

L. Mohawk Valley EDGE – Marcy NanoCenter Phase II Capital (W277)

November 19, 2009

Authorization to Amend the Project Scope and Budget;
Authorization to Name a Beneficiary Organization

- Grantee:** Economic Development Growth Enterprises Corporation
("Mohawk Valley EDGE" or "EDGE")
- Beneficiary Organization:** Fort Schuyler Management Corporation ("FSMC"; for \$1.3 million as noted below)
- ESD Investment:** \$10,000,000 approved on September 18, 2008 (New York State Economic Development Assistance Program)
- Project Location:** Town of Marcy, Oneida County
- NYS Empire Zone:** N/A
- Project Completion:** June 30, 2012
- Request For:** Authorization to amend the project scope and budget to reallocate \$1.3 million for property acquisition, construction, design, tooling, and equipping of a 300mm wafer clean room for the Computer Chip Commercialization Center ("CCCC") to be developed through FSMC; authorization to make FSMC the beneficiary organization for the \$1.3 million.

Background/Project Status:

These materials refer to and include, in their entirety, the attached materials presented to and approved by the ESD Directors as mentioned above. In addition, these materials further describe the parcels associated with the marketing and development of the west campus site of the SUNY Institute of Technology ("SUNYIT") Marcy NanoCenter and the real estate structure for the site.

At their meeting on September 18, 2008, the ESD Directors approved a \$10,000,000 grant (W277) to EDGE for the Phase II development of the Marcy NanoCenter. Project activities include the construction of the Edic Road Bypass and associated roadway improvements; sewer improvements; relocation of the Porter Terminal #6 line; site preparation; natural gas line extension; and easements and right-of-way acquisitions.

On May 17, 2007, the ESD Directors also approved a \$4,000,000 grant (V062) to EDGE for the Phase I marketing and development of the Marcy NanoCenter. The project also included the acquisition of property by EDGE to facilitate the development of the site. The properties include

Mohawk Valley EDGE – Marcy NanoCenter Phase II Capital (W277)

November 19, 2009

the Grace-Meyer parcel contiguous to the Marcy NanoCenter for the construction of the Edic Road Bypass; the Farmer Living Trust parcel, which will enhance the buffering of the Marcy NanoCenter; and other easements and ROW purchases which may be required for various utility improvements. Project activities include a Project Development Agreement (“PDA”) fee to be paid by EDGE to FSMC, a not-for-profit corporation created by the Research Foundation of SUNY (“the Research Foundation”) and the SUNYIT College Foundation. Other project activities include: extension of water and sanitary sewer lines, wetlands mitigation, site grading, engineering, legal and title fees; and geotechnical and environmental surveys.

Phases I and II are part of the \$24,000,000 Marcy NanoCenter development project, which also includes a \$10,000,000 grant from DASNY. The total 366.6-acre Marcy NanoCenter development area includes: the 297.3-acre west campus site known as “SUNYIT Parcels A-D”; a portion of the 41.5-acre SUNYIT East Campus known as “Parcel E”; the 55.2-acre Farmer Living Trust parcel that is to be acquired by EDGE, and a 3.5-acre parcel known as the Discontinued Edic Road parcel. In addition, the project includes the acquisition by EDGE of the 29.6-acre Grace-Meyer parcel, of which a portion is to be used for the Edic Road Bypass and the balance to be subdivided into two development parcels. The original completion date of December 2010 has been revised to June 2012 to reflect required work associated with the relocation of the Porter Terminal #6 line.

As of November 2009, EDGE has requisitioned \$83,817 against W277. Project components completed or underway include:

- awarded engineering design contract to Bergmann Associates for the Edic Road Bypass Design and extension of water and sewer to serve the site;
- finalized submission of the wetlands mitigation plan for Marcy and Oriskany Flats;
- paid a portion of the stewardship fee with North American Land Trust for the conservation easements for the site; and
- submitted preliminary plans for the Edic Road Bypass and subdivision plans for the sub-parcels to the Town of Marcy Planning Board.

