

D. NYU – NYULMC Neuroscience Institute Capital (X353, X354, X381)

April 26, 2011

Authorization to Amend the General Project Plan

- Grantee:** New York University (“NYU” or the “University”)
- Beneficiary Organization:** NYU Langone Medical Center (“NYULMC” or the “Medical Center”)
- ESD Investment:** Grants of up to \$30,000,000 to be used for a portion of the cost of constructing the approximately 100,000-square-foot NYULMC Neuroscience Institute (the “Institute”) that will be housed within the approximately 340,000-square-foot NYULMC Science and Research Center (the “Science and Research Center”).
- Project Location:** East 30th Street between First Avenue and FDR Drive Service Road, New York, New York County
- Project Completion:** March 2015
- Grantee Contact:** Shirley Jaffe, Director of Strategic Initiatives
339 East 28th Street
New York, NY 10016
Phone: 212-263-4937
- Project Team:**
- | | |
|-----------------------|----------------|
| Project Management | Beverly Bobb |
| Affirmative Action | Denise Ross |
| Design & Construction | Joseph Burkard |
| Environmental | Rachel Shatz |

Project Description:

Background

Founded in 1841, NYU Langone Medical Center is a world-class patient-centered academic medical center affiliated with New York University, and is one of the nation’s premier centers for excellence in healthcare, biomedical research and medical education. The Medical Center consists of the NYU School of Medicine and the three hospitals of NYU Hospital Centers (Tisch Hospital, the Rusk Institute of Rehabilitation Medicine and the NYU Hospital for Joint Diseases) and provides state-of-the-art clinical programs in various medical specialties, including: aging and dementia; arthritis and rheumatology; musculoskeletal disorders; and neurology and neuroscience.

The Medical Center is located on a superblock bounded by First Avenue, East 34th Street, the FDR Drive Service Road, and the former East 30th Street (the “Main Campus”). In 2005, NYU and The Medical Center Board appointed The Trustee Strategy Committee (the

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“Committee”) to develop a strategic framework and roadmap for the future of the Medical Center. The Committee concluded that the facilities at the Medical Center have exceeded their useful lives and recommended a long-term strategy to rebuild the institution.

Based on the Committee’s findings, NYULMC decided to construct the NYULMC Science and Research Center, to be located at the southeast corner of the Medical Center. The new facility will be approximately 340,000 square feet and will provide approximately 100,000 square feet of space for the NYULMC Neuroscience Institute. The Institute will facilitate the formation of an integrated program involving neuroscientists, clinicians, psychiatrists, neurologists, neurosurgeons, neurootologists, and neuroimagers. The research will focus on understanding the mechanisms of neuro disease, in addition to the impact of genetics and the environment. The main concentration of study will include genetics, brain aging and regenerations, behavioral and brain development, stem cells, as well as child psychiatry. ESD funds will be used to cover a portion of the costs related to construction of the Institute.

On December 18, 2006, the ESD Directors approved a \$30,000,000 Empire Opportunity Fund (“EOF”) capital grant to construct a new state-of-the-art facility for the Center for Excellence at its Child Study Center (“CSC”), located at 577 First Avenue in Manhattan (Project U475). After further consideration, NYU decided to revise the scope of the project to focus on new construction, renovation and expansion of the Main Campus, which lead to the creation of the Science and Research Center. The Science and Research Center will dedicate space to the Institute, which will incorporate research in the field of child psychiatry, including research related to the Child Study Center.

The Project

The site of the Science and Research Center, at the southeast corner of the Medical Center campus, is currently occupied by the Rubin Hall Dormitory, administrative offices and a portion of Schwartz Hall, which will be demolished independent of the Science and Research Center project by the end of 2011. The design phase of the new facility will be managed by Ennead Architects, LLP of New York City. The construction of the twelve-story building for laboratories, core facilities, education space, and conference facilities will commence in 2012 and is projected to be completed by the first quarter of 2015. The NYULMC Neuroscience Institute will occupy approximately 100,000 square feet of the approximately 340,000-square-foot Science and Research Center.

The total project cost for the Science and Research Center is estimated to be approximately \$445 million and the cost allocation to the Institute is estimated to be approximately \$148.6 million. The anticipated population of the building is 630 people, of which 315 people would be new to the NYULMC campus. A major portion of the project will be funded by NYULMC’s capital fundraising campaign. So far, the Institute has received a gift of \$75 million, which is considered to be a significant contribution toward the total project

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cost. As the architectural plans become more developed, the Medical Center will plan an aggressive fundraising campaign to fund the project. Without ESD’s funding for the Institute, NYU would need to downsize the overall plans for the facility.

