

**A. Troy - RESTORE III – Proctor’s Theater/Office and Chasan Building  
Rehabilitation (W814)**

March 23, 2011

General Project Plan

**Grantee:** City of Troy (“Troy” or the “City”)

**Beneficiaries:** Columbia Development Companies (the “Developer”)  
Rensselaer Polytechnic Institute (“RPI”)  
The Proctor Hotel, Ltd. (wholly-owned subsidiary of RPI)

**ESD Investment:** A grant of up to \$3,300,000 to be used for a portion of the cost to renovate two commercial buildings and stabilize a third building including removal/abatement/remediation of present hazardous materials.

**Project Location:** Troy, Rensselaer County  
  
70-76 Fourth Street - Chasan Building  
82-90 Fourth Street - Proctor’s Office Building  
82-90 Fourth Street - Proctor’s Theater/Stage Building

**NYS Empire Zone (or equivalent):** Troy Empire Zone

**Project Completion:** June 2013

**Grantee Contact:** William Roehr, Deputy Commissioner, Planning & Grants  
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Troy, NY 12180  
Phone: (518) 378-8439

**Beneficiary Contact:** Thomas Keaney, Project Manager  
Columbia Development Companies  
302 Washington Avenue Ext.  
Albany, NY 12203  
(518) 862-9133 Ext. 4508  
  
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Rensselaer Polytechnic Institute  
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<b>Project Team:</b>	Project Management	Linda Dillon
	Affirmative Action	Gowshihan Sriharan
	Environmental	Soo Kang
	Design & Construction	Scott Renzi

**Project Description:**

Background

The City of Troy is located in Rensselaer County on the eastern shore of the Hudson River. The City was incorporated in 1789 and prospered quickly due to its strategic location along a major transportation waterway. The opening of the Erie Canal in 1825 coupled with advances in the steel and iron industries accelerated that growth and by the mid-1800’s, Troy had become one of the richest cities in the United States.

The City of Troy currently has a population of 49,170 residents and like many Upstate New York communities, has suffered from an extended period of economic decline. The City has lost much of its economic base and population over the past several years. Factors contributing to the City’s economic condition include: the loss of 9.4% of its population between 1990 and 2000; an 8.5% unemployment rate for Rensselaer County as of January 2011; 19% of the City’s residents live below the poverty level. To further compound the problem, the community’s economic center includes large swaths of vacant industrial buildings.

As a recipient of Restore NY II funding, the City is currently undertaking steps to redevelop its downtown waterfront by demolishing and redeveloping structures along the Hudson River. Along the east side of nearby Fourth Street between State Street and Broadway however, the presence of the Proctor’s Theater, once a grand historic landmark, has had a negative impact on revitalization efforts. Vacant since 1977, this massive structure, with its nearly half-block long façade, behind which a vacant five-story office building is situated, has severely deteriorated over time. Likewise, the nearby Chasan Building, located on the north west corner of the block, has fallen into disrepair and has been vacant for years. The deserted and blighted appearance of these buildings has had a chilling effect on the area. Potential developers, otherwise interested in the attractive and historical buildings located nearby, have been reluctant to invest due to the large vacant expanse created by the Proctor’s and Chasan buildings, creating a ripple effect of disinvestment along the Fourth Street corridor.

Restore NY III funds are needed to support the \$14.4 million project cost for the City, in partnership with Columbia Development Companies, to redevelop these structures. Columbia Development Companies was founded in 1988 and is one of the Capital Region’s leading commercial real estate development companies. Columbia Development Companies specializes in site selection, architecture/engineering, interior design, permitting, construction, market/leasing and redevelopment services.

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The Chasan Building is currently owned by Rensselaer Polytechnic Institute and the Proctor’s Office Building and Theater are owned by RPI’s affiliate The Proctor Hotel, Ltd. Prior to construction commencement, Columbia Development Companies, or an affiliate thereof, will have completed the purchase of the three properties.

The Project

The project includes the rehabilitation of the Chasan Building, a vacant 33,520-square-foot three-story structure located at 70-76 Fourth Street, for retail and office space. The renovation will include restoration of the building’s façade. The total cost the renovation is \$5,433,919 and \$1.2 million in Restore funds will be used toward renovations, demolition and environmental cleanup costs. Renovations will be completed by November 2011.

