

**STATEWIDE LOCAL DEVELOPMENT CORPORATION**

Meeting of the Directors

Tuesday

June 23, 2015 – 4:30 p.m.

**AGENDA**

**CORPORATE ACTION**

- A. Approval of Minutes of the April 8, 2015 Director's Meetings

**FOR CONSIDERATION**

- A. Binghamton (Southern Tier Region – Broome County) – JDA Loan for the Benefit of Modern Marketing Concepts, Inc. – Authorization to Make a Real Estate Loan with New York Job Development Authority Proceeds and Take Related Actions

**DRAFT – SUBJECT TO REVIEW AND REVISION**

**STATEWIDE LOCAL DEVELOPMENT CORPORATION**

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

April 8, 2015

**MINUTES**

**In Attendance  
Directors:**

Mehul Patel (Acting Chair)  
Edwin Lee  
Margaret Tobin

**Present for Statewide:**

Eileen McEvoy, Secretary  
Kathleen Mize, Assistant Treasurer  
Antovk Pidedjian, Assistant Secretary (via telephone)  
Ray Salaberrios, Senior Vice President

The meeting of the Statewide Local Development Corporation, a local development corporation created under the New York State law, was called to order at 10:02 a.m. by Acting Chair Patel. 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.

Acting Chair Patel noted that the public is free to comment on any matters on the Agenda.

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The Acting Chair then called for a motion to approve the Minutes of the January 30, 2015 and March 10, 2015 Directors' meetings.

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE JANUARY 30, 2015 AND MARCH 10, 2015 MEETINGS OF THE DIRECTORS OF THE STATEWIDE LOCAL DEVELOPMENT CORPORATION

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RESOLVED, that the Minutes of the meetings of the Corporation held on January 30, 2015 and March 10, 2015, as presented to this meeting, are hereby approved and all actions taken by the Directors presented at such meetings as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Corporation.

\* \* \*

Mr. Salaberrios then presented a JDA real estate acquisition loan and a machinery and equipment loan for the benefit of Rising Sun Woodworking, Inc. ("RSW") for the Directors' consideration.

Mr. Salaberrios explained that authorization was being sought to make a real estate loan in the amount of \$480,000 to the above-named entity.

Mr. Salaberrios provided the background information on Rising Sun Woodworking noting that the Company opened in 1983 as a one-man shop operating out of a small garage in Riverhead, New York.

Mr. Salaberrios went on to explain that RSW is planning the purchase and renovation of

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new manufacturing space in Cutchogue which is located four miles from RSW's current location.

Mr. Salaberrios noted that the total project cost will be \$1.6 million with \$1.2 million to be used for real estate acquisition. Mr. Salaberrios further noted that the owner will contribute \$120,000 for equity and that Bridgehampton Bank has agreed to finance the remaining property to be purchased.

The new location, Mr. Salaberrios stated, will allow Rising Sun to consolidate operations under one roof and retain and attract technically proficient woodworkers by providing a superior and optimally work environment.

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

Cutchogue (Long Island Region – Suffolk County) – JDA Loan for the benefit of Rising Sun Woodworking, Inc. – New York Job Development Authority Special Purpose Fund Direct Loan Project – Real Estate Loan -- Authorization to Make Loan and to Take Related Action

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RESOLVED, that the Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make a Real Estate Loan for the benefit of Rising Sun Woodworking, Inc. for an amount not to exceed \$480,000 or 40% of the total project cost, whichever is less, to be funded from the proceeds of a loan from the New York Job Development Authority for the purposes and substantially on the terms and conditions set forth in the materials presented at this meeting and at the meeting of the Members of the New York Job Development Authority of even date herewith, with such changes as the Chief

**DRAFT – SUBJECT TO REVIEW AND REVISION**

Executive Officer of the New York Job Development Authority or his designee(s) may deem appropriate; and be it further

RESOLVED, that the 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 as he or she may deem appropriate in the administration of the Loan; and be it further

RESOLVED, that the 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; and be it further

RESOLVED, that the provision of financial assistance by the Corporation is expressly contingent upon: (1) the approval of the New York Job Development Authority Board; (2) the approval of the Public Authorities Control Board, as applicable, and (3) the receipt of all other necessary approvals.