Financing Uses	Amount	Financing Sources	Amount	Percent
Construction	\$104,200,000	ESD Grant (EOF;X353)	\$3,325,000	2.24%
Equipment	4,600,000	ESD Grant (Economic and Community Development Projects; X354)	20,000,000	13.46%
Architectural and Engineering	10,400,000	ESD Grant (Capital Projects Fund; X381)	6,675,000	4.49%
Legal Services	100,000	NYULMC Fundraising	118,600,000	79.81%
Security	350,000			
Relocations	500,000			
Insurance	800,000			
Commissioning	300,000			
Signage	500,000			
Contingency	26,850,000			
Total Project Costs	\$148,600,000	Total Project Financing	\$148,600,000	100.00%

Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Grantee and/ or Beneficiary Organization shall reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee and/or Beneficiary Organization will be obligated to advise ESD of a material adverse change in its financial condition prior to disbursement.
3. Up to \$30,000,000 will be disbursed to Grantee during the course of construction no more frequently than monthly for eligible expenses incurred by NYULMC, in compliance with the Design & Construction Requirements and in proportion to ESD’s funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed to the Grantee upon completion of the facility, as evidenced by a certificate of occupancy. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after April 1, 2010 to be considered eligible project costs.

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4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$30,000,000 for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee 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.

Design and Construction:

The project calls for new construction of approximately 100,000 square feet of medical laboratories within a larger science and research center. New York University has commissioned Ennead Architects of New York City, formerly Polshek Partnership, who D&C knows and finds fully capable to perform the project.

D&C will review the completion of construction documents, project bidding and, at their discretion, visit the site before funds are distributed. D&C will, at its option, attend construction meetings and monitor construction progress. D&C will review and approve contractor requisitions and verify that all requirements have been satisfied prior to the approval and release of ESD funds.

The aforementioned project will be reviewed in conjunction with D&C requirements and forms.

Environmental Review:

The Empire State Development Corporation, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act (“SEQRA”) and the implementing regulations of the New York State Department of Environmental Conservation. This review, which determined the proposed project to be a Type I action as defined in SEQRA, found that the proposed project would not result in significant adverse impacts on the environment. Therefore, ESDC staff recommends that the Directors make a Determination of No Significant Effect on the Environment.

Affirmative Action:

ESD’s Non-Discrimination and Affirmative Action policy will apply. The Grantee and Beneficiary Organization are encouraged to use their best efforts to achieve a Minority Business Enterprise participation goal of 15% and a Women Business Enterprise participation goal of 5% of the total dollar value of work performed pursuant to contracts or purchase orders entered into in connection with the pre-construction and construction work related to the project, and to include minorities and women in any job opportunities created by the project.

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Statutory Basis – Empire Opportunity Fund:

Section 10 Civic Findings

1. That there exists in the area in which the projects are to be located a need for the educational, cultural, recreational, community, municipal, public service or other civic facility to be included in the projects.
The project will be located along Manhattan's medical/life sciences corridor, where it will join a number of already-established leading medical institutions. Additional plans are already underway for an East River Science Park, which will bring additional office and laboratory space. The area is very well-suited for this project.
2. That such projects shall consist of a building or buildings which are suitable for educational, cultural, recreational, community, municipal, public service or other civic purposes.
The new building to be constructed will be ideal for educational, community and public service purposes, as it will be a research and medical facility.
3. That such projects will be leased to or owned by the State or an agency or instrumentality thereof, a municipality or an agency or instrumentality thereof, a public corporation, or any other entity which is carrying out a community, municipal, public service or other civic purpose, and that adequate provision has been, or will be made for the payment of the cost of acquisition, construction, operation, maintenance and upkeep of the projects.
The building will be constructed by New York University, an educational institution and one of New York City's largest employers.
4. That the plans and specifications assure adequate light, air, sanitation and fire protection.
Design plans and specifications will meet all standards, as the facility will be a medical facility. ESD Design and Construction will ensure that these specifications are met.
5. That the proposed facilities or project is consistent with any existing local or regional comprehensive plan.
The site is zoned for the proposed use, and the project is consistent with the area's medical/life sciences industry focus.
6. The requirements of Section 10(g) of the Act are satisfied.
No residential relocation is required because there are no families or individuals residing on the site.

Empire Opportunity Fund Determinations

The project is in compliance with Chapter 84 of the Laws of 2002 and the Corporation's guidelines established thereunder. Individual project funding does not exceed 25 percent of the total of that project's costs, or if project funding does exceed 25 percent of that project's total costs, the Director of the Division of the Budget has authorized the provision of such amount.

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Statutory Basis: Capital Projects Fund – Economic Development/Other and Economic and Community Development Projects:

The project was reappropriated in the 2010-2011 New York State budget. No residential relocation is required because there are no families or individuals residing on the site.

Disclosure and Accountability Certifications:

The Grantee and Beneficiary Organization have provided ESD with the required Disclosure and Accountability Certifications. Grantee's and Beneficiary Organization's certifications indicate that Grantee and Beneficiary Organization have no conflict of interest or good standing violations and, therefore, staff recommends that the Corporation authorize the grant to the Grantee as described in these materials.

Attachments: ESD Directors' Materials dated December 18, 2006
ESD Directors' Affirmation dated March 15, 2007

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New York (New York City) – NYU - NYULMC Neuroscience Institute Capital – Empire Opportunity Fund, Economic and Community Development Projects and Capital Projects Fund – Determination of No Significant Effect on the Environment

RESOLVED, that based on the materials submitted to the Directors with respect to the NYU - NYULMC Neuroscience Institute Capital Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.