

FOR CONSIDERATION

December 16, 2010

TO: The Directors

FROM: Dennis M. Mullen

SUBJECT: Electronics Park

REQUEST FOR: Authorization to Amend the Lease Between ESDC and Electronics Park LLC

Background

In April 1996, ESDC Directors authorized the acquisition of approximately 183 acres of land and 10 buildings of the former Lockheed Martin Corporation (“LMC”) facility for \$6 million and entered into a 30 year lease for this property with the Metropolitan Development Foundation of CNY (“MDF”), an affiliate of the Metropolitan Development Association of Syracuse and Central New York (“MDA”), which is operating and developing the property, renamed Electronics Park, as a mixed-use, multi-tenant industrial/office park through its subsidiary, Electronics Park LLC (“LLC”).

Since October 1, 1996, the LLC has directed the management, sales and leasing activities, and utilities operation at Electronics Park. Although ESD leased the property to the LLC with the intent of the LLC’s selling or subleasing land and/or existing buildings, the deed is still in ESDC’s name and according to the lease, ESDC Directors must approve proposed property dispositions and subleases. Revenue from sales and rentals, however, go directly to the LLC and not to ESDC. ESDC has the ability to review and veto transactions, but is never involved with sales and negotiation efforts.

All but one of the existing buildings have been sold, improved and occupied by private companies. The remaining building, Building #3, will be improved and developed by the LLC with help from a State grant to create a “Nanotechnology Innovation and Commercialization Excelsior” (“NICE”). This center will have office and laboratory space and its intended small and mid-sized companies will support the work of Lockheed Martin.

ESDC-LLC Lease Proposal

The existing lease between ESDC and the LLC calls for Landlord approval of any sale or sublease, with such approval given when the anticipated transaction is consistent with the redevelopment plan and the sale price or lease rental rate is fair market value. The proposed NICE redevelopment envisions that the building will be improved as multi-tenant rental space. Approval by ESDC of each transaction may be difficult and could potentially interfere or delay rental agreements, many which are being negotiated before construction has started.

It is proposed that the lease be modified to remove the requirement for Landlord approval of subleases provided that these leases are approved by the LLC board. All other provisions in the lease, such as Landlord approval of sales of property will remain.

Environmental Review

The sale of land and buildings within Electronics Park was contemplated in previous environmental reviews and approvals by the Directors. No further action is required in connection with this sale.

Attachments Resolution

December 16, 2010

ELECTRONICS PARK (Onondaga County) - Authorization to Amend the
Lease between ESDC and Electronics Park LLC

RESOLVED, that based upon the materials presented to the Directors at this meeting (the "Materials"), the Corporation may amend the lease between ESDC and Electronics Park LLC substantially on the terms and conditions set forth in the Materials; and be it further

RESOLVED, that the President and Chief Executive Officer or designee(s) be, and each of them is hereby, authorized in the name and on behalf of the Corporation to execute and deliver and affix the seal of the Corporation to all such agreements, contracts, deeds, certificates and instruments and to take any such action as he may, in his sole discretion, consider to be necessary or proper to effectuate the sale of such property.

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