

## 1. BioBAT - New York Biotechnology Center at BAT (V719)

November 15, 2007

**Grantee:** BioBAT, Inc. ("BioBAT" or the "Corporation")  
**Address:** 450 Clarkson Avenue  
Brooklyn, NY 11203  
**Contact:** Eva Cramer, Ph.D., President  
Phone: 718 270-1011 Fax: 718 270-1878

**Project Location:** Brooklyn Army Terminal ("BAT" or the "Terminal"), southern portion of Building A, 140 58<sup>th</sup> Street at 2<sup>nd</sup> Avenue, Brooklyn, Kings County.

**NYS Empire Zone (or equivalent):** Southwest Brooklyn Empire Zone

**ESD Investment:** A grant of up to \$6,000,000 to be used for a portion of the cost of the renovation and development of 100,000 square feet in the south end of Building A of the BAT.

**Project Team:**

Project Management	Frank Corcoran
Affirmative Action	Helen Daniels
Design & Construction	Ed Decatrel
Environmental	Soo Kang

**Project Completion:** December 2008 for ESD project, December 2009 for total project

### **Project Description:**

#### Background

BioBAT, Inc. is a newly formed (June 2006) not-for-profit 501(c)(25) corporation incorporated in the state of New York. The Corporation was formed by the New York City Economic Development Corporation ("NYCEDC"), acting on behalf of the city of New York (the "City"), and by the Research Foundation (the "Research Foundation") of the State University of New York ("SUNY"), acting on behalf of the state of New York.

BioBAT's Board of Directors includes representatives of SUNY – Downstate Medical Center, NYCEDC, the Brooklyn Economic Development Corporation, the New York City Investment Fund, and the Research Foundation. The Corporation's officers are: Eva Cramer, president; Brian Murphy, vice president; Fred Hammond, treasurer, and Lee Benedict, secretary.

BioBAT was formed for the purpose of developing a portion of the Brooklyn Army Terminal as a site for biotechnology expansion and manufacturing. It was awarded a \$36 million grant from the State University Construction Fund for construction, reconstruction, rehabilitation, and redevelopment of the Terminal for use as a biotechnology commercial and research center. This grant is being administered by the Research Foundation.

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### The Project

The BAT is located in the Sunset Park area of Brooklyn between 58<sup>th</sup> and 64<sup>th</sup> Streets, and 2<sup>nd</sup> Avenue and Upper New York Bay. It was built as a supply base for the U.S. Army during World War I, and was finished in September 1919 just as the War ended. It was designed by Cass Gilbert, who also designed the Woolworth Building and the United States Customs House in Lower Manhattan. Its last military use ended in 1975, and the facility was sold by the federal government to New York City in 1981 for use as manufacturing and warehousing space.

The BAT is a 97-acre campus containing two multi-story loft buildings (Buildings A and B) in the Southwest Brooklyn Empire Zone and the Southwest Brooklyn Industrial Business Zone. Building A is approximately 1.8 million square feet and is divided into three vertical sections. The project site is located within the southern most vertical section of Building A, which has nine stories. The project consists of approximately 100,000 square feet for biotechnology expansion and manufacturing.

The project will accommodate: (a) both small- and large-scale bioscience therapeutic and device manufacturing spaces; (b) contract manufacturing spaces; (c) research support facilities; (d) commercial office and laboratory uses; (e) university and not-for-profit institute research and office spaces; and (f) the Northeast Center for Disaster Preparedness, Training, Education & Research ("NECDP").

The initial tenants for the development consist of SUNY Downstate, which has committed to leasing 15,000 square feet of space for a research support facility ("SUNY Space"), and SUNY Downstate NECDP, which has committed to leasing 10,000 square feet ("NECDP Space"). There currently is strong interest on the part of two large biotechnology companies for the remaining 75,000 square feet of space for commercial biotechnology and manufacturing uses.

The International AIDS Vaccine Initiative ("IAVI"), supported by the Gates Foundation and using \$12.5 million in City funds, is going to occupy 38,700 square feet of space on the 8<sup>th</sup> floor in the northern end of Building A and will be the anchor tenant at the BAT. IAVI is scheduled to move into its laboratory space by the first quarter of 2008.

