

**NEW YORK STATE URBAN DEVELOPMENT CORPORATION  
d/b/a Empire State Development**

Empire State Development works to promote business investment and growth that leads to job creation and prosperous communities across New York State

**AGENDA**

Meeting of the Directors

Thursday

June 23, 2016 – 9:30 a.m.

**AGENDA**

**FOR CONSIDERATION**

**I. CORPORATE ACTIONS**

- A. Approval of Minutes of the May 19, 2016 Directors' Meeting
- B. Annual Financial Reports – Approval of Certain Annual Financial Reports and Authorization to Take Related Actions

**REPORTS – Oral**

- A. President's Report
- B. Report – Presentation on the Western New York Region
- C. Loans and Grants – Summary of Projects

## II. **PROJECTS**

### **WESTERN NEW YORK REGION**

- A. Buffalo - (Western New York Region – Erie County) – Lofts at University Heights – CB-Emmanuel Realty Capital – Buffalo Regional Innovation Cluster Fund - Better Buffalo Fund (Capital Loan) – Findings and Determinations Pursuant to Section 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Loan and to Take Related Actions; Determination of No Significant Effect on the Environment
- B. Amherst – (Western New York Region – Erie County) – Columbus McKinnon Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) – Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and Take Related Actions; Determination of No Significant Effect on the Environment

### **LONG ISLAND REGION**

- C. Regional Council Award –Priority Project – Garden City (Long Island Region – Nassau County) – Clinical Education and Simulation Lab Capital – Regional Council Capital Fund (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 Take Related Actions; Determination of No Significant Effect on the Environment
- D. Regional Council Award – Priority Project – Stony Brook (Long Island Region – Suffolk County) – Stony Brook University High Performance Computing Capital – Regional Council Capital Fund (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 Take Related Actions

## II. PROJECTS - Continued

### MOHAWK VALLEY REGION

- E. Marcy (Mohawk Valley Region - Oneida County) – MVEDGE Nano Utica Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) - Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and Take Related Actions
- F. Regional Council Award - Utica (Mohawk Valley Region - Oneida County) – MVEDGE Sewer Crossing Capital – Regional Council Capital Fund (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 Take Related Actions; Determination of No Significant Effect on the Environment
- G. Regional Council Award – Priority Project – Rome (Mohawk Valley Region – Oneida County) – Griffiss Institute Capital – Regional Council Capital Fund (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 Take Related Actions; Determination of No Significant Effect on the Environment

### NORTH COUNTRY REGION

- H. Regional Council Award – Priority Project - (North Country Region – Jefferson, Lewis, St. Lawrence, Essex, Franklin, Hamilton, Clinton Counties) – North Country Transformational Tourism Fund Capital - Regional Council Capital Fund (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 Take Related Actions

### CENTRAL NEW YORK REGION

- I. East Syracuse (Central New York Region - Onondaga County) – Inficon Capital – New York Works (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 Take Related Actions; Determination of No Significant Effect on the Environment

**II. PROJECTS – Continued**

**FINGER LAKES REGION**

- J. Clyde (Finger Lakes Region - Wayne County) – Advanced Atomization Capital – Economic Transformation 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 Take Related Actions; Determination of No Significant Effect on the Environment
- K. Regional Council Award - (Finger Lakes Region - Livingston County) – Once Again Nut Butter Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) - Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and Take Related Actions; Determination of No Significant Effect on the Environment

**III. NON-DISCRETIONARY PROJECTS CONSENT CALENDAR**

- A. Non-Discretionary Projects Consent Calendar – Findings and Determinations Pursuant to Section 10(g) of the Act; Adoption of General Project Plans; Authorization to Make a Grant and Take Related Actions

**Senate (Local Assistance-Base Retention)**

- A. Griffiss Air Force Base LDC Capital – Griffiss Local Development Corporation (Oneida County) - \$500,000

**Executive (Special Appropriation SUNY Poly CNSE Clinton County)**

- B. North Country Hub for Innovative Manufacturing Nanotechnology Capital – Fort Schuyler Management Corporation (Clinton County) - \$4,050,000

