

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

October 21, 2013 – 11:45 a.m.

AGENDA

FOR CONSIDERATION

CORPORATE ACTION

1. Approval of the Minutes of the August 27, 2013 and September 19, 2013 Directors Meetings

UPSTATE REGIONAL BLUEPRINT FUND

FINGER LAKES REGION

2. Rochester (Finger Lakes Region – Monroe County) – Omni-ID 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

ADMINISTRATIVE ACTION

3. Officers of the Corporation – Appointment of President of the Corporation

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

USA Niagara Development Corporation
222 First Street
United Office Building
Niagara Falls, NY 14303

September 19, 2013

MINUTES

In Attendance

Directors:

Kenneth Adams (Acting Chair)
Sam Hoyt

Present for Upstate

ESD:

Lawrence A. Jacobs, General Counsel
Eileen McEvoy, Secretary
Frances Walton, Chief Financial and Administrative Officer

Present for ESD:

Edwin Lee, Assistant Vice President – Discretionary
Programs
Mehul Patel, Chief of Staff
Kathleen Mize, Controller
Susan Shaffer, Vice President – Loans and Grants

Also Present:

Edward Muszynski, Area Director – Finger Lakes 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 9:02 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 asked Mr. Muszynski to present the Quintel USA Upstate Regional Blueprint Fund Convertible Loan item for the Directors’ consideration.

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 \$1,500,000 Upstate Regional Blueprint Convertible Loan in connection with this project.

Mr. Muszynski noted that the loan will be used for a portion of the cost of machinery and equipment to expand Quintel’s engineering, manufacturing and testing facility at Eastman Business Park.

Mr. Muszynski explained that the Company is a privately held wireless network antenna

DRAFT – SUBJECT TO REVIEW AND REVISION

development and manufacturing company.

Mr. Muszynski further explained that in 2011, ESD attracted Quintel and its two sister companies, Intrinsic Materials and Omni ID to Rochester from the U.K. and California.

Mr. Muszynski added that its job goal is 68 employees by 2016 and under the terms of ESD's agreement with these three companies, each company's goal, including Quintel, can also be met by a combined 250 employees at the three companies, Quintel, Intrinsic and Omni.

Mr. Muszynski continued and explained that if Quintel for whatever reason does not reach 68, but the aggregate is 250 or more, Quintel is in compliance.

Mr. Muszynski further stated that the loan will provide permanent financing for a four-year term at an annual rate of three percent. The loan, Mr. Muszynski added, is convertible to a grant over that term if required job levels are met and maintained.

Following the full presentation, the Acting Chair recapped the job creation figures and how that relates to compliance with the terms of the loan.

The Acting Chair asked if this was the second loan ESD was making to Quintel and Mr. Muszynski stated that this was the first loan and that prior to this, a grant was made to the Company.

DRAFT – SUBJECT TO REVIEW AND REVISION

Acting Chair Adams then asked if loans or grants will be made to either of the other two companies and Mr. Muszynski stated that loans and/or grants would be made to the other two companies as well.

Mr. Muszynski explained that ESD's overall incentive package of late 2010, committed \$6 million in loans to the three companies, the first tranch of which is \$1.5 million.

Mr. Muszynski further noted that the Corporation had previously disbursed \$3,000,000 in grants based on investments that the companies made in 2010 and 2011.

Acting Chair Adams asked if it was all coming from Upstate Blueprint funds and Ms. Shaffer stated some of the grants came from ESD's Empire State Economic Development Fund.

The Acting Chair then asked if all three companies were located in Eastman Business Park and Mr. Muszynski stated that they were co-located in adjacent suites in Eastman Business Park.

Mr. Muszynski added that as part of ESD's recapture criteria all the companies must remain in Eastman Business Park for five years or be subject to some sort of pro rata recapture.

DRAFT – SUBJECT TO REVIEW AND REVISION

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

Rochester (Finger Lakes Region – Monroe County) – Quintel USA 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 Quintel USA 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 Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Quintel USA, Inc. a loan for a total amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) 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

DRAFT – SUBJECT TO REVIEW AND REVISION

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.

