

**A., B. LFTCEDC - Luther Forest Infrastructure Capital II –
NYSEDP and Upstate City-by-City (X043, X044)**

March 25, 2010

General Project Plan

Grantee: Luther Forest Technology Campus Economic Development Corporation
("LFTCEDC" or the "Organization")

ESD Investment: Grants of up to \$11,836,000 to be used for a portion of the cost of the construction of the electric transmission lines, a deposit for the natural gas line expansion, the Cold Spring Road corridor construction, and consulting fees to study options for the second water source.

Project Location: Towns of Malta and Stillwater, Saratoga County

**NYS Empire Zone
(or equivalent):** N/A

Project Completion: February 2012

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Overall Project Description:

Background

The Luther Forest Technology Campus Economic Development Corporation was formed to create jobs in Saratoga County through the development and promotion of the Luther Forest Technology Campus ("LFTC" or the "Campus"), a high-technology industrial park located on 1,414 acres in the towns of Malta and Stillwater. Since its inception, the LFTCEDC has devoted its resources to developing the campus and attracting nanotechnology and chip fabrication businesses to the region.

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The Luther Forest Technology Campus is comprised of undeveloped land in the towns of Malta and Stillwater. When developed, it will include over 600 acres of wooded areas to remain as managed forest property, over 250 acres of landscaped area, over 18 acres of active recreation, and approximately 150 acres of buildings and associated roadways, parking and infrastructure. The LFTC is envisioned to become a world-class technology campus and is expected to eventually house three semiconductor fabrication plants.

In addition to nanotechnology manufacturing and office facilities, the Campus will also include recreational space and hiking trails. It is anticipated that approximately 2,700 construction jobs will be created during construction of the microchip fabrication facility. Additionally, thousands of stable, high-salary jobs will be created in the towns of Malta and Stillwater, replacing the loss of manufacturing jobs in Upstate New York.

In support of the LFTCEDC's mission to attract chip fabrication companies to New York State, ESD's Directors authorized the making of two \$700,000 grants in 2002 for costs associated with the pre-development of the project site, including consultant costs for environmental and engineering studies and other activities related to the completion of the Environmental Impact Statement. In November 2003, the ESD Directors approved a \$75,000 grant for pre-permitting costs. The Directors then approved a \$5,625,000 loan to the LFTCEDC in May 2004. The first tranche of that loan was closed on June 28, 2004, and the funds enabled the LFTCEDC to purchase a 164-acre-parcel of land that is critical to the entire planned development site. The project work was completed and the loan was closed in June 2005. Another loan of \$4,000,000 was approved by ESD's Directors in January 2005 to perform studies related to transportation and utility infrastructure at the site, wetlands preservation, archaeological investigations, mapping, site planning, and environmental surveys and analyses. The LFTCEDC currently has a total of six loans with ESD, inclusive of the loans referenced above, with a total unpaid principal balance of approximately \$11,575,000.

In October 2006, the ESD Directors approved a \$650 million grant to Advanced Micro Devices, Inc. ("AMD") for a new chip fabrication facility at the LFTC with construction anticipated to commence in 2009. In October 2008, AMD presented to ESD its new strategy for global semiconductor manufacturing. This strategy involves the creation of a global company, temporarily called "The Foundry Company," to take over the construction and operation of AMD's chip fabrication facilities including the chip fabrication facility at the LFTC, which will now also manufacture chips for companies other than AMD. On November 20, 2008, the ESD Directors approved a modification to the grant General Project Plan to assign AMD's interest in the original Grant Disbursement Agreement to AMD Fab Technologies US Inc. (a subsidiary of the Foundry Company for US operations). In March 2009, AMD announced the new global company called GLOBALFOUNDRIES U.S. Inc. ("GUS"), which was previously called The Foundry Company. GUS will operate the new Malta facility as well as facilities in Germany and Singapore.

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In November 2006, ESD approved a \$1,000,000 Community Projects Fund grant to LFTCEDC through the Saratoga Economic Development Corporation (“SEDC”) for general operating costs to develop and market the Campus. In December 2007, ESD approved an additional \$1,000,000 Local Assistance grant to the LFTCEDC for continued general operating costs. ESD fully disbursed both grants, which went toward legal fees, marketing, strategic planning, and project management associated with the LFTC. In November 2008, the ESD Directors approved a \$30,319,485 infrastructure capital grant (the “Infrastructure Grant”) for the construction of electric transmission lines and the Cold Spring Road corridor. These two infrastructure elements are a prerequisite for GUS’ development of the new chip fabrication facility at the LFTC. ESD also approved a \$940,000 Local Assistance grant (subsequently reduced to \$752,000 as a part of the Deficit Reduction Plan) for continued legal work, project management of the LFTC, business development, and marketing activities associated with the LFTCEDC’s continued efforts to achieve shovel readiness and attract chip fabrication tenants to the LFTC. The LFTCEDC completed the project and the funds were fully disbursed. In February 2010, ESD also approved a \$100,000 Community Projects Fund grant for construction and maintenance of recreational trails throughout the Campus. In addition to the ESD loans and grants, the LFTCEDC received \$39.178 million in grants through DASNY from 2005-2010. These grants were used for property acquisition, electric transmission line property purchases, transmission line review, and engineering services.

