, Intrinsiq and Omni.

Mr. Muszynski added that the loan will provide financing for a four-year term at an

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annual interest rate of three percent, convertible to a grant over the term if required job levels are met and maintained.

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

Director Hoyt joined the Acting Chair in thanking Mr. Muszynski for his work on this project. He then noted that the connectivity with nano is further evidence that the whole nano industry is taking off throughout the State and that that is a great thing.

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

Rochester (Finger Lakes Region – Monroe County) – Intrinsic Materials URB Capital – Upstate Regional Blueprint Fund – Business Investment (Convertible Loan) – Findings and Determinations Pursuant to Sections 16-q and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Loan 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 Intrinsic Materials URB 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 is a feasible method for 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

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Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Intrinsic Materials, Inc. a loan for a total amount not to exceed Four Hundred Thousand Dollars (\$400,000) from the Upstate Regional Blueprint 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 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 loan, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the loan or collateral securing the loan as he or she may deem necessary or appropriate in the administration of the loan; 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. Gawlik then asked the Directors to re-authorize a \$5,000,000 grant approved in March 2010 through the Erie Canal Harbor Development Corporation (“ECHDC”) for the Canalside Land Use Improvement Project.

Mr. Gawlik provided the relevant background information relating to this request noting that the grant approved in March 2010, was to be used for public improvement specifically for the public canal system and the canalside economy with a total budget of \$47 million.

Since that time, Mr. Gawlik continued, the General Project Plan has been amended several times. He added that the last time an amendment was approved by the ESD Directors

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was in November of 2013.

This action today, Mr. Gawlik explained, is a housekeeping measure to get the Upstate Blueprint funding in line with these amendments.

As noted in the materials, Mr. Gawlik further explained, the funds will be used to reimburse ECHDC for construction of the East Canal.

Mr. Gawlik stated that the canal was finished last fall and it is a replica of where the Erie Canal once sat. Mr. Gawlik added that it is located on the Donovan office block which is part of the development parcel in the canalside district.

Mr. Gawlik further noted that the Modified General Project Plan which is a part of today's actions, includes an updated budget, and updated sources that really highlight where the project is today.

Following the full presentation, the Acting Chair called for questions or comments. Director Hoyt stated that the project has made extraordinary progress and today's action will allow the progress that has been made to continue and fulfill the Governor's vision for creating a world class waterfront in Buffalo, New York.

There being no further questions or comments, and upon motion duly made and

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seconded, the following resolution was unanimously adopted:

Buffalo (Erie County) – Canalside Land Use Improvement Project – Upstate Regional Blueprint Fund (Capital Grant) – Affirmation of Modified 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 Upstate Empire State Development Corporation (the “Corporation”), relating to the Canalside Land Use Improvement Project – Upstate Regional Blueprint Fund (Capital Grant) (the “Project”), the Corporation hereby affirms the proposed Modified General Project Plan (the “Plan”) for the Canalside Project, together with such changes therein as the Chairman and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Erie Canal Harbor Development Corporation a grant for an amount not to exceed Five Million Dollars (\$5,000,000) from the Upstate Regional Blueprint 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 provision of 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 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.

* * *

There being no further business, the meeting was adjourned at 9:27 a.m.

Respectfully submitted,

Eileen McEvoy
Corporate Secretary

FOR CONSIDERATION

February 20, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Potsdam (North Country Region – St. Lawrence County) – Clarkson University Biotech Initiative URB Capital – Upstate Regional Blueprint Fund – Downtown Redevelopment (Capital Grant)

REQUEST FOR: Findings and Determinations Pursuant to Sections 16-q 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: Clarkson University (“Clarkson” or the “University”)

ESD* Investment: A grant of up to \$3,800,000 to be used for phase 1 costs of research laboratory equipment for the “Trudeau-Clarkson Biotech Initiative” to advance biotechnical and biomedical research in cooperation with the Trudeau Institute.

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

Project Location: 321 Science Center-Clarkson University, Potsdam, St. Lawrence County

Proposed Project: Clarkson will upgrade laboratory equipment to advance biotechnical and biomedical research projects in cooperation with Trudeau Institute and the State of New York.

Project Type: Economic Growth Investment

Regional Council: The North Country Regional Council has been made aware of this item. The project is consistent with the Regional Plan to advance biotech research in the region. Anthony Collins, President of Clarkson University is co-chair of the North Country Regional Economic Development Council. In conformance with the State’s policy, this individual has recused himself on votes recommending this project. The Council includes 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>	
Lab Equipment	\$3,400,000	
Engineering/soft Costs	400,000	
Program costs	<u>422,000</u>	
Total Project Costs	<u>\$4,222,000</u>	
<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD – Grant	\$3,800,000	90%
Grantee Equity	<u>422,000</u>	<u>10%</u>
Total Project Financing	<u>\$4,222,000</u>	<u>100%</u>

III. Project Description

A. Grantee

Industry: Educational Institution

Grantee History: Clarkson University was founded in 1896 and is a nationally ranked engineering and research university.

Ownership: Clarkson is a not-for-profit organization governed by a non compensated board.

Size: Clarkson operates on a 640 acre campus, employs 639 people, educates 3,500 students from 39 states and 47 countries.