* * *

There being no further business, the meeting was adjourned at 9:14 a.m.

Respectfully submitted,

Eileen McEvoy
Corporate Secretary

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

and

Albany Regional Office
625 Broadway
Albany, NY 12245

August 27, 2013

MINUTES

**In Attendance
Directors:**

Kenneth Adams (Acting Chair)
Sam Hoyt

**Present for Upstate
ESD:**

Lawrence A. Jacobs, General Counsel
Eileen McEvoy, Secretary
Frances Walton, Chief Financial and Administrative Officer

Present for ESD:

Edwin Lee, Assistant Vice President – Discretionary
Projects
Andrew Grossman, Senior Director – Finance and
Administration Operations
Natalie Dennery, Senior Counsel
Robert Kwon, Vice President – Portfolio Management

DRAFT – SUBJECT TO REVIEW AND REVISION

Also Present:

Merideth Bahr-Andreucci
Edward Muszysnki
David Wright, Assistant Commissioner

The Press
The Public

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 3:20 p.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 June 27, 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 JUNE 27, 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 June 27, 2013, as presented to this meeting, are hereby approved and all actions taken by the Directors

DRAFT – SUBJECT TO REVIEW AND REVISION

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 Ms. Bahr-Andreucci to present the Western New York Science Technology and Advanced Manufacturing Park (“STAMP”) Upstate Regional Blueprint Fund grant item for the Directors’ consideration.

Ms. Bahr-Andreucci provided the relevant background information with regard to this request noting that the Directors were being asked to authorize the Corporation to make a \$1,000,000 Upstate Regional Blueprint Capital loan in connection with this project.

Ms. Bahr-Andreucci noted that the loan will be used for a portion of the cost of land acquisition and associated closing and other soft costs to create a mega-site for advanced technology manufacturing.

Among other things, Ms. Bahr-Andreucci explained that STAMP is a 1,248 acre development district being planned and marketed for high technology manufacturing, mainly semiconductor manufacturing, in the Town of Alabama in Genesee County.

Ms. Bahr-Andreucci further explained that STAMP is located between Buffalo and Rochester and is being developed on a speculative basis as local development agencies seek to leverage New York’s substantial competitive advantages in this space with the focus centered

DRAFT – SUBJECT TO REVIEW AND REVISION

on creating high paying jobs with the attraction of another major project to New York State.

Ms. Bahr-Andreucci went on to outline the terms of the loan including the repayment schedules anticipated if the project is successful.

Ms. Bahr-Andreucci also explained that if the project does not move forward to fruition, there are real estate liens and corporate guarantees in place for the loan.

Following the full presentation, the Acting Chair asked how large the site will be if all of property is acquired and made shovel ready. Ms. Bahr-Andreucci stated that 1,248 acres is the total site. She added that with the purchases to be undertaken pursuant to this Board action, key development parcels will be acquired. The remaining acreage to be procured in the future, she added, will be mostly buffer or ancillary parcels to support development.

The Acting Chair then asked how many acres STAMP currently consists of and Ms. Bahr-Andreucci explained that with today's addition, the site will be approximately 850 acres.

The Acting Chair then asked for the size of comparative sites and Ms. Bahr-Andreucci provided those figures.

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

DRAFT – SUBJECT TO REVIEW AND REVISION

Alabama (Finger Lakes Region – Genesee County) – GCEDC-GGLDC – Western New York Science, Technology and Advanced Manufacturing Park URB Capital – Upstate Regional Blueprint Fund – Business Infrastructure (Capital 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 GCEDC-GGLDC – Western New York Science, Technology and Advanced Manufacturing Park URB Capital – Upstate Regional Blueprint Fund – Business Infrastructure (Capital 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 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 Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Genesee County Industrial Development Agency d/b/a Genesee County Economic Development Center and Genesee Gateway Local Development Corporation a loan for a total amount not to exceed One Million Dollars (\$1,000,000) 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 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

DRAFT – SUBJECT TO REVIEW AND REVISION

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.

* * *

There being no further business, the meeting was adjourned at 3:33 p.m.

