

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

June 27, 2013 – 9:15 a.m.

AGENDA

FOR CONSIDERATION

1. Approval of the Minutes of the May 16, 2013 Directors' Meeting

UPSTATE REGIONAL BLUEPRINT FUND

CAPITAL REGION

2. Oak Hill (Capital Region – Greene County) – GlaxoSmithKline Capital - Upstate Regional Blueprint Fund – Business Investment (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; Determination of No Significant Effect on the Environment

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

May 16, 2013

MINUTES

**In Attendance
Directors:**

Kenneth Adams (Acting Chair)
Sam Hoyt

**Present for Upstate
ESD:**

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

Present for ESD:

Lawrence A. Jacobs, General Counsel
Maria Cassidy, Deputy General Counsel

Also Present:

James Fayle, Director – Central New York Regional Office

The Press
The Public

DRAFT – SUBJECT TO REVIEW AND REVISION

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 20, 2012 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 20, 2012 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 20, 2012, 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 the Directors to approve the appointment of Lawrence A. Jacobs as the General Counsel of the Upstate Empire State Development Corporation. Acting

DRAFT – SUBJECT TO REVIEW AND REVISION

Chair Adams further requested that henceforth, the Corporation appoint the title of ESD General Counsel as its ex-officio General Counsel to ensure that this office position will not need to be revisited in the future.

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

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

Upstate Empire State Development Corporation – Officers of the Corporation -
Appointment of Officer - General Counsel

BE IT RESOLVED, that Lawrence A. Jacobs be, and he hereby is, appointed to the office of General Counsel to the Upstate Empire State Development Corporation (the “Corporation”) until his earlier resignation or removal, his appointment being effective as of the date indicated in the attached materials, a copy of which is hereby ordered to be filed with the records of the Corporation; and be it further

RESOLVED, that in accordance with and for all the purposes of the New York State Urban Development Corporation Act and the bylaws of the Corporation, including but not limited to the indemnification provisions thereof, the foregoing individual is an “officer” of the Corporation; and be it further

RESOLVED, that the title of ESD General Counsel is an ex-officio appointment as General Counsel to the Corporation and confirms that this position is an “officer” of the Corporation within the meaning of the provisions of the Corporation’s bylaws, including the indemnification provisions thereof.

* * *

The Acting Chair then asked Mr. Fayle to present the POMCO Capital Upstate Regional Blueprint Fund convertible loan item for the Directors’ consideration.

DRAFT – SUBJECT TO REVIEW AND REVISION

Mr. Fayle provided the relevant background information with regard to this request noting that the Directors were being asked to approve a convertible loan in the amount of \$950,000 to be used for a portion of construction, as well as for the purchase of furniture and fixtures related to the Company's expansion of their current facility.

Mr. Fayle noted that POMCO manages a self funded services risk management industry in Syracuse. The project, he explained, involves an 18,000 square foot expansion to their current facility.

The expansion, Mr. Fayle further noted, is expected to lead to the creation of an additional 100 jobs which will bring their employment to 432 when the project is completed.

Mr. Fayle then provided the loan terms noting, in part, that the terms are three percent for five years. Mr. Fayle further noted that if the company meets and keeps their job goal, the principal balance on the loan will be reduced by 20 percent this year, which is one of the options available under the Blueprint Fund Program.

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

Syracuse (Central New York Region – Onondaga County) – POMCO 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

DRAFT – SUBJECT TO REVIEW AND REVISION

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 POMCO Capital – Upstate Regional Blueprint Fund – Business Investment (Convertible Loan) 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 POMCO Group a loan for a total amount not to exceed Nine Hundred Fifty Thousand Dollars (\$950,000) 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 grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the loan or grant or collateral securing the loan as he or she may deem necessary or appropriate in the administration of the loan and 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.