**IV. THE WOMEN’S BUILDING CIVIC AND LAND USE IMPROVEMENT PROJECT**

- A. New York City (New York County) - The Women’s Building Civic and Land Use Improvement Project – Adoption of Civic Project and Land Use Improvement Project Findings Pursuant to Section 10 of the UDC Act and Other Applicable Law; Adoption of the Proposed General Project Plan (“GPP”); Authorization to Hold a Public Hearing on the Proposed GPP and the Essential Terms of the Transaction Pursuant to the UDC Act; Determination of No Significant Effect on the Environment; and Authorization to Take All Related Actions

**V. ADMINISTRATIVE ACTIONS**

- A. Military Base Consulting Services – Authorization to Enter into a Contract for Military Base Consulting Services; Authorization to Take Related Actions
- B. Procurement for Consulting Services – Buffalo Investment Development Strategy - Authorization to Enter into a Contract for Consulting Services Relating to the Buffalo Strategy Implementation Support Services; and Authorization to Take Related Actions
- C. Mission Statement and Related Performance Measures – Re-Examination and Re-Adoption of Mission Statement and Related Performance Measures
- D. FY 2015-2016 Performance Measurement Report – Acceptance of FY 2015-2016 Performance Measurement Report
- E. Statewide – New York State Electric Generation Facility Cessation Mitigation Program – Program Authorization; Adoption of Guidelines; Authorization to Take Related Actions

**VI. FOR INFORMATION**

- A. Quarterly Report on Utilization of Certified Minority and Women-owned Business Enterprise (MWBE) and Procurement Commitments to WMBEs for the Fourth Quarter of Fiscal Year 2015-2016
- B. Annual Report on Utilization of Certified Minority and Women-owned Business Enterprises (MWBEs) and Procurement Commitments to MWBEs for Fiscal Year 2015-2016
- C. Budget Variance Reports for the Fiscal Year Ended March 31, 2016
- D. Annual Review of ESD Contracts for Services in Excess of One Year

**VII. EXECUTIVE SESSION**

- A. Amendment of Retainer Agreement for Counsel

**DRAFT – SUBJECT TO REVIEW AND REVISION**

**NEW YORK STATE URBAN DEVELOPMENT CORPORATION**

d/b/a Empire State Development

Meeting of the Directors

New York City Regional Office

633 Third Avenue

37<sup>th</sup> Floor Conference Room

New York, New York 10017

May 19, 2016

**MINUTES**

**In Attendance**

**Directors:**

Howard A. Zemsky (Acting Chair)  
Derrick D. Cephas  
Robert Dyson  
Jennifer Smith, Designee - Superintendent (New York  
State Department of Financial Services)

**Present for ESD:**

Craig Alfred, Assistant Counsel  
Lindsay Avagliano, Assistant Director – NYS Innovation Venture  
Capital Fund  
Sarah Saint-Amand, President – Convention Center Development  
Corporation  
Simone Bethune, Project Manager – Loans and Grants  
Maria Cassidy, Deputy General Counsel  
Elizabeth Fine, Executive Vice President - Legal and General  
Counsel  
Wilfredo Florentino, Project Manager – Loans and Grants  
Brendan Healey, Assistant Vice President – Economic Incentives  
Brian Keil, Managing Director – NYS Innovation Capital Fund  
Edwin Lee, Vice President – Economic Incentives – Loans  
and Grants  
Benson Martin, Director of Compliance  
Eileen McEvoy, Corporate Secretary  
Glendon McLeary, Assistant Vice President – Economic Incentives  
- Loans and Grants  
Kathleen Mize, Controller  
Marion Phillips, Senior Vice President – Community Relations  
Debbie Royce, Assistant Corporate Secretary  
Sharon Rutter, Sr. Director – New York Ventures Program  
Kay Wright, Executive Vice President – Public Affairs

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Kevin Younis, Chief Operating Officer

**Also Present:**

Michael Ball - Western New York Regional Office  
Joe Roman – Southern Tier Regional Office  
Meghan Taylor, Director – Mid-Hudson Regional Office  
Edward Muszynski – Finger Lakes Regional Office

**Also Present:**

The Press  
The Media  
The Public

**Present for Build Up  
New York:**

Maria Espinal  
Tiffany Frank

The meeting of the Directors of the New York State Urban Development Corporation (“UDC”) d/b/a Empire State Development (“ESD” or the “Corporation”) was called to order at 9:36 a.m. by Acting Chair Zemsky. It was noted for the record that the time and place of the meeting had been given in compliance with the New York State Open Meetings Law.