ESD Involvement: Clarkson requested ESD assistance as part of the “Trudeau-Clarkson Biotech Initiative,” a program to expand biotechnical and biomedical research in cooperation with Trudeau Institute and the State of New York. Trudeau Institute will continue to operate and expand its research laboratory to conduct biomedical research in New York State including aging, cancer, influenza, pneumonia, tuberculosis, acquired immune

deficiency syndrome, and Lyme disease. The Trudeau Institute will also expand its existing contract research capabilities for pharmaceutical, biotechnology and biomedical engineering companies. Without assistance from ESD, the Trudeau-Clarkson Biotech Initiative and the expansion of valuable related research programs would not be possible.

Past ESD Support: Since 2008, Clarkson has received ESD funds totaling \$2,450,000 for 3 projects. All projects have been successfully completed, milestones met, and the funds have been fully disbursed.

In the past 5 years, funding to Clarkson is summarized as follows:

Program	Project #	Amount	Date Start (ESD Directors' Approval date)	Date End (Project Completion: Contract Expiration or Job Requirement)	Purpose
Community Capital Assistance Program	V575	\$250,000	March 20, 2008	August 26, 2009	Capital Grant - Energy research
Special Appropriation - NYS Economic Development Program	V911	\$1,900,000	March 20, 2008	February 10, 2012	Capital Grant - Peyton Hall
Urban and Community Development Program	W120	\$300,000	March 20, 2008	June 8, 2012	Capital Grants - Peyton Hall

B. The Project

Completion: December 2019

Activity: The “Trudeau-Clarkson Biotech Initiative,” a joint economic development program developed by Trudeau Institute and Clarkson University with support from New York State, is designed to open up new opportunities for commercialization of ideas and products which will in turn attract new start-up companies and increase employment in the North Country region. As part of this effort, Clarkson will upgrade laboratory facilities and equipment to advance biotechnical and biomedical research projects in cooperation with Trudeau Institute. Research laboratories will be renovated and new state-of-the-art scientific research equipment will be purchased. Presently, Clarkson is undertaking phase 1 of this effort and will purchase new laboratory equipment for this initiative.

Results: Clarkson University, in cooperation with Trudeau Institute and the State of New York, will move closer to the broader vision of developing a biotechnology cluster in New York State’s North Country. The Clarkson-Trudeau Biotech Initiative will establish and coordinate scientific research

and expand education and technology-based economic development. Additionally, Clarkson and Trudeau will formulate and develop the facilities, faculty and educational programs to make this cluster self-sustaining and diversify and develop other funding and business opportunities to sustain a new business model for future biotech-biomed operations and expanding business opportunities. The project will attract and recruit additional professional faculty as well as high quality undergraduate and graduate students.

Economic Growth

Investment Project: 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 \$24,962;
- Fiscal cost to NYS government is estimated at \$3,800,000;
- Ratio of project fiscal benefits to costs to NYS government is 0.01:1;
- Fiscal benefits to all governments (state and local) are estimated at \$43,720;
- Fiscal cost to all governments is \$3,800,000;
- The fiscal benefit to cost ratio for all governments is 0.01:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$309,023;
- The economic benefit to cost ratio is 0.08:1;
- Project construction cost is \$400,000, which is expected to generate four direct job years and three indirect job years of employment;
- For every construction-related direct job generated by this project, an additional 0.35 indirect job is anticipated in the state's economy.

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

Grantee Contact: James Fish, Chief Financial Officer
8 Clarkson Ave.

Potsdam NY 13699
Phone: (315) 268-6689

ESD Project No.: Y733

Project Team:	Origination	John VanDeLoo
	Project Management	John VanDeLoo
	Contractor & Supplier Diversity	Elizabeth Gocs
	Finance	Ross Freeman
	Environmental	Soo Kang

C. 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 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 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. Up to \$3,800,000 will be disbursed to Grantee as reimbursement for eligible project costs during the course of the biotech-biomed initiative project (phase 1), no more frequently than quarterly, assuming that all project approvals have been completed and funds are available. The final disbursement, which shall be at least 10% of the grant, shall be made 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 after December 1, 2013, to be considered eligible project costs.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$3,800,000, 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 Section 16-q of the New York State Urban Development Corporation Act (the "Act") and satisfies the eligibility criteria in the Act and the rules and

regulations for the Upstate Regional Blueprint Fund 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 policy will apply to the Project. The University, a non-profit organization, shall be required to use good faith efforts to achieve an overall Minority and Women Business Enterprise (MWBE) Participation goal of 23% of the total value of ESD's funding for eligible expenses, and to solicit and utilize MWBEs for any contractual opportunities generated in connection with 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

Potsdam (North Country Region – St. Lawrence County) – Clarkson University Biotech Initiative URB Capital – Upstate Regional Blueprint Fund – Downtown Redevelopment (Capital Grant) – Findings and Determinations Pursuant to Sections 16-q 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 Upstate Empire State Development Corporation (the “Corporation”), relating to the Clarkson University Biotech Initiative URB Capital – Upstate Regional Blueprint Fund – Downtown Redevelopment (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

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 Clarkson University a grant for a total amount not to exceed Three Million Eight Hundred Thousand Dollars (\$3,800,000) from the Upstate Regional Blueprint 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.

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