DRAFT – SUBJECT TO REVIEW AND REVISION

* * *

Syracuse (Central New York Region – Onondaga County) – POMCO Capital – Upstate Regional Blueprint Fund – Business Investment (Convertible Loan) – Determination of No Significant Effect on the Environment

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

* * *

There being no further business, the meeting was adjourned at 9:26 a.m.

Respectfully submitted,

Eileen McEvoy
Corporate Secretary

FOR CONSIDERATION

June 27, 2013

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Oak Hill (Capital Region – Greene County) – GlaxoSmithKline Capital – Upstate Regional Blueprint Fund – Business Investment (Capital Grant)

REQUEST FOR: Findings and Determinations Pursuant to Sections 16-q and 10 (g) of the Act 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: GlaxoSmithKline LLC (“GSK” or the “Company”)

UESD* Investment: A grant of up to \$900,000 to be used for a portion of the cost of the purchase of machinery and equipment

* The Upstate Empire State Development Corporation (the “Corporation”), a subsidiary of the New York State Urban Development Corporation doing business as Empire State Development (“ESD”)

Project Location: 3169 NYS Route 145, Oak Hill, Greene County

Proposed Project: Infrastructure, site work, building improvements and machinery and equipment to convert a pharmaceutical manufacturing facility to an oral care products manufacturing facility.

Project Type: Business expansion involving job retention.

Regional Council: The Capital Regional Council has been made aware of this item. The Incentive Offer was accepted in April 2010, predating the Regional Council Initiative. This job retention project is consistent with a goal of

the Regional Council's Strategic Plan to nurture and support businesses and become more competitive to create new wealth, attain and retain jobs, and create opportunities for large, small and diverse private enterprises. The Company is one of over 1,000 medium-sized businesses in the Capital Region that, by reacting and changing to market conditions and opportunities, provides the backbone to the Capital Region's economy.

Employment:	Initial employment at time of ESD Incentive Offer	247
	Current employment level:	190
	Minimum employment through January 1, 2016:	190*

*May include up to 10% Full-Time Contract Employees

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Machinery and Equipment	\$25,100,000
Building Modifications	4,900,000
Waste Water Treatment	7,000,000
Infrastructure (road/storm water)	700,000
Utilities (USP water, HVAC)	3,500,000
Design	2,200,000
Site Work	2,700,000
Construction Management	2,100,000
Internal Costs	1,100,000
Contingencies (20%)	<u>7,400,000</u>
Total Project Costs	<u>\$56,700,000</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$900,000	2%
NYSERDA - Grant	530,000	1%
NYS OCR - Grant	750,000	1%
Company Equity	<u>54,520,000</u>	<u>96%</u>
Total Project Financing	<u>\$56,700,000</u>	<u>100%</u>

III. Project Description

A. Company

Industry: GlaxoSmithKline LLC is a specialized business unit within GlaxoSmithKline PLC, a publicly traded international pharmaceutical and consumer healthcare company headquartered in London, England. The Company

focuses exclusively on the development and manufacturing of dermatological and oral care products.

- Company History:** GSK was formed in 2000 by the merger of Glaxo Wellcome plc and SmithKline Beecham plc. GSK is the third largest pharmaceutical company in the world. Its three primary business areas include the research and development of pharmaceuticals, vaccines and consumer healthcare products including skin health and oral care.
- Ownership:** GlaxoSmithKline LLC is a subsidiary of GlaxoSmithKline PLC, a publicly traded company on the London and New York Stock Exchanges.
- Size:** GSK operates in over 60 countries and has over 100,000 employees worldwide.
- Market:** GSK is a global leader in pharmaceuticals and consumer healthcare products, with 6.3% of the worldwide market. Its Oak Hill facility manufactures Sensodyne®, Aquafresh® and prescription toothpastes, which are sold internally to GSK divisions and marketed to wholesalers.
- ESD Involvement:** GSK's Oak Hill facility is a 71-acre site located in a hamlet in the Town of Durham in Greene County. It manufactures dermatological products for various GSK companies. In April 2012, GSK announced that it would close the Oak Hill facility due to excessive underutilized manufacturing capacity and move the dermatological product manufacturing operation to a Canadian facility, eliminating 260 jobs in Greene County. Staff from ESD's Capital Region Office and other state and local economic development officials immediately met with GSK representatives. An analysis of the Company's assets revealed that a \$56 million investment in upgrades to the Oak Hill facility would offer an attractive alternative to a more costly investment that was anticipated at an older GSK oral care (i.e. toothpaste) production facility in Clifton NJ.