\* \* \*

There being no further business, the meeting was adjourned at 10:08 a.m.

Respectfully submitted,

Eileen McEvoy  
Corporate Secretary



**FOR CONSIDERATION**

**DATE:** June 23, 2015

**TO:** The Directors

**FROM:** Howard Zemsky

**RE:** Binghamton (Southern Tier Region – Broome County) – JDA Loan for the Benefit of Modern Marketing Concepts, Inc. – Authorization to Make a Real Estate Loan with New York Job Development Authority Proceeds and Take Related Actions

| <b>JDA Loan Terms</b>         |  |
|-------------------------------|--|
| <b>Borrower:</b>              | LDCS, LLC (for the benefit of Modern Marketing Concepts, Inc.) |
| <b>Economic Region:</b>       | Southern Tier (Broome County)                                  |
| <b>Loan Amount Requested:</b> | \$5,000,000  |
| <b>Rate:</b>                  | 4.19% (fixed)  |
| <b>Term:</b>                  | 20 years   |
| <b>Classification:</b>        | IIC+   |
| <b>Distressed Area:</b>       | No   |
| <b>Initial Payment:</b>       | \$31,175.49  |

| <b>JDA Budget</b>                                  |                      |             |                                       |                      |             |
|--|----------------------|-------------|---------------------------------------|----------------------|-------------|
| <u>Uses</u>  |                      |             | <u>Sources</u>                        |                      |             |
| Building Renovations                               | \$ 12,000,000        | 71%         | JDA Loan <sup>(1)</sup>               | \$ 5,000,000         | 29%         |
| Real Estate Acquisition                            | 4,500,000            | 26%         | ESD Grant                             | 5,000,000            | 29%         |
| M&E Purchase                                       | 350,000              | 2%          | Broome County IDA Loan <sup>(2)</sup> | 4,500,000            | 27%         |
| M&E Installation                                   | 100,000              | 0%          | Equity                                | 1,700,000            | 10%         |
| Soft Costs   | 50,000               | 0%          | M&T Bank Loan <sup>(3)</sup>          | 800,000              | 5%          |
| <b>Total Project Costs</b>                         | <b>\$ 17,000,000</b> | <b>100%</b> | <b>Total Project Financing</b>        | <b>\$ 17,000,000</b> | <b>100%</b> |
| (1) Second mortgage; 20-year-term at 4.19% (fixed) |                      |             |                                       |                      |             |
| (2) Third mortgage; 20-year-term at 2.50% (fixed)  |                      |             |                                       |                      |             |
| (3) First mortgage; 20-year term at 4.19% (fixed)  |                      |             |                                       |                      |             |

**Security:** A second lien on the real estate located at 265 Industrial Park Drive in Binghamton, NY. The current appraised value of the collateral is \$5,200,000. The post-renovation appraised value of the collateral is expected to be no more than \$9,000,000. Although the Company is making substantial improvements (a \$12MM investment) to the building, it is unlikely, given the property's

Binghamton location and the local market for commercial real estate, that those improvements will result in significant appreciation.

**Guarantors:** Repayment of the loan shall be guaranteed by Modern Marketing Concepts, Inc., and personal guarantees will be provided by Daniel and Lisa Babcock.

**Job Information (at project site):**

**Existing:** 310 full-time

**New Jobs Projected:** 592 full-time by five years after loan disbursement

**JDA Loan Amount per job:** \$5,543

**Project Summary:**

**Borrower:** LDCS, LLC (for the benefit of Modern Marketing Concepts, Inc.)  
29 Industrial Park Drive  
Binghamton, NY 13904

**Contact:** Andonella Giorgia-Hogan, Controller  
Phone: 607-754-7473  
Email: ahogan@mmcweb.com

**Ownership:** Modern Marketing Concepts, Inc. is owned 100% by Daniel Babcock. LDCS, LLC (the real estate holding company) is owned 100% by Lisa Babcock, wife of Daniel Babcock.

**Nature of Business:** A global sales optimization company. The company provides marketing, technology, sales, and fulfillment services.