Next, the Acting Chair set forth the guidelines regarding comments by the public on matters on the Agenda as well as with regard to any conflicts of interest the Directors may have regarding items on the Agenda. No conflicts were noted.

Acting Chair Zemsky then called for a motion to approve the Minutes of the April 21, 2016 Directors’ meeting. There being no changes or corrections, upon motion duly made and seconded, the following resolution was unanimously adopted:

**APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE APRIL 21, 2016 MEETING OF THE DIRECTORS OF THE NEW YORK STATE URBAN DEVELOPMENT**

**CORPORATION**

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RESOLVED, that the Minutes of the meeting of the Corporation held on April 21, 2016, as presented to this meeting, are hereby approved and all actions taken by the Directors presented at such meeting as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Corporation.

\* \* \*

The Acting Chair then presented a brief President's Report on the most recent activities of the Corporation.

The matters addressed by Acting Chair Zemsky included the very successful bond offering made this week for over two and a quarter billion dollars of municipal bonds in advance of LaGuardia Airport.

Acting Chairman Zemsky noted that this will facilitate construction at LaGuardia which is scheduled to start shortly.

The Acting Chair then asked Ms. Saint-Amand, the President of the New York Convention Center Development Corporation ("CCDC") to present an item relating to that ESD subsidiary.

Ms. Saint-Amand explained that the Directors were being asked to affirm a modification to the General Project Plan ("GPP") for the Javits Center.

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Ms. Saint-Amand went on to note that in July of 2006, CCDC and ESD adopted a GPP for the renovation and expansion of Javits. She added that the approved project contemplated the expansion program being pursued today including a ballroom, meeting room space, additional expo space and a multi-story parking facility.

Ms. Saint-Amand further explained that the 2006 GPP also contemplated the sale of two developmental parcels and had indicated that the proceeds from such sale would serve as a funding source for the planned expansion.

Ms. Saint-Amand then noted that since that time, the renovation plans have moved ahead with the expansion being put on hold until now based on the funding sources that were available at that time.

Ms. Saint-Amand further noted that since the adoption of the 2006 GPP, the contemplated design of the expansion has been made more efficient both in terms of the expo space and truck marshalling space. Ms. Saint-Amand added that it was decided that the development parcels will not be sold.

Among other things, Ms. Saint-Amand explained that in order to adequately assess whether the proposed modifications would not result in any adverse environmental impacts, ESD had a new tech memo prepared and ESD's environmental consultants concluded that a Supplemental Environmental Impact Statement ("SEIS") is not warranted and that no further

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environmental review is warranted.

Following the full presentation, the Acting Chair called for questions or comments from the Directors. Director Miller asked what the plans were for the block between 33<sup>rd</sup> and 34<sup>th</sup> Streets. Ms. Saint-Amand stated that for the time being that will remain the truck marshalling yard. She added that when the expansion is complete, the new truck marshalling facility will be used.

Director Dyson then asked if the timeframe has changed. Ms. Saint-Amand stated that the timeframe has not changed and that an RFP is expected to be issued sometime in June for the design build contract and that an RFQ is being marketed right now.

The Acting Chair then called for comments from the public.

Two members of Build Up New York spoke in favor of the project.

There being no further questions or comments, and upon motion duly made and seconded, the following resolution was unanimously adopted:

**NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT – Jacob K. Javits Convention Center Expansion and Renovation Civic - Affirmation of Proposed Modifications to the General Project Plan; Affirmation that No Supplemental Environmental Impact Statement is Required with Respect to the Proposed Modifications; Authorization to Take Related Action**

BE IT RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered to be filed with the records of the Corporation (the "Materials"), the Directors of the New York State Urban Development Corporation d/b/a Empire State Development affirm the proposed modifications; and be it further

RESOLVED, that the Directors of the New York State Urban Development Corporation d/b/a Empire State Development make a Determination that no Supplemental Environmental Impact Statement is required,

RESOLVED, that the President of the Corporation or his designee(s) be, and each of them hereby is, authorized to take such action or execute such agreements as he or she may consider necessary or appropriate to effectuate the foregoing resolutions.

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Next, the Acting Chair asked Mr. McLeary to present a summary of the Project items on the Agenda. Acting Chair Zemsky then explained that following this brief presentation, he will call upon the individual Regional Directors or their representatives to present the projects from their region.