While much of GSK's sales are derived from the U.S. and Europe, GSK had been aggressively expanding its oral care product line into developing markets including China, India and Asia Pacific. Moving manufacturing operations from the GSK's Clifton facility to Oak Hill would enable the Company to meet this growing demand and preserve 211 jobs in Green County. The Company responded to ESD's Upstate Regional Blueprint Request for Proposals and requested assistance to help finance its project. Its application was reviewed and recommended for funding by ESD regional staff. An Incentive Proposal that included a \$1,000,000 ESD capital grant and \$160,000 in sales tax abatements from the Greene County Industrial Development Agency (IDA) was accepted in April 2010. The project also qualified for a \$750,000 New York State Community

Development Block Grant from NYS Homes & Community Renewal and \$530,000 through the New York State Energy Research and Development Authority's Industrial and Process Efficiency Program. In addition, the Company also entered into a PILOT agreement with the Greene County IDA.

To support GSK's growth ambitions, the project was subsequently expanded significantly in terms of scope, complexity and investment. By placing greater emphasis on state-of-the-art automation processes, full-time employment needs slightly reduced to 190. In response, ESD prorated the grant amount accordingly, to \$900,000 and Stiefel's Oak Hill plant is now GSK's primary oral care production facility for the US, Canadian and Latin America markets.

Without ESD and other state and local assistance, the decision to close the Oak Hill facility would have been final, a \$56 million investment in upstate New York would not have been made and 190 jobs would have been eliminated.

Competition: Competitors include Pfizer, Bristol-Myers Squibb, Johnson & Johnson, Proctor & Gamble and Eli Lilly.

Past ESD Support: ESD provided a \$600,000 capital grant in 2005 to Stiefel Laboratories Inc., the facility's former owner, for a plant expansion, new equipment and 400 projected full-time jobs. In 2009, GSK purchased Stiefel Laboratories Inc. Subsequently, GSK fell short of the employment goals and repaid 60%, or \$360,000 of the grant.

B. The Project

Completion: June 2013

Activity: The project includes a 20,720-square-foot expansion and upgrade to a warehouse building, demolition of an old waste water treatment facility, construction of a new 10,650-square-foot treatment plant, expansion of two smaller buildings by 1,500 square feet and 3,500 square feet, upgrades and improvements to storm water and treatment systems, the purchase and installation of new machinery and equipment and general site improvements including construction of a raw materials handling area to house aqueous tanks and powder silos, landscaping, lights, signage, fencing and paving/grading modifications. The project supports GSK's projected growth demand for oral care products in the US, Canada and Latin America by shifting and expanding oral care manufacturing capacity from New Jersey to New York State.

Results: The Company will retain 190 jobs as a result of the project.

Business 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 \$13,908,512;
- Fiscal cost to NYS government is estimated at \$984,898;
- Project cost to NYS government per direct job is \$5,760;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$1,906;
- Ratio of project fiscal benefits to costs to NYS government is 14.12:1;
- Fiscal benefits to all governments (state and local) are estimated at \$23,025,626;
- Fiscal cost to all governments is \$3,518,048;
- All government cost per direct job is \$20,573;
- All government cost per total job is \$6,808;
- The fiscal benefit to cost ratio for all governments is 6.54:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$118,287,833, or \$228,911, per job (direct and indirect);
- The economic benefit to cost ratio is 33.62:1;
- Project construction cost is \$21,000,000 which is expected to generate 200 direct job years and 113 indirect job years of employment;
- For every permanent direct job generated by this project, an additional 2.06 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.)