This report concerns a proposed New York Job Development Authority (“JDA”) loan for the amount of \$5,000,000 (the “JDA Loan”). The \$5,000,000 loan is to be used towards the purchase of real estate and the renovation of an existing facility (the “Facility”) located in Binghamton, New York. The total cost of the project is \$17,000,000 (the “JDA Project Cost”).

**Project location:** 265 Industrial Park Drive  
Binghamton, NY 13904

**Project Completion:** 2nd Quarter 2016

**I. PROJECT OVERVIEW AND RECOMMENDATION**

**Background**

LDCS, LLC (“LDCS”) is a real estate holding company established in 2006 by Daniel and Lisa Babcock to purchase and renovate real estate in Binghamton, NY for the benefit of Modern Marketing Concepts, Inc. (“MMC” or the “Company”). LDCS currently owns one 75,000 SF property located at 29 Industrial Park Drive in Binghamton, NY, and its sole tenant is MMC. Upon

completion of the Project, MMC will relocate to the renovated facility at 265 Industrial Park Drive and pay rent to LDCS. LDCS will then rent out 29 Industrial Park Drive to a new tenant.

265 Industrial Park Drive contains approximately 430,000 SF of gross building area, and is currently occupied by two tenants, L-3 Communications and A L George. L-3 Communications has a 3-year lease and currently pays rent of approximately \$500,000 a year for 100,000 SF of space. A L George has a lease that expires at the end of 2015 and currently pays rent of approximately \$450,000 a year for 80,000 SF of space. MMC will occupy 150,000 SF of space in the facility upon project completion. An additional 100,000 SF of space will be vacant and available for tenancy.

Founded in 1986, Modern Marketing Concepts, Inc. is a global sales optimization company that provides marketing, technology, sales, and fulfillment services. The Company integrates its client's world-class brands with data, technology, and exceptional people to produce measurable sales growth. Using data driven, digitally focused, multichannel campaigns, the Company produces over \$1B in direct sales for its clients annually.

MMC's lifecycle management process uses its Next Action Platform to execute targeted messaging to optimize presale, sale, and post-sale through numerous tactics. The Company's process begins with building a database and analyzing data, creating specific target groups through scoring and segmentation, developing treatment plans for each group, executing multichannel campaigns to those targets, and finally measuring, testing, and refining the process.

While the Company's services are scalable and transferable to any industry, its current client focus resides in Building Products and Healthcare:

#### Building Products

MMC's Building Products division was formed in 1988 and focuses on developing and executing data-driven marketing programs for major HVAC, construction material, and green/solar manufacturers. In addition to its general services, MMC has built and currently maintains an extensive proprietary database of contractors and homebuilders that serves as the foundation of the Company's sales and marketing solutions. Through this database, MMC can reach the majority of US contractors for any given building product manufacturer.

*Motili:* As a part of its Building Products division, MMC developed Motili – a platform that connects manufacturers, contractors, and property management customers to support property maintenance needs. The Company now works with the largest names in the Real Estate Owned (REO), Property Management, and Home Warranty markets, representing more than 2 million local homes and properties. For these clients, MMC provides a national qualified contractor network for service and installation.

#### Healthcare

MMC grows sales by creating relationships between its healthcare manufacturer clients and their customers using the Company's Next Action Platform which optimizes sales by determining the best communication strategy and executing informed multichannel programs. Over the past 14



years, MMC has grown its Healthcare division in the fields of Medical Devices and Pharmaceuticals, fostering relationships between leading manufacturers, pharmaceutical companies, and healthcare providers. The Company uses healthcare professional data and preferences to generate campaigns to the right targets with the right message at the right time. By expanding the reach of its client's products, MMC has helped to treat and heal millions of patients while providing billions of dollars in sales to its clients.

*How MMC works with healthcare clients:* MMC is hired and trained by clients to provide education to their customers on the proper use of their products. The Company utilizes approved presentations and clinical guidelines from the clients. MMC typically uses nurses to provide in-depth training to its client's customers, but a nursing background may or may not be required by the client. Customers include physicians, nurses, clinicians and other healthcare professionals.