Respectfully submitted,

Eileen McEvoy
Corporate Secretary

Empire State Development

FOR CONSIDERATION

October 21, 2013

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Rochester (Finger Lakes Region – Monroe County) – Omni-ID URB Capital – Upstate Regional Blueprint Fund – Business Investment (Convertible Loan)

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 Loan and to Take Related Actions

General Project Plan

I. Project Summary

Borrower: Omni-ID USA, Inc. (“Omni” or the “Company”)

UESD* Investment: A loan of up to \$1,020,000 to be used for a portion of the cost 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: 1200 Ridgeway Avenue, Rochester, Monroe County (to include any other future locations at Eastman Business Park)

Proposed Project: Purchase of machinery and equipment and leasehold improvements for Omni’s engineering facility at Eastman Business Park.

Project Type: New business location involving job creation.

Regional Council: The Finger Lakes Regional Council (the “Council”) has been made aware of this item and fully supports the project. The Incentive Offer was accepted in April 2010 predating the Regional Council Initiative. The project is consistent with the Regional Plan’s goal to support advanced technology and manufacturing. Furthermore, the project is located at the Eastman Business Park, the development of which is the Council’s highest priority project.

Employment: Initial employment at time of ESD Incentive Offer: 0
 Current employment level: 24 FTE*
 Minimum employment on anniversary of loan closing in 2016: 24**

* Full-time equivalent employees

** This level may also be met by the combined employment at Omni-ID USA, Inc., Quintel USA, Inc., and Intrinsic Materials, Inc., of at least 250 full-time permanent employees at the Eastman Business Park.

Loan Financing: The loan will provide permanent financing for a four-year term at an annual interest rate of 3%, convertible to a grant over that term if required job levels are maintained.

Security: First lien on M&E

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Machinery & Equipment	\$1,592,628
Leasehold Improvements	<u>36,335</u>
Total Project Costs	<u>\$1,628,963</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD – Loan	\$1,020,000	63%	3%/4 years/1 st on M&E
Company Equity	<u>608,963</u>	<u>37%</u>	
Total Project Financing	<u>\$1,628,963</u>	<u>100%</u>	

III. Project Description

A. Borrower

Industry: Develop and manufacture advanced radio frequency identification (“RFID”) tags. RFID tags are small monitoring devices attached to objects and are used for inventory control or location detection.

Company History: Omni is a privately held RFID tag development and manufacturing company. The Company’s core technologies originated in the U.K. Ministry of Defense and have been commercialized over the last seven years. Applications include placement on computers, electronics equipment and liquid-filled containers to track these assets. The Company has established itself as an industry leader in tracking information technology equipment and components. A primary partner

in this effort has been IBM. Other partners and customers include Bank of America, Johnson & Johnson, Boeing, and Sun Microsystems/Oracle. Omni is now expanding its product line and moving into other sectors, such as defense/government, manufacturing/industrial, and transportation/logistics. The RFID tags provide virtually 100% accurate “read levels” when used on metals and liquids.

- Ownership:** Omni-ID USA, Inc. is 100% owned by Omni-ID Cayman, Ltd. Omni-ID Cayman, Ltd. is 100% owned by Trillium International-I GP LLC, a private equity firm.
- Size:** Omni also has offices in: Farnham, UK; Qingdao, China; Shanghai, China and Mumbai, India. The Company also employs five US sales representatives living in other states.
- Market:** Principal customers in the US are the US Marine Corps, Devon Energy Corporation, Hewlett Packard, Cisco, Lowry Computer Products, Whirlpool, Bridgestone Americas Inc, Halliburton Energy Services, and RFID Global Solutions Inc. The US market alone uses about 2.5 million Omni-ID RFID tags per year. Major competitors include Confidex, Xerafy, HID and Vizenex.
- ESD Involvement:** In 2010, Omni, Intrinsic Materials, Inc. (“Intrinsic”) and Quintel USA, Inc. (“Quintel”) approached ESD and Greater Rochester Enterprise, a regional economic development organization, for assistance to close a funding gap associated with facility renovations and the purchase of equipment to relocate aspects of all three companies to New York. ESD offered Omni a capital grant of \$500,000 from the Empire State Economic Development Fund and a \$1,020,000 loan from the Upstate Regional Blueprint Fund, each targeted to separate stages of the company’s operations and growth. The Company accepted the initial offer in April 2010, and a modified offer in September 2012.
- Competition:** Without ESD and local assistance and Empire Zone benefits, Omni would have likely remained in the U.K. or sought to relocate elsewhere. Omni Corporate headquarters and the bulk of the Company’s employees are now located in at the Eastman Business Park.
- Past ESD Support:** Omni is Empire Zone certified, but has not yet drawn benefits.
- In the past five years, funding to Omni is summarized as follows:

