

FOR CONSIDERATION

March 26, 2010

TO: The Directors

FROM: Dennis M. Mullen

SUBJECT: Syracuse (Onondaga County) – AXA Equitable Capital – JOBS Now Program (Capital Grant)

REQUEST FOR: Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

General Project Plan

I. Project Summary

Grantee: AXA Equitable Life Insurance Company (“AXA Equitable” or the “Company”)

ESD* Investment: A grant of up to \$1,250,000 to be used for a portion of the cost of renovations.

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

Project Location: 100-120 Madison Street, Syracuse, Onondaga County

NYS Empire Zone
(or equivalent): Onondaga County Empire Zone

Proposed Project: Tenant renovations, purchase of equipment and employee training in connection with the acquisition of the MONY Life Insurance Company operation in downtown Syracuse.

ESD Incentive Offer Accepted: January 4, 2005

Project Completion: January 2009

Number of Employees at Project Location:

Initial employment at time of ESD Incentive Offer: 713*
Current employment level: 867
Minimum employment on January 1, 2011: up to 1,300**

*MONY Life Insurance Company Employees

**This is a target employment goal, AXA Equitable has the option of requesting a second disbursement on a pro-rated basis of \$1,064 for each Full-time Permanent Employee over and above 713.

Grantee Contact: James J. Nolan, Assistant Vice President
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New York, NY 10104
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Anticipated
Appropriation

Source: JOBS Now Program

ESD Project No.: S338

Project Team: Origination Steven Gold
Project Management Noel Blackwell
Affirmative Action Helen Daniels
Finance Yang Song
Environmental Soo Kang

II. Project Cost and Financing Sources

| <u>Financing Uses</u> | <u>Amount</u> |
|-----------------------|---------------------|
| Consultants | \$1,935,615 |
| General Construction | 8,521,741 |
| Equipment | 3,491,548 |
| Training | <u>4,250,000</u> |
| Total Project Costs | <u>\$18,198,904</u> |

| <u>Financing Sources</u> | <u>Amount</u> | <u>Percent</u> |
|--------------------------|---------------------|----------------|
| ESD-Grant | \$1,250,000 | 6.87% |
| Company Equity | <u>16,948,904</u> | <u>93.13%</u> |
| Total Project Financing | <u>\$18,198,904</u> | <u>100.00%</u> |

III. Project Description

A. Background

AXA Equitable Life Insurance Company is a stock life insurance company and wholly-

owned by AXA Equitable Financial Services, LLC, which is a subsidiary of AXA Financial, Inc. Both companies are part of the AXA Insurance Group based in Paris, France. The AXA Group is one of the largest insurance groups in the world.

AXA Equitable, established in the State of New York in 1859, is among the largest life insurance companies in the United States, with approximately 2.26 million insurance contracts in force as of December 31, 2009. The Company is part of a diversified financial services organization offering a broad spectrum of financial advisory, insurance and investment services.

AXA Equitable offers a variety of traditional, variable and interest-sensitive life insurance products and variable and fixed-interest annuity products principally to individuals and small and medium-size businesses. The Company also administers traditional participating group annuity contracts generally for corporate qualified pension plans, and association plans that provide full service retirement programs for individuals affiliated with professional and trade associations. AXA Advisors, LLC and AXA Network, LLC, affiliates of AXA Equitable, market the Company's products in all 50 states, the District of Columbia, Puerto Rico and the U.S Virgin Islands. AXA Distributors, LLC is a broker-dealer subsidiary of AXA Equitable and distributes AXA Equitable products on a wholesale basis through major national securities firms, independent financial planners, other broker-dealers and banks. Association and corporate pension plans are marketed directly to clients by AXA Equitable. In addition, through its non-insurance subsidiaries and affiliates, AXA Equitable conducts an investment management services business.