The training of the customers is of paramount importance to a medical device manufacturer. Proper training is essential to safe and effective use of a product and to ensuring the best possible patient outcome. The costs required to conduct on-going training are extremely high, and rising. The number of facilities is enormous and turnover is inevitable. MMC's training capabilities provide critical benefits to its clients. By utilizing video and telephony the Company has the ability to record and track all clinician interactions for evaluation by its clients. MMC's expanding investments in technology, including hardware, software and simulation, will serve to allow the Company to further capitalize on this expanding market and include critical benchmarking data to its clients.

#### Clients

MMC has been fortunate to become the sales growth engine behind some of the biggest and most important companies in the Medical Device, Pharmaceuticals, and Building Product markets. From generations-old manufactures to Fortune 500 companies, the Company has become partners with exceptional companies, and has helped to change the way that they market and sell. MMC's largest clients are as follows:

#### MMC Top Customers 6/30/14

|                     |             |     |
|---------------------|-------------|-----|
| KCI                 | \$5,515,281 | 23% |
| Goodman             | \$2,481,883 | 10% |
| Carrier National    | \$2,391,005 | 10% |
| Lowe's              | \$1,942,120 | 8%  |
| Goodman Independent | \$1,813,731 | 8%  |
| Fannie Mae          | \$1,589,352 | 7%  |
| LP                  | \$1,149,031 | 5%  |
| GAF                 | \$1,021,634 | 4%  |

## Market Analysis

### Competitive Advantage

Specific competitors that operate in the same functional space as MMC would include Red Ventures of Charlotte, NC and Sagamore Sales of Bristol, RI. These companies, however, are rarely encountered as competitors in bidding or in the sales process.

More specific competitors include vendors for the individual tactics that MMC incorporates into its overall solutions. For example, an email vendor that provides email marketing, or a telemarketing company that provides only telemarketing services. This illustrates one of MMC's largest competitive advantages: the Company replaces the need for many single tactic vendors by integrating and executing multiple tactics through its platform. For MMC's clients, this produces more optimized results while reducing the cost and time of managing multiple vendors.

Other competitive advantages include MMC's proprietary data, and its technology platform: the Next Action Platform, which has been built to integrate multiple channel tactics with the Company's data. Lastly, MMC's ability to not only define an optimization process, but also to actually execute all aspects of the campaign under one roof greatly differentiates the Company from simple consultants.

### Growth Potential

Both vertical markets in which MMC operates – Healthcare and Building Products – are growing industries with challenges that the MMC solutions help to solve. In both cases, while the overall market is growing, there is increased demand on manufacturers and distributors to lower costs and increase revenues.

In Healthcare, new laws have helped to grow the number of insured Americans, but reimbursement for products and services is becoming more regulated as the industry moves toward outcome based care. In Building Products, the industry is again growing quickly after the collapse of 2007, but the overall market size is still well below the pre-collapse numbers.

The challenges in these segments create the perfect environment for MMC to grow its business: increasing overall market size, with increasing challenges for the Company's potential clients. MMC's process helps these clients to increase their sales while decreasing the overall cost of sale, providing a better ROI than with traditional sales tactics.

In addition to focusing on and growing its vertical markets, MMC has expanded its services globally and has increased staff in the Binghamton headquarters to support those operations. Most of MMC's clients have a global presence, and the Company has found that there is significant opportunity in managing the sales process both inside and outside of the United States. Global support for MMC's clients will continue to grow over the coming years, with most work being performed within the Company's global headquarters in Binghamton, NY.

## **Project Description**

The project includes the acquisition of 265 Industrial Park Drive by LDCS and extensive renovation of that building. The completed project will have MMC serving as the anchor tenant. Renovations to include asbestos removal, curtain walls modifications and exterior renovations, site work improvements, electrical/HVAC upgrades for multi-tenant fit out, roof repair/replacement, lighting retrofit, common area, café and kitchen, fire/security upgrades, elevator installation, UPS redundancy and emergency power back up, fitness center, and reception area.

The current MMC facility at 29 Industrial Park Drive does not easily foster the corporate values and requirements to establish a world-class technology company. While it is perfectly suited for a company with mixed-use requirements, engineering, light manufacturing, and back office staff with a maximum of approximately 400 employees, MMC's current requirement is 1,000 employees under one roof.

