

From: Rick Grove

Sent: Wednesday, October 13, 2010 12:17 PM

To: Diana McGlone; Solomon Swartz

Subject: Grant Contingencies

Met with Jim Koontz from Brown Schultz this morning. We discussed our options and risks with the \$500,000 GMEDC Anchor Grant. The best case scenario is where we get the waiver and an extension. If so, we would have no issues.

The next best is that we get the waiver and no extension. I have contacted our auditors to see if they can complete the closeout audit by the October 28 deadline. If so we again have no issues. If not, we will merely be a little late, which may be an audit finding, but nothing to worry about.

The most likely scenario is that we get the extension but no waiver. This will require our auditors to do a more extensive (and expensive) audit of GMEDC to report on their fund raising efforts, and we will get an audit finding. But of course the real worry is the failure to meet the matching requirements.

Most likely we would be required to negotiate with DECD. It is unlikely we would have to return the entire \$500,000, but there may be some pain involved. DECD may withhold the award and/or payment of other grants until the negotiated pound of flesh has been received.