The LFTCEDC sold 223 acres to GUS and maintains ownership of 1,191 acres at the LFTC. GUS is proceeding with preliminary development of its microchip fabrication foundry and the LFTCEDC has used the various grants to finance continuing development of infrastructure improvements that will service the GUS parcel as well as additional development of the entire site.

Current Infrastructure Project Financing Summary

The prior Infrastructure Grant included construction of the electric transmission lines and the construction of the Cold Spring Road corridor. The LFTCEDC has been moving forward with these elements, but additional funds are needed to release critical work packages for the electric transmission line and other components to keep the overall project on schedule. Specifically, the LFTCEDC has identified work packages totaling \$14.715 million, inclusive of the electric transmission line, a deposit on the natural gas line expansion and engaging a consultant for the second water source, that must be funded by the end of March 2010. To assist with the release of the more urgent electric transmission line work packages, a budget modification will be made to the Infrastructure Grant to reallocate a portion of the funds intended to be used for the Cold Spring Road corridor to the electric transmission line.

To further assist with the financing of these components, the Directors are now being requested to approve an \$8,100,000 grant from the New York State Economic Development Program (“NYSEDP”; X043) and a \$3,736,000 grant from Upstate City-by-City Projects (“City-by-City”; X044; the “Current Project”). Proceeds from the LFTCEDC land sale to the GUS account totaling \$2,879,000 are also anticipated to be used to fund these components,

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provided such use will not negatively impact the tax-exempt status of the bonds financing any part of the overall project. The NYSEDP and the City-by-City funds referenced above will also be used to replenish the funds that were reallocated from the Cold Spring Road corridor to the electric transmission line.

The LFTCEDC has also identified work requiring additional funds for the electric transmission line, the natural gas line expansion and other project costs totaling \$16.072 million. These packages are projected to require funding in June 2010, and ESD and the LFTCEDC are currently reviewing several options to fund this portion.

Detailed Project Description

The LFTCEDC will conduct the following infrastructure activities from March 2010 through February 2012:

Electric Transmission Line Construction – General:

To meet GUS' electrical capacity requirements for the wafer fabrication building, support building, administrative office building, and the central utility building (Mod 1), a new electric transmission system is being built along four 115 KV circuits. These circuits will be created by looping existing 115 KV circuits into the Campus, along with a new 115 KV substation at Luther Forest. In the town of Malta, two new lines will be created by looping the existing Spier-Rotterdam #2, 115 KV circuit into the Luther Forest station from the west. The existing Spier-Rotterdam lines to National Grid's ("NG") Malta Substation will be connected at the Malta Substation and run a distance of approximately 1.1 miles underground to a riser station on Stonebreak Road. The underground section will contain two separate duct banks approximately ten feet apart with each duct bank consisting of nine conduits on a right-of-way that varies between thirty and fifty feet wide. Initially one set of cables will be installed in each duct bank to match the load capacity of the overhead circuits. Double circuit steel poles with a maximum height of ninety-five feet above ground will lead to the substation. The overhead section will be on a 125-foot-wide right-of-way.

In the town of Stillwater, from the east, the Mohican-North Troy 115 KV lines will be tapped in the vicinity of NYSEG's Mulberry Substation and run approximately 6.3 miles on single-circuit wood pole H-Frame construction with a maximum pole height of ninety-five feet above ground to the Luther Forest Substation. The lines will be located on a 150-foot right-of-way and spaced fifty feet apart, centerline to centerline.

A new 115 KV substation, the Luther Forest Substation, will be built to supply GUS and the Campus. The design includes capacitor banks, which are needed to provide adequate voltage performance to GUS and the Campus. A station design comprised of a breaker and a half scheme will be utilized to minimize the likelihood of multiple line outages for a single contingency and to balance the supply needs of the site. The substation will be designed for future expansion, allowing for the addition of two transformer bays each for both NG and NYSEG.