Program	Project #	Amount	Date Start (ESD Directors' Approval date)	Date End (Project Completion: Contract Expiration or Job Requirement)	Purpose
Empire State Economic Development Fund	X066	\$500,000	March 2011	November 2012	Capital Grant – Renovations and machinery and equipment

B. The Project

Completion: June 2013

Activity: Omni has created a design and R&D facility, including an RFID test range. Additionally, Omni has expanded its development efforts by establishing a world-class center in advanced RFID research. A first phase in 2010, with which ESD assisted, allowed the Company to establish operations, adding computer work stations, prototyping equipment for new product assembly, range test equipment, offline test equipment, and general office and lab equipment. As a result of additional equipment purchased for the current phase and facility improvements, Omni has been able to scale up and add vital capacity to meet current commercial demand. The project began in February 2011 and was completed in June 2013.

Results: As a result of the project, the Company has been able to ramp up capacity to meet current commercial demand and deploy its RFID tags around the globe. Omni’s presence enhances the innovation economy not only in Rochester but throughout the Upstate New York corridor through expected relationships with universities, research institutions and suppliers. The Company has committed to creating 24 new jobs, which it has already reached.

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 \$2,244,996;
- Fiscal cost to NYS government is estimated at \$1,645,032;
- Project cost to NYS government per direct job is \$99,959;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$60,317;
- Ratio of project fiscal benefits to costs to NYS government is 1.36:1;
- Fiscal benefits to all governments (state and local) are estimated at \$3,152,788;
- Fiscal cost to all governments is \$1,645,032;
- All government cost per direct job is \$99,959;
- All government cost per total job is \$60,317;
- The fiscal benefit to cost ratio for all governments is 1.92:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$15,107,452, or \$553,935 per job (direct and indirect);
- The economic benefit to cost ratio is 9.18:1;
- Project construction cost is \$867,000, which is expected to generate eight direct job years and six indirect job years of employment;
- For every permanent direct job generated by this project, an additional 0.66 indirect job is anticipated in the state’s economy;
- The payback period for NYS costs is four years.

The benefit cost results are based on the total ESD assistance for Phases I and II of the project.

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

Borrower Contact: Omni-ID USA Inc
 James Dole, CFO
 1200 Ridgeway Avenue
 Rochester, NY 14615
 Phone: (585) 713 1000

ESD Project No.: W973

Project Team:	Origination Project Management Legal Contractor & Supplier Diversity Finance Environmental	Merideth Andreucci Edward Muszynski Stephen Gawlik Vikas Gera Ross Freeman Soo Kang
---------------	---	--

C. Financial Terms and Conditions

1. The Borrower shall pay a commitment fee of 1% of the \$1,020,000 loan (\$10,200). In addition, at the time of closing, the Borrower will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Borrower will demonstrate no materially adverse changes in its financial condition prior to closing.
3. The Borrower will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after February 1, 2011. 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 \$1,020,000 will be disbursed to the Borrower upon documentation verifying machinery and equipment and leasehold improvement project expenditures of \$1,628,963, assuming that all project approvals have been completed and funds are available. Expenses reimbursed by ESD's loan must be incurred on or after February 1, 2011. Disbursement of the loan must be requested by April 1, 2014.
5. Prior to disbursement, the Borrower 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 Borrower'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 Borrower to other employees with comparable rank and duties; or (b) two part-time, permanent, private-sector employees on Borrower'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 Borrower to other employees with comparable rank and duties.
6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$1,020,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Borrower 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. Rate/Term: 3% interest rate over 4 years (forty-eight months). Loan becomes immediately due and payable if Borrower sells or closes the Project Location or otherwise relocates from Eastman Business Park. Borrower shall be permitted to expand into any additional space at the Eastman Business Park campus.
8. Repayment Term: Interest accrued over the forty-eight (48) month term shall not be due until