The building at 265 Industrial Park Drive has a footprint that requires sizeable repair, but holds value as a multi-tenant, corporate services park. It easily holds 1,000 employees, has secured parking, and contains additional infrastructure that, once repaired, can continue well into this century as a leading option for Greater Binghamton corporations and employees.

The Company believes that driving rapid growth for MMC will require hiring, retaining, and motivating the best talent possible, and that this will only be possible through a culture and facility road map that is parallel with the companies of San Francisco's Silicon Valley, Metro Boston, and New York City. Infrastructure such as open workspaces and meeting areas, cafés, and on site gyms are no longer an option, but mandated to secure the best talent. Additional training, rapid networking with other professionals, and advancement with recognition each year must be part of the DNA of our developing company. A 24-hour mixed-use athletic and fitness area, reception space, coffee shop, and healthy cafeteria with indoor or outdoor dining, modern office space and workstations, and wide open mix-use spaces are essential parts of the Company's plan.

This facility will give MMC the ability to compete with other world class employers, and allow the Company to partner with state and local educational institutions such as Binghamton University, SUNY Broome, Cornell, Ithaca, and Cortland State to find and hire the best students in the region and beyond.

ESD staff performed a site visit on April 14 and April 15, 2015 to tour existing operations and the proposed facility to be acquired, and to talk with the Daniel Babcock about the JDA loan request and expansion project. Photos of the site are attached to the end of this loan report.

## **Conclusions**

JDA staff and the JDA Finance Committee acknowledge the risks posed by the MMC loan request. However, as outlined throughout the loan report, there are factors that mitigate these risks.

Additionally, in recommending full JDA Board review, JDA staff and the JDA Finance Committee are mindful of the JDA's mission and the statutory goals of the JDA Act, namely the creation of jobs throughout New York State.

Specifically, Binghamton, NY, like many upstate communities, has lost a significant portion of its manufacturing jobs in recent decades. The region's defense-based employers, such as Lockheed Martin, were forced to reduce the size of their workforce as federal defense spending was cut. Meanwhile, high tech employers, including IBM and Endicott Interconnect, have also reduced employment significantly in the region. The manufacturing decline has contributed to the City's high rates of unemployment and poverty compared to statewide averages. The City's annual unemployment rate was 6.3% in 2014, compared to 5.8% for the State.

The JDA loan of \$5MM would be part of a total NYS offer of \$10.8MM for the project, including a \$5MM grant and up to \$800K of tax credits. Although this is a very risky request, JDA staff and the JDA Finance committee are recommending full JDA board review based in no small part on the job creation numbers that the proposed project would produce and the overwhelming positive impact these jobs would have on the Southern Tier Region of NYS.

- Based on the IIC+ rating, MMC currently does not generate sufficient cash flow from operations to service all the projected project debt, with a projected Debt Service Coverage Ratio ("DSCR") that does not meet JDA's minimum standard of 1.20; however, this is the result of a conscious decision by the Company to begin reinvesting in the business in 2014 by hiring additional employees and investing heavily in new technology. Revenue growth has been strong and cash flow projections indicate that the Company will be able to service the debt going forward. In addition, JDA will have a second lien position on the real estate collateral with only the \$800,000 first mortgage of M&T Bank ahead; thus, there will be sufficient security for JDA to be completely collateralized.
- MMC meets JDA's loan-to-value requirement of 90%. It should be noted, however, that the property's Binghamton location may not warrant an appraisal that supports the value implied by the substantial investment in and improvements to the building.
- With the project, MMC expects capacity to increase significantly from existing levels. At the completion of the project 310 full-time jobs will be retained, and it is expected that 592 new jobs will be created over five years.

## II. COVENANTS AND CONDITIONS

This Loan is predicated upon the following financial conditions:

- The Company must obtain firm commitments satisfactory to JDA from responsible financial sources for the total project cost exclusive of any loan requested from JDA.
- The Company must provide evidence of the subject property that indicates a loan to value not to exceed 90% at the time of closing.
- The Company must maintain a minimum debt service coverage ratio of 1.20 throughout the term of the loan.
- The Company cannot take on additional debt without JDA approval.

