

N.F.C. DEVELOPMENT CORP.

January 28, 2013

TO: NFC Board of Directors
FROM: Richard Zucco, N.F.C. General Counsel
RE: Merani Holding, LLC

On July 13, 2011 NFC approved a grant in the amount of \$550,000.00 to Merani Holding, LLC from local tribal-state compact revenues available to NFC pursuant to New York State Finance Law §99-h. The grant is to be used to upgrade, renovate and rehabilitate the Holiday Inn hotel located at 114 Buffalo Avenue, Niagara Falls, NY. The renovation includes 8,700 square feet of new ground-level restaurant or retail space fronting Rainbow Boulevard.

Phase I of the project, the hotel upgrade, has been substantially completed. The ground level restaurant/retail portion of the project, for which grant funds are to be used, has been delayed due to economic conditions. The grant expired on December 31, 2012.

The grantee is planning on resuming and completing the project this year. The grantee has requested an extension of the grant agreement.

It is proposed that the grant be extended through June 30, 2014. In addition, the Empire State Development Corporation grant for the project must be extended before any NFC grant funds will be disbursed.

Will the directors vote to approve the extension of the grant agreement as set forth herein?