The project also includes the rehabilitation of the Proctor’s Office Building, a vacant 30,094-square-foot five-story structure located at 82-90 Fourth Street, for retail and office space. The renovation includes restoration of building’s historic façade. The total cost is \$7,311,475 and \$1.7 million in Restore funds have been allocated toward renovations, demolition and environmental cleanup costs.

Columbia Development Companies will also stabilize and remediate the Proctor’s Theater, a vacant 60,000-square-foot structure located at 82-90 Fourth Street, directly behind and attached to the Proctor’s Office Building. Stabilization and environmental remediation measures are needed to prevent the infiltration of contaminants from this structure into the Proctor’s Office Building and to mitigate any structural issues that may threaten the integrity of the Proctor’s Office Building. These improvements are also necessary to provide safe access to the structure so that the evaluation of its potential for future reuse may continue. Renovations to the Proctor’s Office Building and stabilization/remediation of the Proctor’s Theater will occur simultaneously and improvements to both buildings will be completed by June 2013. The total cost to stabilize and remediate the Proctor’s Theater is \$1.65 million and \$400,000 in Restore funds have been allocated toward this effort.

Restore NY III funds will be used to preserve the Proctor’s Theater façade and to renovate the Chasan and the Proctor’s Office buildings, adding high-end commercial and retail space in downtown Troy. Restore NY funds will also be used to remediate and stabilize the Proctor’s Theater so that exploration of its potential for future adaptive reuse may continue. These redevelopment efforts will transform a formerly lifeless block of Fourth Street to its original grandeur, spurring further redevelopment of other historic buildings along the corridor.

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70-76 Fourth Street (Chasan Building)

Financing Uses	Amount	Financing Sources	Amount	Percent
Land Acquisition	\$320,000	ESD Grant	\$1,200,000	22%
Renovations	4,331,086	City Equity*	4,233,919	78%
Infrastructure/Site preparation (demolition, water/sewer, environmental cleanup)	388,333			
Indirect/Soft Costs	251,167			
Other (SHPO, Developer Fee)	143,333			
<b>Total Project Costs</b>	<b>\$5,433,919</b>	<b>Total Project Financing</b>	<b>\$5,433,919</b>	<b>100%</b>

\*Source of equity is from the Developer

82-90 Fourth Street (Proctor’s Office Building)

Financing Uses	Amount	Financing Sources	Amount	Percent
Land Acquisition	\$180,000	ESD Grant	\$1,700,000	23%
Renovations	5,781,642	City Equity*	5,611,475	77%
Infrastructure/Site preparation (demolition, water/sewer, environmental cleanup)	788,333			
Indirect/Soft Costs	398,167			
Other (SHPO, Developer Fee)	163,333			
<b>Total Project Costs</b>	<b>\$7,311,475</b>	<b>Total Project Financing</b>	<b>\$7,311,475</b>	<b>100%</b>

\*Source of equity is from the Developer

82-90 Fourth Street (Proctor’s Theater)

Financing Uses	Amount	Financing Sources	Amount	Percent
General Construction (stabilization/cleanup)	\$1,000,000	ESD Grant	\$400,000	24%
Infrastructure/Site Prep (environmental cleanup)	650,000	City Equity*	1,250,000	76%
<b>Total Project Costs</b>	<b>\$1,650,000</b>	<b>Total Project Financing</b>	<b>\$1,650,000</b>	<b>100%</b>

\*Source of equity is from the Developer

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**Financial Terms and Conditions:**

1. Upon execution of the grant disbursement agreement, the City will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The City will be obligated to advise ESD of a materially adverse change in its financial condition prior to disbursement.
3. The City will ensure the contribution of at least a 10% match of the grant amount to the Project.
4. **70-76 Fourth Street (Chasan Building)** - Up to \$1,200,000 will be disbursed to Grantee upon documentation of project costs totaling \$5,433,919 and upon completion of the project substantially as described in these materials, in compliance with ESD’s Design and Construction requirements, assuming that all project approvals have been completed and funds are available. 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 May 4, 2009 to be considered reimbursable project costs. Previously expended funds may be applied toward match requirements retroactive to June 23, 2006, when the Restore New York Legislation was enacted.  
  
