

**DRAFT AGREEMENT TERM SHEET
New York Power Authority Contribution to
Private Equity Initiative in St. Lawrence County**

- A. The Authority will agree to grant \$10 million to a newly formed not-for-profit entity (actual name TBD and referred to herein as the "Private Equity Fund Consortium," or "PEFC") to be used by such entity for purposes of investing in businesses that will promote economic development, employment and the tax base in St Lawrence County, extend Clarkson's current technology commercialization efforts and be consistent with local and State environmental rules, regulations and policies.
- B. PEFC will agree that its charter, by-laws and original Board of Directors will be subject to the approval of the Authority, which approval cannot be unreasonably withheld.
- C. PEFC will also agree to use the Authority's \$10 million in funds to make a \$9.75 million capital commitment to a fund manager with the expectation that such manager will be Golden Technology Management, LLC (the "Fund Management"). PEFC further will agree that it will only distribute such committed funds to Fund Management and Fund Management will only be able to draw down from the committed fund \$1 for every \$2 of private capital raised by and invested through Fund Management. The principal terms and conditions for PEFC's investment with Fund Management are attached as Attachment A to this document (to follow) and among other things establish an incentive for private investors to invest in the economic development of the community as well as require that all Authority funds be invested in companies headquartered in and principally operated out of St. Lawrence County. Clarkson will agree that Fund Management will not be controlled by Clarkson and that its activity will not be restricted to technologies developed at Clarkson. Instead, pursuant to its agreement with PEFC, Fund Management will invest at least two-thirds of all capital raised by the Fund, both the committed Authority monies and privately placed equity, in technology-driven businesses related to energy independence and environmental sustainability. The remaining Fund capital will be invested in diversified opportunities.
- D. The parties agree that the incentive for private investment will be in the form of a priority return-on-investment for private investors. The typical fund life is 10 years. As this is an early-stage private equity initiative, it is expected to survive for 12 years with approximately \$30 million in equity to be invested over the first six years of Fund activity.
- E. The Authority will agree that PEFC will be allowed to expend up to \$250,000 of the \$10 million to pay for immediate and projected legal and administrative costs of establishing PEFC and any Fund Management-related corporate structures and contracts and PEFC will maintain the unspent balance of such money for future nominal operating expenses.

- F. After initially committing the original \$9.75 million as described herein, PEFC will be allowed to deploy any returns on investment from Fund Management in a manner decided upon at the sole discretion of its then current Board of Directors, provided such activity is consistent with PEFC's charter as described above with regard to leveraging private funds and permitted investment areas. In the event that Fund Management is unable to secure matching funds sufficient to draw down the full, initial \$9.75 million of Authority funds from PEFC within eight years, PEFC with the assistance of the St Lawrence County Industrial Development Authority and the New York State Economic Development Corporation, will be allowed to invest any uncalled funds and returns-on-investments in a manner that remains consistent with PEFC's charter but allows for the broadest use of such funds for economic development opportunities in St. Lawrence County, provided each investment meets with the Authority's approval.

- G. PEFC and Fund Management will both agree that the Authority will have the right, upon reasonable notice, to periodically audit their respective books and records to assure that the Authority's funds are used for the purposes set forth in this agreement and that copies of such books and records will be maintained at all times in New York State.