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Electric Transmission Line Construction - Scope of Current Project:

The project will specifically fund Work Packages 3 and 4 detailed below. These work packages will be released in one bid and awarded to one contractor to ensure timely implementation and to achieve the highest quality work. This work includes:

Work Package #3: Steel Pole and Takeoff Structure Foundations for Transmission Line, Substation and Transmission Station (Material and Installation)

Large concrete caisson foundations will be installed by specialty contractors from the NG Approved Vendor List.

Work Package #4: Overhead Transmission Line (Material and Installation)

This material will consist of wood poles, insulators, conductor, overhead ground wire, and miscellaneous hardware. Installation will include work pads, improved access roads, setting steel poles, auguring holes, installing wood poles, stringing conductor, overhead ground wire and optical ground wire, and right-of-way maintenance and restoration. The line contractors will be selected from the NG Approved Vendor List.

Cold Spring Road Corridor Construction - General:

Cold Spring Road North will be realigned as the main approach into the site and a “T” type intersection will be constructed with Cold Spring Road South. The unpaved portion of Cold Spring Road will be paved, and Farley and Fitch Roads will be improved to meet the minimum town of Stillwater standards with the existing Right of Way (“ROW”). The LFTCEDC will work with the town, which has been providing general contracting services. The town owns the ROW for Cold Spring Road and has been consulting with Chazin Engineering based in Troy, who will manage the construction process.

Cold Spring Road Corridor Construction - Scope of Current Project:

The project will fund the release of the Cold Spring Road corridor construction Contract #2 which consists of a full-depth reconstruction including clearing, grubbing, grading, drainage, and paving of approximately 4.28 miles (22,580 linear feet) of roadway. The roadway is one eleven-foot lane in each direction with a four-foot shoulder. A “T” type intersection will be constructed at Cold Spring Road South. The unpaved portion of Cold Spring Road will be paved and Fitch, Farley and Elmer Robinson roads will be improved to meet the minimum town standards.

Natural Gas Line Expansion - General:

In order to meet GUS’ natural gas capacity needs, several gas infrastructure upgrades and installations are needed. The first task of obtaining project approval requires the project be submitted to a New York State Article VII review process. This review process of approximately twelve months will be completed by NG. After the review process is complete, a new steel main will be installed to support Mods 1 and 2, a regulator station will be installed and the steel main along Stonebreak Road will be upgraded. The tasks also require Public Service Commission (“PSC”) reviews and approvals.

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Natural Gas Line Expansion - Scope of Current Project:

The grant will be used to fund the New York State Article VII application costs, inclusive of design/engineering and legal costs, as NG applies for and obtains PSC approval. PSC approval is required before construction can begin and the process, which requires extensive engineering design and legal review work, can take as long as twelve months to complete. The remaining construction and installation work will be funded through other sources.

Second Water Source – General:

The need for a second independent source of water has been identified by GUS to service Fab 8, a state-of-the-art wafer manufacturing facility and the world's first 300mm fab designed for 32 nanometer technologies. An acceptable solution has not yet been identified. Engineering input is required to determine the ultimate solution and scope of this project. Input from GUS, ESD and DASNY will be required for the final solution before this project can proceed.

Second Water Source - Scope of Current Project:

A qualified engineer/consulting firm will be engaged to evaluate all potential and acceptable solutions to provide a second water source. This study will also include preliminary costs for each identified solution.

The scope of work identified under the Detailed Project Description above will assist the LFTCEDC in meeting the development requirements for GUS' microchip manufacturing complex, as part of its mission of creating a world-class, high-tech nanotechnology manufacturing center in an environmentally friendly location, to support Saratoga County's economic development; however, as previously noted, additional funding of various infrastructure elements will be required.

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Financing Uses	Amount	Financing Sources	Amount	Percent
Electric Transmission Line	\$40,904,038	ESD Grant (W515; approved November 2008)	\$30,319,485	44.86%
Cold Spring Road Corridor	14,100,000	ESD Grant (X043; NYSEDP)	8,100,000	11.98%
Natural Gas Line - Application	1,040,000	ESD Grant (X044; Upstate City-by-City)	3,736,000	5.53%
Natural Gas Line - Completion	7,990,000	Land Sale Account	2,879,000	4.26%
Second Water Source - Consultant	75,000	DASNY Grant #2307	340,000	0.50%
Interest and project management fees	3,482,000	DASNY Grant #2501	3,439,553	5.09%
		DASNY Grant #4186	1,229,000	1.82%
		DOE Grant #DE-FC26- 08NT01910	1,476,000	2.18%
		Other funding	16,072,000	23.78%
Total Project Costs	\$67,591,038	Total Project Financing	\$67,591,038	100.00%

Note: The Financing Uses line items do not directly correlate to the Financing Sources line items.