maturity (end of the 48th month), with outstanding principal due in full in the 48th month, subject to any incremental reductions in principal based upon Borrower’s achievement of Job Commitments and Loan Compliance (See Conversion Terms below).

9. Conversion Terms: The loan principal may be subject to incremental reductions of 25% annually over the four-year term of the loan for each respective year of the loan. Upon timely submission by Borrower of an annual Principal Reduction Request Form verifying Job Commitments and Loan Compliance as approved by ESD, the principal balance of the loan shall be reduced for such year by \$255,000. Each such approved reduction shall be deemed a prepayment of the Borrower’s Promissory Note to ESD pursuant to the terms contained therein. If during the term of the loan, Job Commitments and/or Loan Compliance are not submitted and approved for any particular year, principal reduction will not occur for that year and the corresponding amount of principal, when added to any other unconverted principal, shall remain payable upon maturity. (See Job Commitments below.)

Job Commitments:

Baseline Employment	0
Reporting Date	Employment Goals
Anniversary Date of Loan Closing 2014	0*
Anniversary Date of Loan Closing 2015	0*
Anniversary Date of Loan Closing 2016	24*
Anniversary Date of Loan Closing 2017	24*
Anniversary Date of Loan Closing 2018	24*
Anniversary Date of Loan Closing 2019	24*

*This level may also be met by the combined employment at Intrinsic, Omni and Quintel USA of at least 250 full-time permanent employees at the Project Location.

10. The Borrower will submit to ESD annual reviewed financial statements and quarterly internal financial statements certified by an officer of the Borrower.
11. Financial Disclosure: Updated financial disclosure on Borrower acceptable to ESD must be provided prior to closing.
12. Lien/Collateral: First lien on machinery and equipment. The loan shall be collateralized by Company assets sufficient to maintain a loan-to-value ratio of 0.7
13. Due Diligence: Appraisals, engineering and environmental reviews acceptable to ESD must be provided prior to closing, if applicable.

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

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 projects. For purposes of this project, however, goals will not be established due to the unavailability of certified MWBES 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

October 21, 2013

Rochester (Finger Lakes Region – Monroe County) – Omni-ID 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 Omni-ID 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 Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Omni-ID USA, Inc. a loan for a total amount not to exceed One Million Twenty Thousand Dollars (\$1,020,000) 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.

* * *

FINANCE MEMORANDUM

TO: Frances Walton
CC: Rob Kwon
FROM: Ross Freeman
DATE: September 12, 2013
RE: Omni-ID

Borrower (convertible loan)

- Name: Omni-ID
- Corporate Location: Rochester, NY
- Corporate Form: LLC
- Ownership: Wholly owned by Omni-ID Group which in turn is owned by Coller Capital
- Nature of Business: Manufacturer of electronic tags and implementers of inventory management systems.
 - Major Customers: Boeing, Johnson & Johnson, GE, Honda and Whirlpool
 - Major Competitors: N/A

Guarantor

- Name: Omni-ID Group

Financial Information

- Information provided for: Omni-ID Group
- Industry: Logistics Consulting Services
- NAICS Code: 541614
- ESD credit rating (score): Fair (2)
 - Profitability:
 - Sales: Increasing over 3 year historical period.
 - Profit Margin: Below industry median in most recent year.
 - EBITDA: Negative and increasing over 3 year period.
 - Net Income: Increasing over 3 year historical period.
 - Liquidity:
 - Current ratio: Above the industry median in most recent year and above 1.
 - Solvency:
 - Total debt/total assets: Below the industry median in most recent year and less than 65%.