- The Company must meet all other standard JDA requirements as follows:
  - a. Completion of the Project to the satisfaction of JDA.
  - c. Procurement by the Company of funds which shall be used at or prior to the closing to pay the Project Cost, exclusive of the proceeds of the Loan.
  - d. Receipt by JDA of policies of insurance, including flood insurance if required, in amount, form and substance and issued by companies satisfactory to JDA.
  - e. Receipt by JDA of an itemized statement of Project Cost, satisfactory to JDA.
  - f. Receipt by JDA of financing documents of other lender(s) satisfactory to JDA.
  - g. Satisfaction of such other conditions as JDA, with advice of counsel, deems necessary or advisable to effectuate the Loan, secure the interest of JDA and insure compliance with the JDA Statute and applicable provisions of the Internal Revenue Code.
  - h. Execution of documents to permit monthly electronic debit of the Company's checking account to repay the Loan.
  - i. Compliance with ADDITIONAL REQUIREMENTS stipulated in all Schedules, Exhibits and Riders, attached hereto and made a part hereof.
  - j. Compliance with any other terms and conditions deemed to be necessary and appropriate in the opinion of the General Counsel of JDA.
  - k. The Company or the Company's owners will contribute at least 10% in equity to the Real Estate Project. Equity is defined as any non-debt source of capital and should be auditable through the Company's financial statements or bank accounts, if so requested by JDA.
  - l. Subordination of any loans to the Company from those certain officers and members of the Company stipulated herein in a manner satisfactory to JDA.
  - m. The Company shall not enter into any agreement by which the terms of payment of any principal or interest under any other bank loan are waived, modified, deferred, delayed, increased or reduced in rate or amount, without the prior written consent of JDA.
  - n. Collateralization of the Loan with insurance of the life of Daniel Babcock in an amount sufficient to pay the outstanding principal balance of the JDA Loan at any time.
  - o. All certifications and permits for the operating purposes of the Facility to be in full force and effect prior to closing the Loan.

**III. ADDITIONAL MORTGAGE AND LIEN DETAILS**

A promissory note in the principal amount of the Loan, with interest thereon (the "Note"), shall be secured by a mortgage to JDA (the "Mortgage") on the fee interest of the premises located at: 265 Industrial Park Drive, Binghamton, NY 13904.

The Mortgage may be junior to the lien securing the real estate loan of M&T Bank (the "Bank") but not to any modifications, extensions or renewals thereof. The Bank Mortgage shall not be collateral security for any other loans.

**IV. ENVIRONMENTAL REVIEW**

ESD staff on behalf of the JDA 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.

Due to JDA's mortgage position on the loan, a Phase I Environmental Site Assessment must be submitted to the JDA for review and approval prior to closing on the loan.

**V. NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY**

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise (MWBEs) for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 40%. The overall goal shall include a Minority Business Enterprise Participation Goal of 10% and a Women Business Enterprise Participation Goal of 30% related to the total value of ESD's funding.

**VI. ADDITIONAL SUBMISSIONS TO DIRECTORS**

- Resolution
- New York State Map
- JDA Loan Underwriting Classification System
- Diagrams and Photos

June 23, 2015

STATEWIDE LOCAL DEVELOPMENT CORPORATION — Binghamton (Southern Tier – Broome County) – LDCS, LLC (Modern Marketing Concepts, Inc.) – New York Job Development Authority Special Purpose Fund Direct Loan Project – Real Estate Loan – Authorization to Make Loans and to Take Related Action

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RESOLVED, that the Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to accept a Special Purpose Fund Loan to Statewide Local Development Corporation from the New York Job Development Authority (“JDA”) for the benefit of LDCS, LLC (Modern Marketing Concepts, Inc.) for an amount not to exceed \$5,000,000 or 40% of the total project cost, whichever is less, to be funded from the proceeds of New York State Guaranteed Special Purpose Fund bonds or notes, for the purposes and substantially on the terms and conditions set forth in the materials presented at this meeting, with such changes as the Chief Executive Officer of the Corporation or his designee(s) may deem appropriate; and be it further