Financial Terms and Conditions:

1. The Grantee will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will be obligated to advise ESD of a material adverse change in its financial condition prior to disbursement.
3. **New York Economic Development Program (X043):** Up to \$8,100,000 will be disbursed to the Grantee during the course of construction and for eligible related project costs, no more frequently than monthly, in compliance with the Design & Construction Requirements, assuming that all project approvals have been completed and funds are available. 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 April 1, 2008 to be considered eligible project costs.

Upstate City-by-City Projects (X044): Up to \$3,736,000 will be disbursed to the Grantee during the course of construction and for eligible related project costs, no more frequently than monthly, in compliance with the Design & Construction Requirements, assuming that all project approvals have been completed and funds are available. 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 April 1, 2008 to be considered eligible project costs.

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4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$11,836,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Organization 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.

Design and Construction:

The Design and Construction Department (“D&C”) will review plans and cost estimates for conformity to the scope of work. D&C will attend meetings and visit the site at its discretion, inspect work completed and approve and recommend payment of invoices.

Environmental Review:

The Town of Malta Town Board, the lead agency for the Luther Forest Technology Campus project, conducted a coordinated review pursuant to the State Environmental Quality Review Act (“SEQRA”) and its implementing regulations (6 NYCRR Part 617). ESD was an involved agency in the environmental review process. The lead agency accepted a Final Generic Environmental Impact Statement (“FGEIS”) on October 16, 2003 and adopted SEQRA Findings. Pursuant to a previous funding request for the proposed project, the ESD Directors adopted SEQRA Findings on May 19, 2004. By adoption of SEQRA Findings, the Directors certified that the requirements of 6 NYCRR Part 617 have been met. Subsequently, the Town of Malta Town Board prepared a Final Supplemental Environmental Impact Statement (“FSEIS”) dated August 4, 2008 due to changes to the project related to the AMD planned facility at LFTC; however, the present request for ESD funding does not constitute an action beyond those actions already considered by the lead agency in the FGEIS and FSEIS, and does not require additional environmental review under SEQRA.

Affirmative Action:

ESD’s Non-Discrimination and Affirmative Action policy will apply. The Grantee is encouraged to use its best efforts to achieve a Minority Business Enterprise participation goal of 5% and a Women Business Enterprise participation goal of 5% 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 – Section 10 Findings – New York State Economic Development Program;
Upstate City-by-City Projects:**

Civic Project

1. That there exists in the area in which the project are to be located a need for the educational, cultural, recreational, community, municipal, public service or other civic facility to be included in the projects.

The infrastructure improvements implemented throughout this economic development project will directly create thousands of new, high-value jobs in Saratoga County. This

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infrastructure construction project was a requirement for GUS to commit to build its new semiconductor foundry in Saratoga County. The community need that is being met by this project is job creation and new capital investment. This project will benefit Saratoga County and the entire upstate New York region.

2. That such project shall consist of a building or buildings which are suitable for educational, cultural, recreational, community, municipal, public service or other civic purposes.

The project will construct several supporting infrastructure components that will enable the creation of 1,400 new direct jobs and 4,395 ancillary jobs. This project is required to enable the subsequent construction of other facilities (GUS Fab 8). Construction of GUS Fab 8 is not a part of this project.

3. That such project will be leased to or owned by the State or an agency or instrumentality thereof, a municipality or an agency or instrumentality thereof, a public corporation, or any other entity which is carrying out a community, municipal, public service or other civic purpose, and that adequate provision has been, or will be made for the payment of the cost of acquisition, construction, operation, maintenance and upkeep of the project.

After construction is complete, the supporting infrastructure at the Campus will be owned by several organizations. The Town of Malta will own and maintain the public access roads, the LFTCEDC will own the internal campus roads and individual tenants will own the site driveways for the areas that are sold. The electric transmission lines and substation is projected to be owned and operated by NG, NYSEG or a third-party utility company. The sewer infrastructure will be owned and operated by Saratoga Sewer District #1. Permanent ownership of the water system has also not been determined. Each infrastructure component constructed through this project will be used for the on-going support of the Campus. Operation and maintenance plans are being put into place for each component.

4. That the plans and specifications assure adequate light, air, sanitation and fire protection.
With the exception of the control room at the Luther Forest substation, there are no buildings being built through this project. All project plans have been designed to meet local and state building codes.

5. The requirements of Section 10(g) of the Act are satisfied.

No residential relocation is required because there are no families or individuals residing on the site.