On July 8, 2004, the MONY Group, Inc. ("MONY") was acquired by AXA Financial, Inc. As a result of the acquisition, MONY Life Insurance Company, MONY Life Insurance Company of America and U.S Financial Life Insurance Company, all formerly under The MONY Group, Inc., are now affiliates of AXA Equitable.

ESD assistance was needed to induce the Company to maintain its presence in downtown Syracuse rather than moving these jobs out of New York State. The Company had considered combining these jobs with an existing service center operation in North Carolina, but ESD's December 13, 2004 offer of a \$1,250,000 Capital Grant induced the Company to remain in New York State , thus retaining 713 jobs and creating up to 587 jobs.

B. The Project

In October 2006, AXA Equitable signed a new lease for offices at 100-120 Madison Street in downtown Syracuse for approximately 316,000 rentable square feet of space. In connection with the new lease, AXA Equitable made a significant investment in its space, including a new cafeteria, conference center, and data technology facility. In addition to AXA Equitable's improvements, the property owner, Towers Realty Statutory Trust, refurbished certain areas, including the lobbies and elevators.

The Company's presence in downtown Syracuse dates from 1966, when its affiliate, MONY Life Insurance Company, opened the first of two 19-story towers, plus a connector wing. The second tower was completed in 1973. In 1988, MONY engaged in a sale-leaseback transaction which culminated in its taking a 20-year lease on the property, which expired on December 31, 2008. The new lease runs through December 31, 2023.

The project involved the reconstruction of the office space of the third and fifth floors and

the refresh of all of the other office space occupied by AXA Equitable.

The renovations to the Syracuse space enabled increased productivity and ease of communications by allowing business areas to relocate within the space envelope according to their adjacency requirements. Groups were able to locate contiguously with other groups or even reorganize internally to streamline physical and informational workflows.

As part of the new workspace design, cubicle partitions were lowered and meeting rooms were created to foster collaboration and teamwork. A new lighting and color scheme also helped to create a bright and dynamic environment.

In addition, videoconferencing capabilities were added when possible to enhance employee communications across AXA sites. The project was completed in January 2009 and will retain 713 jobs and create up to 587 new positions for a total of 1,300 jobs by January 2011. The Company presently has 867 employees at the project site.

Evaluated over a seven-year period, the following are anticipated project impacts (dollar values are present value):

- Fiscal benefits to NYS government from the project are estimated at \$40,153,254;
- Fiscal cost to NYS government is estimated at \$1,403,461;
- Project cost to NYS government per direct job is \$1,997;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$1,092;
- Ratio of project fiscal benefits to costs to NYS government is 28.61:1;
- Fiscal benefits to all governments (state and local) are estimated at \$68,048,709;
- Fiscal cost to all governments is \$1,556,922;
- All government cost per direct job is \$2,215;
- All government cost per total job is \$1,211;
- The fiscal benefit to cost ratio for all governments is 43.71:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$400,641,461, or \$311,750 per job (direct and indirect);
- The economic benefit to cost ratio is 257.33:1;
- Project construction cost is \$10,457,356 which is expected to generate 114 direct job years and 73 indirect job years of employment;
- For every permanent direct job generated by this project, an additional 0.84 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is 1 year.

(See Project Summary Benefit-Cost Evaluation attached for detail and definitions.)

C. Financial Terms and Conditions

1. The Company will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will demonstrate no material adverse change in its financial condition prior to disbursement.
3. The Company or the Company'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 Company financial statements or Company accounts, if so requested by ESD.

4. Prior to disbursement, the Company must employ at least the number of Full-time Permanent Employees set forth as the Baseline Employment in the table below. A Full-time Permanent Employee shall mean (a) a full-time, permanent, private-sector employee on the Grantee's payroll, who has worked at the Project Location for a minimum of thirty-five hours per week for not less than four consecutive weeks and who is entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties; or (b) two part-time, permanent, private-sector employees on Grantee's payroll, who have worked at the Project Location for a combined minimum of thirty-five hours per week for not less than four consecutive weeks and who are entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties.

