

FOR CONSIDERATION

August 19, 2009

TO: The Directors

FROM: Dennis M. Mullen

SUBJECT: Schenectady (Schenectady County) – Schenectady Metroplex Development Authority Capital – Urban Community Development Program – Urban Community Development and Assistance (Capital Grant)

REQUEST FOR: Findings and Determinations Pursuant to Sections 5(4), 10(g) and 16(d) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions; Determination of No Significant Effect on the Environment

General Project Plan

I. Project Summary

Grantee: Schenectady Metroplex Development Authority (“Metroplex” or the “Organization”)

Beneficiary
Companies: JMR Development Company, LLC and Bechtel Plant Machinery, Inc.

ESD* Investment: A grant of up to \$2,000,000 to be used for a portion of the cost of construction and renovation of the 600 Liberty Street building.

* The New York State Urban Development Corporation doing business as the Empire State Development Corporation (“ESD” or the “Corporation”)

Project Locations: 600 Liberty Street, Schenectady, Schenectady County
423 Liberty Street, Schenectady, Schenectady County
453 State Street, Schenectady, Schenectady County
Downtown parking improvements
(various locations), Schenectady, Schenectady County

NYS Empire Zone
(or equivalent): Schenectady/Glenville Empire Zone

Proposed Project: Subdivide and renovate an existing 104,000-square-foot space into 30,000-square-feet of manufacturing space for Bechtel Plant Machinery, Inc. and a 74,000-square-foot technology incubator.

ESD Incentive Offer Accepted: July 26, 2007

Project Completion: January 2009

Grantee Contact: Jayme Lahut, Executive Director
433 State Street
Schenectady, NY 12305
Phone: (518) 377-1109
Fax: (518) 382-2575

Beneficiary Contacts: Nancy Carey Cassidy
Executive Vice President & Chief Operating Officer
JMR Development Company, LLC
20 Corporate Woods Blvd.
Albany, NY 12211-2370
(518) 465-4747

Bechtel Plant Machinery, Inc.
600 Liberty Street
Schenectady, NY 12305

Anticipated
Appropriation
Source: Urban Community Development Program

ESD Project No.: V159

Project Team:	Origination	Arnold Will
	Project Management	Gregory E. Fitzgerald
	Affirmative Action	Laverne Poole
	Environmental	Soo Kang

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Infrastructure/Site Work – 600 Liberty Street	\$2,289,814
Infrastructure/Site Work – Other Downtown Schenectady Locations	<u>1,710,186</u>
Total Project Costs	<u>\$4,000,000</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$2,000,000	50%
Organization Equity	<u>2,000,000</u>	<u>50%</u>
Total Project Financing	<u>\$4,000,000</u>	<u>100%</u>

III. Project Description

A. Background

In 1998, Schenectady Metroplex Development Authority, a public benefit corporation, was established to enhance the long-term economic vitality and quality of life in Schenectady County (the “County”). Metroplex, which receives dedicated revenue from County sales tax receipts, manages and maintains all facilities and parks within the County. Since inception, Metroplex has awarded \$90 million to over 100 projects, leveraging over \$235 million in construction activities and creating 2,000 jobs.

In October 2006, Bechtel Plant Machinery, Inc. (“BPMI”), a global engineering construction organization and prime Naval contractor, stated its intention to close its Schenectady facility and relocate 290 positions to Pittsburgh in response to the U.S. Navy’s request reduce operating expenses. Organized in 1956, BPMI designs, procures and provides technical support of nuclear components used to power more than 140 U.S. Navy ships. In an effort to retain this Company and further the revitalization of the City of Schenectady’s downtown, Metroplex developed a plan to renovate and subdivide BPMI’s facility, which is leased from JMR Development Company, LLC. Bechtel agreed to occupy less space, which would result in a considerable cost savings and the retention of 130 jobs.

In July 2007, ESD offered an incentive of \$2,000,000, contingent upon a 50% financial match, to assist Metroplex in mitigating high development costs associated with renovating this facility and to support Metroplex’s other downtown revitalization efforts. ESD funding will assist the property owner, JMR Development Company, LLC to renovate and subdivide the space into an engineering center for BPMI and create a technology incubator to attract technology companies into the area.