**82-90 Fourth Street (Proctor’s Theater)** - Up to \$400,000 will be disbursed to Grantee upon documentation of project costs totaling \$1,650,000 and upon completion of the project substantially as described in these materials, in compliance with ESD’s Design and Construction requirements, assuming that all project approvals have been completed and funds are available. 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 May 4, 2009 to be considered reimbursable project costs. Previously expended funds may be applied toward match requirements retroactive to June 23, 2006, when the Restore New York Legislation was enacted.  
  
**82-90 Fourth Street (Proctor’s Office Building)** - Up to \$1,700,000 will be disbursed to Grantee upon documentation of project costs totaling \$7,311,474 and upon completion of the project substantially including stabilization and remediation of the Proctor’s Theater as described in these materials, in compliance with ESD’s Design and Construction requirements, assuming that all project approvals have been completed and funds are available. 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 May 4, 2009 to be considered reimbursable project costs. Previously expended funds may be applied toward match requirements retroactive to June 23, 2006, when the Restore New York Legislation was enacted.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$3,300,000, for this project if ESD determines that the reallocation of the

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assistance would better serve the needs of the City 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.

6. If the Grantee is not the owner of the Project, then the Grantee shall prohibit, for five years from the date of the initial disbursement of Grant funds, any transfer of the Project in whole or in part, by sale, lease, or conveyance of any interest in or with respect to the Project except (a) transfers of minor interests in the Project site, such as utility easements and limited rights-of-way, and (b)(i) the arms-length basis sale or lease of individual condominium units in the ordinary course of business for a condominium development and (ii) the arms-length basis residential or commercial lease in the ordinary course of business for a commercial, residential, or mixed-use rental development. In the event that such a prohibited transfer occurs within such five-year period, the Grantee shall pay to ESD, promptly upon ESD’s written demand therefore, the applicable amount indicated below.

The Recapture Amount is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer 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 transfer 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 transfer occurred in the second full calendar year after the disbursement was made;
- (iii) 60% of the disbursed amount if the transfer occurred in the third full calendar year after the disbursement was made;
- (iv) 40% of the disbursed amount if the transfer occurred in the fourth full calendar year after the disbursement was made;
- (v) 20% of the disbursed amount if the transfer occurred in the fifth full calendar year after the disbursement was made.

**Design and Construction:**

D&C staff will review project plans, specifications, close out documents and visit the three subject buildings comprising the Proctors Theater, Proctors Office Building and Chasan Building within the City of Troy.

D&C will verify city close-out documentation for all scoped work confirming both stabilization and rehabilitation compliance. There will be a single payment per site upon presentation of project specific close out documentation which will be reviewed and recommended for payment only when D&C and SHPO requirements have been satisfied.

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

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**Environmental Review:**

The City of Troy Planning Board, 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 found the project to be a Type I Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on November 10, 2010. ESD staff reviewed the Negative Declaration and supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

Due to the involvement of buildings listed on or eligible for listing on the New York State and National Registers of Historic Places, ESD has confirmed that the project sponsor initiated consultation with the New York State Office of Parks, Recreation and Historic Preservation (“OPRHP”) pursuant to Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law. ESD will ensure that consultation is completed with OPRHP in accordance with a Letter of Understanding.

**Affirmative Action:**

ESD’s Non-discrimination and Affirmative Action policy will apply. The Client is encouraged to use its best efforts to achieve a Minority Business Enterprise participation goal of 7% and a Women Business Enterprise participation goal of 3% of the total dollar value of work performed pursuant to contracts or purchase orders entered into in connection with the construction work related to the project and to include minorities and women in any job opportunities created by the project.

**Statutory Basis – Restore NY Communities:**

Land Use Improvement Project Findings

1. The area in which the project is to be located is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area and tends to impair or arrest sound growth and development of the municipality.  
The project involves the rehabilitation of vacant commercial buildings, which have been deemed by the City to arrest sound growth and development in the area.
2. The project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto.  
The project involves the rehabilitation of a site that the City has included in its overall master development plan to redevelop the downtown area known as the Fourth Street Corridor.

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3. The plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.  
The City published a property assessment list and held a public hearing on the project at the time of application. The City will ensure compliance with all applicable local laws and regulations.
4. The requirements of Section 10(g) of the Act are satisfied.  
There are no families or individuals displaced from the Project area.

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RESOLVED, that based on the material submitted to the Directors with respect to the Troy - RESTORE III - Proctor's Theater/Office and Chasan Building Rehabilitation Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

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