

K. Mohawk Valley EDGE – Marcy NanoCenter Phase I (V062)

October 22, 2009

Authorization to Amend the Project Scope and Budget

Grantee: Economic Development Growth Enterprises Corporation
("Mohawk Valley EDGE" or "EDGE")

ESD Investment: \$4,000,000 approved on May 17, 2007 (Aid to Localities – Local Assistance)

Project Location: Town of Marcy, Oneida County

NYS Empire

Zone: N/A

Project

Completion: December 2010

Request For: Authorization to amend the project scope and budget to include an advance rent payment of \$2,250,000.

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 May 17, 2007, the ESD Directors 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 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 the Fort Schuyler Management Corporation ("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.

On September 18, 2008, the ESD Directors also 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.

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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.

As of October 2009, EDGE has drawn down \$1,040,636. 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 a 7-acre sub-parcel (Grace-Meyer Subparcel #2) of this site to the FSMC. The sub-parcel will be used for the construction and fit-out of a 300mm wafer clean room for the Computer Chip Commercialization Center 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;
- engineering, wetlands delineation/surveying, site planning, and legal work related to securing the Least Environmentally Damaging Practicable Alternative (“LEDPA”) determination for the wetlands permit application;
- submission of the wetlands mitigation plan for the Oriskany Flats Wildlife Management Area;
- 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; and
- completed the service support agreement with National Grid for the engineering evaluation on the relocation and reconfiguration of the power lines.

EDGE has also 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; and
- paid a portion of the stewardship fee with North American Land Trust for the conservation easements for the site.

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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 to be executed by SUNY, the Research Foundation and EDGE will replace the MOU and establish the actual terms and conditions that will govern this project. 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 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 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 to support the 300 mm wafer clean room project. To satisfy part of this obligation in the PDA, EDGE requested that V062 be modified to cover the cost of the advanced rent payment.

Revised Project Scope and Budget:

The Grantee is requesting that \$2,250,000 be included as a part of V062 to satisfy the advance rent payment to FSMC. This grant is not funded through the issuance of bonds, and therefore the proposed advance rent category would be deemed eligible. EDGE has identified other funding sources to cover the capital expenses that were originally part of this grant. ESD and EDGE are currently reviewing several options to fund the remaining \$1,300,000 financial obligation to FSMC.

The revised budget for V062 is as follows:

Financing Uses	Amount	Financing Sources	Amount
Property acquisition (includes PDA fee)	\$1,067,678	ESD Grant	\$4,000,000
Engineering	612,691	Mohawk Valley EDGE Equity	265,000
Legal, title, surveys, geotechnical, environmental, and project management	334,631		
Ground lease/advance rent payment	2,250,000		
Total Project Costs	\$4,265,000	Total Project Financing	\$4,265,000

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

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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 May 17, 2007