5. Up to \$1,250,000 will be disbursed to the Grantee in two installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$625,000) upon documentation of renovation and equipment project costs totaling \$10,450,000, and documentation of the employment of at least 713 Full-time Permanent Employees at the Project Location, assuming that all project approvals have been completed and funds are available;
 - b) a Second Disbursement of an amount equal to 50% of the grant (\$625,000) will be disbursed upon documentation of the employment of at least 1,300 Full-time Permanent Employees at the Project Location (Employment Increment of 587), provided Grantee is otherwise in compliance with program requirements. If Grantee employs fewer than 1,300 but over 713, the Grantee has the option of requesting the second disbursement on a pro-rated basis of \$1,064 for each Full-time Permanent Employee over and above 713.

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 January 4, 2005 to be considered eligible project costs. All disbursements must be requested by April 1, 2011.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$1,250,000, 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.

7. In consideration for the making of the Grant, Grantee will achieve the Employment Goals set forth in Column B of the table below. If the Full-time Permanent Employee Count for the year prior to the reporting date set forth in Column A of the table below is less than one hundred percent (100%)] of the Employment Goal set forth in Column B (an "Employment Shortfall"), then upon demand by ESD, Grantee shall be obligated to repay to ESD a portion of each disbursement of the Grant, as follows:

The Recapture Amount is based on the time that has lapsed between when the Grant funds were disbursed and when the Employment Shortfall occurred. The Recapture Amount shall be calculated by aggregating the Recapture Amount for each disbursement of the

Grant, which in each instance shall be equal to:

- (i) 100% of the disbursed amount if the Employment Shortfall occurred in the calendar year that the disbursement was made, or in the first full calendar year after the disbursement was made;
- (ii) 80% of the disbursed amount if the Employment Shortfall occurred in the second full calendar year after the disbursement was made;
- (iii) 60% of the disbursed amount if the Employment Shortfall occurred in the third full calendar year after the disbursement was made;
- (iv) 40% of the disbursed amount if the Employment Shortfall occurred in the fourth full calendar year after the disbursement was made;
- (v) 20% of the disbursed amount if the Employment Shortfall occurred in the fifth full calendar year after the disbursement was made.

The Grantee’s number of Full-time Permanent Employees shall be deemed to be the greater of the number as of the last payroll date in the month of December for such year or the average employment for the 12 month period computed by quarter.

| | |
|---------------------|------------------|
| Baseline Employment | 713 |
| | |
| A | B |
| Reporting Date | Employment Goals |
| February 1, 2011 | 713+X |
| February 1, 2012 | 713+X |
| February 1, 2013 | 713+X |

X = Grantee's Employment Increment that will be the basis of the Second Disbursement of the Grant as described in section C.5 above (i.e. X= up to 587, and Employment Goals shall equal [713 + X = up to 1,300] if the Second Disbursement is made, in the year such disbursement is made and for each year thereafter). If Grantee employs fewer than 1,300 but over 713, the Grantee has the option of requesting the second disbursement on a pro-rated basis. If the Second Disbursement has not yet been made then X=0.

IV. Statutory Basis

The project meets the statutory requirement of a JOBS Now Project because the Company will create at least 300 new full-time permanent private sector jobs. 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 project constitutes 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 the project.

VI. Affirmative Action

ESD's Non-Discrimination and Affirmative Action policy will apply. AXA Equitable 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
Project Finance Memorandum
Cost-Benefit Analysis

March 26, 2010

Syracuse (Onondaga County) – AXA Equitable Capital – JOBS Now Program (Capital Grant) – Findings and Determinations Pursuant to Section 10 (g) 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 AXA Equitable Capital – JOBS Now Program (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, the Chairman and Chief Executive Officer-Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to AXA Equitable Life Insurance Company a grant for a total amount not to exceed One Million Two Hundred-fifty Thousand Dollars (\$1,250,000) from the JOBS Now 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