Grantee Contact: Paul Hopkins, Finance Director
3169 NYS Route 145
East Durham, New York 12423
Phone: (518) 261-8980

ESD Project No.: X023

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 Company shall pay a commitment fee of 1% of the \$900,000 (\$9,000) 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. GlaxoSmithKline PLC will guarantee the grant repayment obligation of its subsidiary GlaxoSmithKline LLC 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 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.

6. Up to \$900,000 will be disbursed to Grantee in two installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$450,000) will be disbursed upon documentation of project expenditures totaling \$30,000,000, and documentation of the employment of at least 190 Full-time Permanent Employees at the Project Location, assuming that all project approvals have been completed and funds are available; and
 - b) a Second Disbursement of 50% of an amount equal to the grant (\$450,000) will be disbursed upon completion of the project, documentation of additional project costs including the purchase and installation of \$25,000,000 in machinery and equipment (cumulative project cost of \$55,000,000), and documentation of the employment of at least 190 Full-time Permanent Employees at the Project Location, provided Grantee is otherwise in compliance with program requirements.

Payment will be made upon presentation of an ESD invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after April 7, 2010, to be considered eligible project costs. All disbursements must be requested by April 1, 2015.

7. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$900,000, 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 one hundred percent (100%) 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	190
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A	B
Reporting Date	Employment Goals
February 1, 2014	190
February 1, 2015	190
February 1, 2016	190

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

The Town of Durham Town Board, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project to be a Type I Action, which would not have a

significant effect on the environment. The lead agency issued a Negative Declaration on September 21, 2010. 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

ESD's Non-discrimination and Contractor and Supplier Diversity policy will apply. The Grantee shall be encouraged to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project and to include minorities and women in any job opportunities created by 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

Oak Hill (Capital Region – Greene County) – GlaxoSmithKline URB Capital – Upstate Regional Blueprint Fund – Business Investment (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 GlaxoSmithKline URB Capital - Upstate Regional Blueprint Fund – Business Investment (Capital Grant) Project (the “Project”), the Corporation hereby determines pursuant to Section 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that there are no families or individuals to be displaced from the project area; and be it further

RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plan (the “Plan”) for the Project submitted to this meeting, together with such changes therein as the 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 GlaxoSmithKline LLC a grant for a total amount not to exceed Nine Hundred Thousand Dollars (\$900,000) 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.

June 27, 2013

Oak Hill (Capital Region – Greene County) – GlaxoSmithKline URB Capital – Upstate Regional
Blueprint Fund – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the GlaxoSmithKline URB Capital Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

Project Summary Benefit-Cost Evaluation¹

GlaxoSmithKline LLC – 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:	247	Construction Job Years (Direct):	200
Retained Jobs:	190	Construction Job Years (Indirect):	113

Evaluation Statistics	Project Results NYS Gov't.	NYS Gov't. Benchmarks ²	Project Results State & Local Government	State & Local Government Benchmarks
Fiscal Costs³	\$984,898	\$794,250	\$3,518,048	\$1,020,500
Fiscal Benefits⁴	\$13,908,512	\$2,085,600	\$23,025,626	\$4,271,980
Fiscal Cost /Direct Job	\$5,760	\$3,000	\$20,573	\$4,110
Fiscal Cost/Total Jobs	\$1,906	\$1,424	\$6,808	\$1,964
Fiscal B/C Ratio	14.12	7.00	6.54	10.60
	Project Results	Benchmarks		
Economic Benefits⁵	\$118,287,833	\$119,468,000		
Econ. Benefits/Total Jobs	\$228,911	\$147,600		
Economic B/C Ratio	33.62	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). 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.