The \$6 million ESD Grant will be used for the infrastructure and build-out of 100,000 square feet - 15,000 square feet for SUNY Space and 10,000 square feet for the NECDP Space - as well as the development of 75,000 square feet of core and shell for commercial biotechnology tenants.

NYCEDC, the leaseholder of the entire Brooklyn Army Terminal through a long-term lease from the City, is in turn leasing a portion of Building A to BioBAT, which will then sublease the space to the developer under a net sublease for a term currently anticipated to be 78 years. BioBAT will oversee the general project, including the selection and oversight of the developer and the use of the space. As a result of a Request for Expressions of Interest ("RFEI") issued in mid-2006, BioBAT has been in exclusive negotiations since

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December 2006 with one of the four RFEI respondents - Phase 3 Properties - to act as the developer for the project. Phase 3 Properties is a San Diego, CA-based commercial real estate firm specifically dedicated to fostering the growth of the life sciences industry in emerging markets throughout the U.S.

BioBAT management has estimated that there will be approximately 100 people employed in construction jobs for the two years of the construction period, and that approximately 250 permanent full-time jobs will be created commencing in the third year by the various tenants.

Financing Uses	Amount	Financing Sources	Amount	Percent
SUNY Space	\$12,000,000	ESD Grant	\$6,000,000	6.1%
NECDP Space	2,000,000	SUNY Grant	36,000,000	36.4%
Commercial Space	21,000,000	Tenant Equity	14,000,000	14.1%
Infrastructure, HVAC, electrical elevator improvements	64,000,000	Developer/Investor Equity	14,000,000	14.1%
		New Market and Historic Tax Credits	22,000,000	22.2%
		Additional Lender Financing	7,000,000	7.1%
Total Project Costs	\$99,000,000	Total Project Financing	\$99,000,000	100.0%

### Financial Terms and Conditions:

1. The Grantee will be obligated to advise ESD of a materially adverse change in its financial condition prior to disbursement.
2. Up to \$6,000,000 will be disbursed to the Grantee as reimbursement for eligible costs during the course of the project, no more frequently than monthly, in compliance with the Design and Construction ("D&C") requirements, assuming all project approvals have been completed and funds are available. The final disbursement, which shall be at least 10% of the grant, shall be made to the Grantee upon completion of the project. Payment will be made upon presentation to ESD of an invoice and other such documentation as ESD may reasonably require. Expenditures must be incurred on or after January 1, 2005 to be considered eligible project costs.
3. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$6,000,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company 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.

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### **Design and Construction:**

The project consists of a grant of up to \$6,000,000 for a portion of design and construction costs for the renovation and adaptive re-use of the Brooklyn Army Terminal into a laboratory complex. ESD funds will be used toward the development of the 100,000 square feet of core and shell for the commercial biotechnology tenants. A team has already been assembled with HOK as architect, Structure Tone as Construction Manager ("CM") and X<sup>nth</sup> as engineer. ESD's Design and Construction department ("D&C") is familiar with the architect and CM, both of which are excellent firms. Staff is not familiar with X<sup>nth</sup>, a large nationwide firm, previously known as Earl Walls Associates which specializes in laboratory designs of this type. D&C staff will review the existing design documents and the construction documents when completed, review invoices and approve payment when its requirements have been met. D&C staff will visit the site at its option to monitor implementation of the design documents.

### **Environmental Review:**

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, ESDC staff performed an uncoordinated review. This review determined the project to be an Unlisted Action which would not have a significant effect on the environment. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

Due to the site's listing on the National Register of Historic Places, ESDC will ensure that the Grantee will continue to undertake consultation with the New York State Office of Parks, Recreation and Historic Preservation pursuant to the requirements of Section 14.09 of the State Historic Preservation Act.

### **Statutory Basis – Special Legislative Appropriation – Capital Projects Fund – University Development:**

The project was authorized in the 2006-2007 New York State budget and reappropriated in the 2007-2008 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

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Brooklyn (Kings County) – BioBAT - New York Biotechnology Center at BAT –  
Capital Projects Fund – University Development (Capital Grant) – Determination of  
No Significant Effect on the Environment

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RESOLVED, that based on the material submitted to the Directors with respect to the BioBAT - New York Biotechnology Center at BAT Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

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