- EBITDA/Debt Service: Weak
- Other:
 - Audit status: financial information unaudited

Omni-ID Group
Years Ending December 31

	Industry Median	2010	2011	2012	6/30/2013
Net Sales		2,044,000	4,021,000	4,725,000	3,656,000
EBITDA		(5,025,000)	(3,902,000)	(4,712,000)	(1,833,000)
Pre-tax Profit		(5,414,000)	(4,399,000)	(5,407,000)	(2,164,000)
Pre-tax profit/net sales	6.70%	-264.87%	-109.40%	-114.00%	-59.00%
Net Income		(5,414,000)	(4,399,000)	(5,407,000)	(2,164,000)
Current Assets		1,764,000	4,743,000	3,980,000	
Current Liabilities		754,000	1,038,000	1,377,000	
Current Ratio	1.40	2.34	4.57	2.89	
Total Assets		4,172,000	7,997,000	7,077,000	
Long-term Debt		101,000	1,055,000	1,055,000	
Total Debt		101,000	1,055,000	1,055,000	
Total Liabilities		881,000	2,244,000	3,049,000	
Net Worth		3,291,000	5,753,000	4,028,000	
Total debt/total assets	0.29	0.02	0.13	0.15	
EBITDA/Debt Service		-5025.00	-36.13	-29.45	

Debt Coverage

Debt Service Coverage

	2010	2011	2012	2013 (proj.)	2014 (proj.)
EBITDA	-5,025,000	-3,902,000	-4,712,000	-3,965,000	1,184,000
Debt Service:					
Existing Debt	1,000	108,000	160,000	160,000	160,000
ESD Loan	30,600	30,600	30,600	30,600	30,600
Total Debt Service	31,600	138,600	190,600	190,600	190,600
Debt Coverage	-159.02	-28.15	-24.72	-20.80	6.21

Additional Information

- Omni-ID currently does not generate sufficient cash flow from operations to service a convertible loan. However, the Company is projecting positive cash flow beginning in 2014. Omni, In addition to providing inventory tags, will be installing inventory management systems that have larger profit margins than its