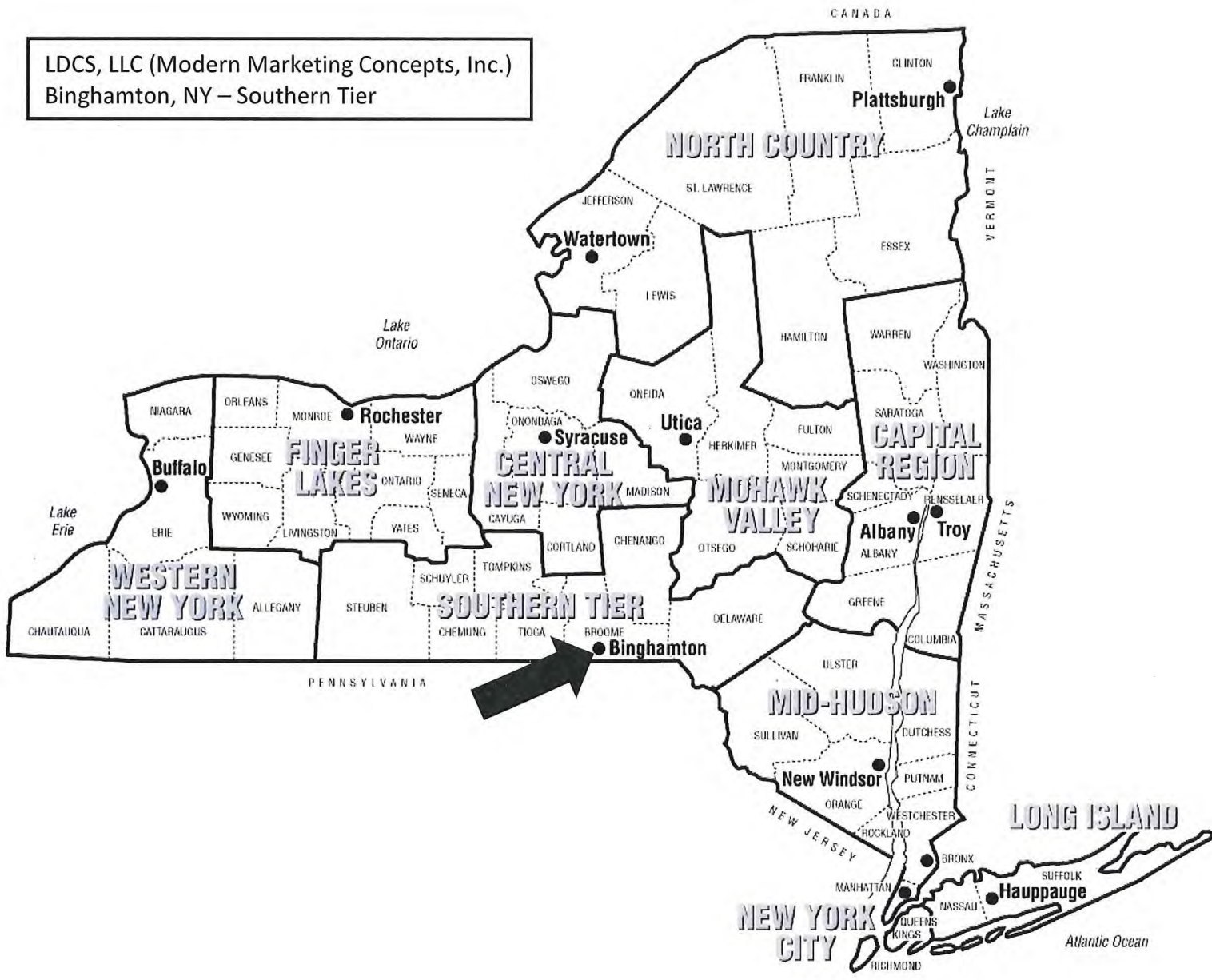
RESOLVED, that the Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the Loans, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the Loans as he or she may deem appropriate in the administration of the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

RESOLVED, that the 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; and be it further

RESOLVED, that the provision of financial assistance by the Corporation is expressly contingent upon: (1) the approval of the Public Authorities Control Board, as applicable, and (2) the receipt of all other necessary approvals.