B. The Project

The project is divided into two parts: renovation of BPMI's Schenectady facility and other downtown Schenectady revitalization sites. BPMI's 104,000-square-foot facility at 600 Liberty Street will be renovated and subdivided. 30,000 square feet will be used by BPMI to continue operations in the secure environment necessary for a top security Department of Defense contractor. The remaining 74,000-square-feet will be established as an incubator with high tech manufacturing, lab and office space. JMR Development Company, LLC, is the project developer and landlord. This Project was completed in January 2009.

Additionally, Metroplex is investing over \$2,000,000 in projects and activities in the distressed areas of downtown Schenectady as a part of its overall revitalization effort. Specifically, these projects are: purchase, asbestos abatement and demolition of a structure at 423 Liberty Street; purchase, fit-up and façade restoration of the former Nusbaum department store at 453 State Street; and downtown parking improvements capital project. All projects have been completed.

C. Financial Terms and Conditions

1. At the time of disbursement, the Grantee will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will be obligated to advise ESD of a material adverse change in its financial condition prior to disbursement.
3. The Grantee or the Grantee's shareholders will contribute at least 10% in equity to the Project. Equity is defined as any non-debt source of capital, and should be auditable through Grantee financial statements or Grantee accounts, if so requested by ESD.
4. Up to \$2,000,000 will be disbursed to Grantee upon completion of the project substantially as described in these materials and submission of documentation verifying project costs totaling \$4,000,000, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESDC of an invoice and such other documentation as ESDC may reasonably require. Expenses must be incurred on or after July 31, 2007 to be considered eligible project costs. All disbursements must be requested by April 1, 2010.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$2,000,000, 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.

IV. Statutory Basis

This project is authorized under Sections 5(4) and 16-d of the New York State Urban Development Corporation Act (the “Act”) and satisfies the eligibility criteria for a Urban Community Development and Assistance grant as set forth in the Act and the rules and regulations for the Urban and Community Development Program. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

ESD staff has determined that the Bechtel, Bombers on State Street, and 2008 Downtown Parking Improvement projects constitute 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 these projects.

The Schenectady Metroplex Development Agency, as lead agency, has completed an environmental review of the Sons of Italy Purchase/Demolition project, pursuant to the requirements of SEQRA and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project to be an Unlisted Action, which would not have a significant effect on the environment. ESD staff reviewed the supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

VI. Affirmative Action

ESD’s Non-Discrimination and Affirmative Action policy will apply. Bechtel Plant Machinery, Inc. is encouraged to include minorities and women in any job opportunities created by the Project and to solicit and utilize Minority and Women-owned Business Enterprises for any contractual opportunities generated in connection with the Project.

VII. ESD Financial Assistance Subject to Availability of Funds and Additional Approval

The provision of ESD financial assistance is contingent upon the availability of funds and the approval of the State Division of the Budget.

VIII. Additional Submissions to Directors

Resolutions
New York State Map

August 19, 2009

Schenectady (Schenectady County) – Schenectady Metroplex Development Authority
Capital – Urban Community Development Program – Urban Community Development
and Assistance (Capital Grant) – Findings and Determinations Pursuant to Sections 5(4),
10(g) and 16(d) of the Act; Authorization to Adopt the Proposed General Project Plan;
Authorization to Make a Grant and to Take Related Actions

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Schenectady Metroplex Development Authority Capital – Urban Community Development Program – Urban Community Development and Assistance (Capital Grant) Project (the “Project”), the Corporation hereby determines pursuant to Section 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that there are no families or individuals to be displaced from the project area; and be it further

RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plan (the “Plan”) for the Project submitted to this meeting, together with such changes therein as the Chairman and Chief Executive Officer - Designate of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written finding of the Chairman and Chief Executive Officer - Designate of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, Chairman and Chief Executive Officer - Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Schenectady Metroplex Development Authority a grant for a total amount not to exceed Two Million Dollars (\$2,000,000) from the Urban Community Development Program, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the Chairman and Chief Executive Officer - Designate of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

RESOLVED, that the Chairman and Chief Executive Officer - Designate 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.

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August 19, 2009

Schenectady (Schenectady County) – Schenectady Metroplex Development Authority
Capital – Urban Community Development Program – Urban Community Development
and Assistance (Capital Grant) Determination of No Significant Effect on the
Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Schenectady Metroplex Development Authority Capital Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

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