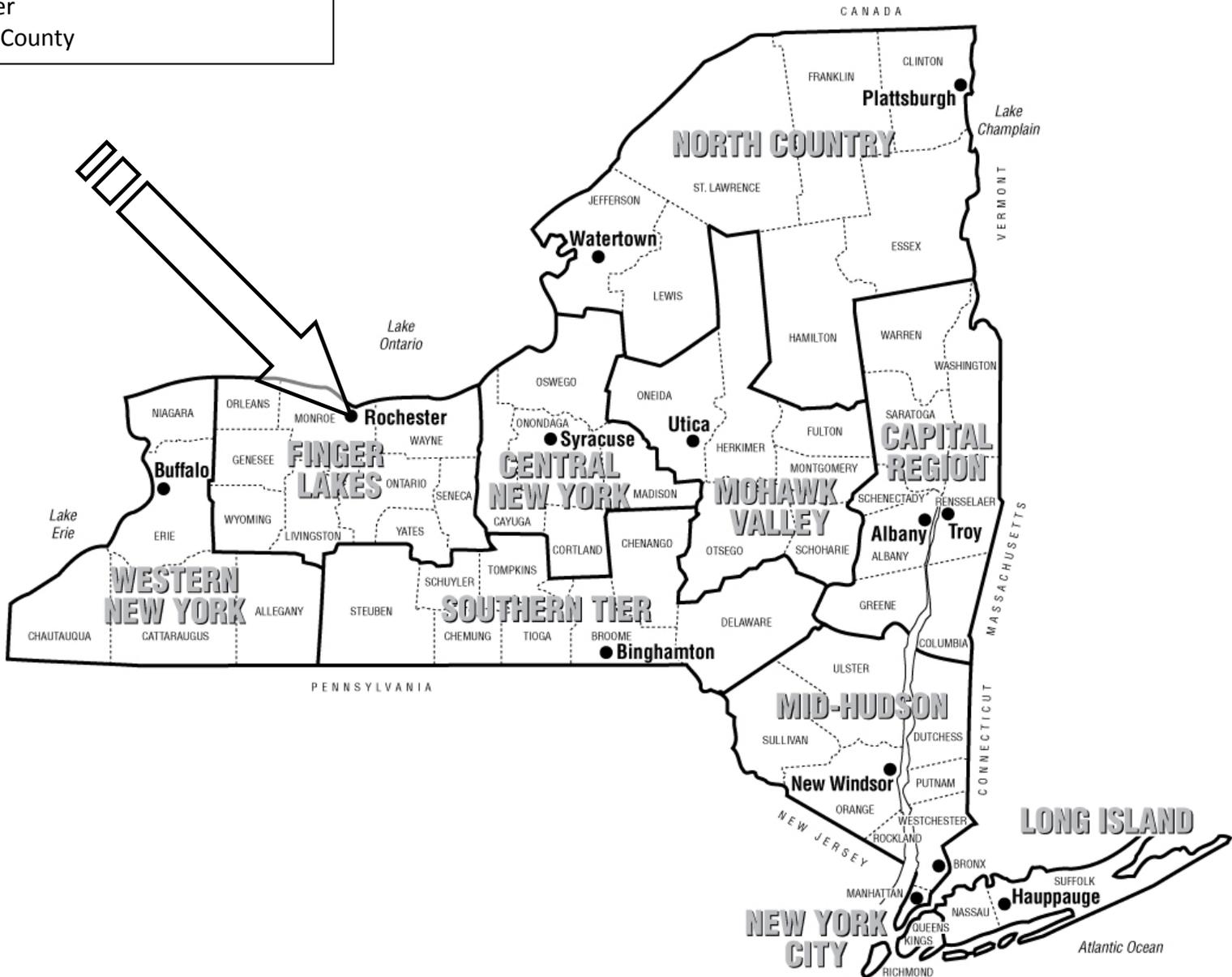
current business. Omni has recently signed large contracts with Whirlpool and the United States Marine Corps to install these systems at their organizations.

- The Company is highly liquid with very little debt. Debt service during the cash flow negative periods will be covered by venture capital equity.

Omni-ID USA URB Capital

Rochester

Monroe County





FOR CONSIDERATION

October 21, 2013

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Officers of the Corporation

REQUEST FOR: Appointment of President of the Corporation

I. Background

The Office of President of the Upstate Empire State Development Corporation (the “Corporation”) is currently vacant. As a matter of corporate housekeeping and to ensure the Corporation has a full complement of officers at any given time who can execute required documentation on the Corporation’s behalf, it is recommended that this position be filled.

In addition, it is recommended that the position of President be appointed ex-officio with the corresponding position at the New York State Urban Development Corporation, doing business as Empire State Development (“ESD”). In this way, future staff changes will not result in the need for additional board action simply to substitute an individual and ensuring that this officer position will not need to be revisited in the future.

Accordingly, it is recommended that the following officer be appointed to the Corporation:

President – Kenneth Adams, ESD’s President and Chief Executive Officer

II. Requested Action

The Directors are requested to: 1) approve the appointment of Kenneth Adams to the office of President, ex-officio to the Corporation; and 2) confirm that said position is an officer of the Corporation within the meaning of the provisions of the Corporation’s By-Laws, including the indemnification provisions thereof.

III. Recommendation

Based upon the foregoing, I recommend approval of the requested actions.

Attachment
Resolutions

October 21, 2013

UPSTATE EMPIRE STATE DEVELOPMENT CORPORATION – Officers of the Corporation -
Appointment of President of the Corporation

RESOLVED, that the following individuals be, and hereby is, appointed to the office which appears opposite his name, until earlier resignation or removal, the 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:

President – Kenneth Adams, ESD’s President and Chief Executive Officer

and be it further

RESOLVED, that the title of President is appointed ex-officio with the corresponding title of the New York State Urban Development Corporation d/b/a/ Empire State Development and confirms that this position is an “officer” of the Corporation within the meaning of the provisions of the Corporation’s By-Laws, including the indemnification provisions thereof.

* * *