\* \* \*

LDCS, LLC (Modern Marketing Concepts, Inc.)  
Binghamton, NY – Southern Tier

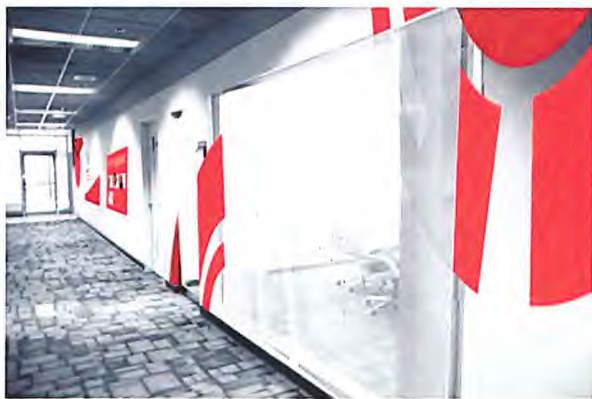




**JDA Underwriting Classification Chart**

| <b>Level I: Cash Flow</b>   | <b>Level II: Default Risk</b>                                       | <b>Level III: Collateral Value</b>  |
|---|---|---|
| <b>I</b> Actual or Adjusted Debt Service Coverage $\geq$ 1.2:1  | <b>A</b> Score of $\geq$ 4 on the Default Risk Model<br>Low Risk    | Liquid value of collateral + adjusted value of personal guarantee $\geq$ total loan value |
| <b>II</b> Actual or Adjusted Debt Service Coverage $<$ 1.2:1, but with Projected Debt Service Coverage $\geq$ 1.2:1 | <b>B</b> Score of 3 on the Default Risk Model<br>Moderate Risk      | Liquid value of collateral+ adjusted value of personal guarantee $<$ total loan value     |
|   | <b>C</b> Score of $\leq$ 2 on the Default Risk Model<br>Higher Risk |   |

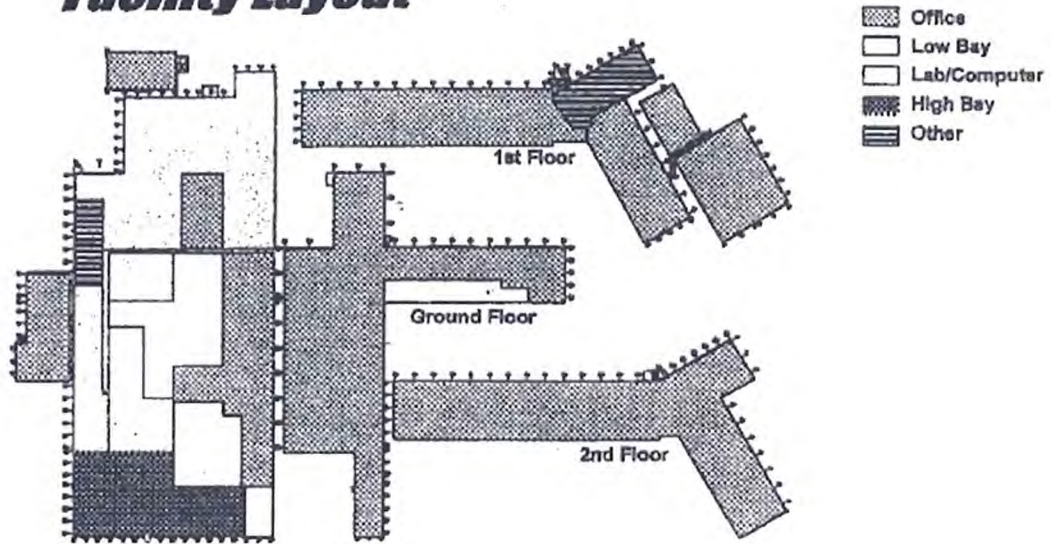
Photos of Existing Rented Facility





Photos of Facility to be Acquired

***Facility Layout***





Entrance Lobby Area



West Wing Office Area



Typical Office Area



Typical Office Area



Typical Mfg./Warehouse Area



Typical Mfg./Warehouse Area



Hi-Bay Area



Hi-Bay Area





South Boiler Room - Boilers



South Boiler Room – Power Panels