EDGE has also drawn down \$1,040,636 against V062. Project components that have been completed or are underway include:

- purchase of the Grace-Meyer Parcel that will be used for the construction of the Edic Road Bypass, which will be conveyed to Oneida County and maintained as a public road. EDGE will also convey its ownership interest to an approximately 7-acre sub-parcel (Grace-Meyer Subparcel #2) of this site to the FSMC. The sub-parcel will be used for the construction, design, tooling, and equipping of a 300mm wafer clean room that is to be incorporated as part of the CCCC by FSMC. This initiative is part of a cross-university partnership between the College of Nanoscale Science and Engineering of the University at Albany and SUNYIT, and was announced earlier this summer;

Mohawk Valley EDGE – Marcy NanoCenter Phase II Capital (W277)

November 19, 2009

- initial draft conservation easements for review by EDGE, SUNY and North American Land Trust on the granting of conservation easements on approximately eighteen acres of wetlands on the Marcy NanoCenter site that would be protected as part of the US Army Corps of Engineers Wetlands Permit that is to be issued for the Marcy NanoCenter project;
- preliminary conceptual engineering studies for sewer improvements and the Edic Road Bypass;
- completed the service support agreement with National Grid for the engineering evaluation on the relocation and reconfiguration of the power lines; and
- submitted the wetlands mitigation plan for the Oriskany Flats Wildlife Management Area. Secured the permit from the New York State Department of Environmental Conservation for the wetlands mitigation work that is to be completed at Oriskany Flats Wildlife Management Area as part of the off-site mitigation work for the US Army Corps of Engineers permit that is to be granted for the Marcy NanoCenter site.

In May 2008, EDGE finalized a non-binding Memorandum of Understanding (“MOU”) with SUNY, SUNYIT and ESD that designated EDGE as project developer and outlined the structure of the real estate transaction for Parcels A-D and a portion of Parcel E. Pursuant to the MOU, the PDA will be executed by SUNY, the Research Foundation and EDGE and establishes the actual terms and conditions that will govern this project. The effective date for the PDA is December 1, 2009. Under the terms of the PDA, SUNY will enter into a ground lease with FSMC. This lease will be for a term ranging from thirty to forty years, with the actual term to be agreed to by SUNY, the Division of Budget, the Office of the State Comptroller, and the Office of the Attorney General. FSMC will then enter into a fifteen-year ground sublease with EDGE. This will provide EDGE with a vested property interest in the site, and will enable EDGE to fulfill all of its development obligations for the project. Pursuant to the terms of the PDA, EDGE is obligated to make payments to FSMC totaling \$3,550,000. These payments would be for advance rent and capital expenditures by FSMC to support the 300 mm wafer clean room project. To satisfy part of this obligation in the PDA, EDGE requested that W277 be modified to cover the cost of the capital expenditures to be incurred by the Beneficiary Organization.

Revised Project Scope and Budget:

On October 22, 2009, the ESD Board of Directors approved an amendment to V062 to authorize the use of \$2,250,000 for an advance rent payment to FSMC. To satisfy the balance of EDGE’s financial obligation to FSMC, EDGE is requesting that \$1,300,000 be included as a part of W277 to reimburse FSMC for capital expenditures associated with the construction, design, tooling, and equipping of a 300mm wafer clean room by FSMC. FSMC will be reimbursed directly by ESD for eligible capital expenses through taxable bond proceeds. EDGE has identified other funding sources to cover the capital expenses that were originally part of this grant.

Mohawk Valley EDGE – Marcy NanoCenter Phase II Capital (W277)

November 19, 2009

The revised budget for W277 is as follows:

| Financing Uses | Amount | Financing Sources | Amount |
|---|---------------------|--------------------------------|---------------------|
| Easements and ROW Acquisition | \$382,500 | ESD Grant | \$10,000,000 |
| Sewer and Water Improvements | 1,825,000 | | |
| Wetlands mitigation | 575,000 | | |
| Property acquisition, construction, design, tooling, and equipping of the CCCC (FSMC) | 1,300,000 | | |
| Edic Road Bypass | 2,718,250 | | |
| Natural Gas Extension and Telecommunications | 107,225 | | |
| Porter Terminal #6 Relocation | 1,125,000 | | |
| Engineering | 588,603 | | |
| Site preparation | 676,500 | | |
| Contingency | 449,665 | | |
| Professional, Technical fees and project administration | 252,257 | | |
| Total Project Costs | \$10,000,000 | Total Project Financing | \$10,000,000 |

Environmental Review:

Pursuant to the State Environmental Quality Review Act (“SEQRA”), Article 8 of the Environmental Conservation Law, and its implementing regulations (6 NYCRR Part 617), the ESD Directors adopted SEQRA Findings on May 17, 2007 based on the Final Generic Environmental Impact Statement (“FGEIS”) and supplemental environmental analyses for the Marcy NanoCenter project. By adoption of SEQRA Findings, the Directors certified that the requirements of 6 NYCRR Part 617 have been met. The present request for ESD authorization to amend the project scope and budget does not constitute an action beyond those actions already considered in the FGEIS and supplemental environmental analyses. Therefore, no further environmental review is required in connection with this authorization.

Attachments: ESD Directors’ Materials dated September 18, 2008