Mr. McLeary noted that the Directors will be asked to consider funding for five projects totaling \$3,495,492 in grants.

Mr. McLeary further explained that these projects will leverage over \$51,000,000 of additional investment, retain 1,036 jobs and create 106 jobs in the State.

Mr. Ball, representing ESD's Western New York Regional Office, then presented the Lockport Flight for Five Restoration Regional Council Capital Fund item for the Directors' consideration.

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Mr. Ball noted that the Directors were being asked to authorize ESD to make a \$1,315,493 grant to the City of Lockport for a portion of a \$1.6 million project to restore and rehabilitate a portion of the Erie Canal Flight of Five Block in Lockport.

Following the full presentation, the Acting Chair called for questions or comments. Hearing none, and upon motion duly made and seconded, the following resolutions were unanimously adopted:

Regional Council Award – Priority Project – Lockport (Western New York Region – Niagara County) – Lockport Flight of Five Restoration Capital – Regional Council Capital Fund (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

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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 Lockport Flight of Five Restoration Capital – Regional Council Capital Fund (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 President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to the City of Lockport a grant for a total amount not to exceed One Million Three Hundred Fifteen Thousand Four Hundred Ninety-Three Dollars (\$1,315,493) from the Regional

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Council Capital Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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.

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Regional Council Award – Priority Project – Lockport (Western New York Region – Niagara County) – Lockport Flight of Five Restoration Capital – Regional Council Capital Fund (Capital Grant) – Determination of No Significant Effect on the Environment

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RESOLVED, that based on the material submitted to the Directors with respect to the Lockport Flight of Five Restoration Capital – Regional Council Capital Fund (Capital Grant) Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

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Next, the Acting Chair called on Ms. Taylor, the Director of ESD's Mid-Hudson Regional Office, to present Northern Westchester Hospital Association Regional Council Capital Fund item for the Directors' consideration.

Ms. Taylor explained that the Directors were being asked to approve a \$1,000,000

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capital grant in connection with this expansion project.

Ms. Taylor noted that the grant will allow the grantee to renovate an existing 17,000 square foot shell into a new emergency department to modernize its critical services in the Town of Mount Kisco in Westchester County. The project, she added, will create 115 net new full-time jobs and retain its existing New York State work force of over 1,000 Full Time Equivalent jobs.

Following the full presentation, the Acting Chair called for questions or comments.

Hearing none, and upon motion duly made and seconded, the following resolution was unanimously adopted:

Regional Council Award – Mount Kisco (Mid-Hudson Region – Westchester County) – Northern Westchester Hospital Association Capital – Regional Council Capital Fund (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

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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 Northern Westchester Hospital Association Capital -- Regional Council Capital Fund (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 President and Chief Executive Officer 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 President and Chief Executive Officer of the

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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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Northern Westchester Hospital Association a grant for a total amount not to exceed One Million Dollars (\$1,000,000) from the Regional Council Capital Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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.

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Mr. Roman, representing ESD's Southern Tier Regional Office, then asked the Directors to authorize ESD to make a \$900,000 New York Regional Council Capital Fund grant to SEPP, Inc. in Watkins Glen.

Mr. Roman explained that the funds will be used for a portion of the costs of the acquisition and renovation of community space at the former Watkins Glen Middle School.

Mr. Roman further explained that, among other things, the funds will be used to re-

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purpose existing classroom space into one and two bedroom apartments for low income seniors.

Following the full presentation, the Acting Chair called for questions and comments.

Director Miller asked why funding on ESD's part was needed when the materials show that this is an HCR project.

Mr. Roman explained that the total project cost is 14.3 million dollars and with projects such as this one a variety of funding sources are packed together to cover costs.

There being no further questions or comments, and upon motion duly made and seconded, the following resolutions were unanimously adopted:

Regional Council Award – Watkins Glen (Southern Tier Region – Schuyler County) – Watkins Glen Senior Housing Capital – Regional Council Capital Fund (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

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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 SEPP-Watkins Glen Senior Housing Capital -- Regional Council Capital Fund (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 President and Chief Executive Officer 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

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RESOLVED, that upon written finding of the President and Chief Executive Officer 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to SEPP Incorporated a grant for a total amount not to exceed Nine Hundred Thousand Dollars (\$900,000) from the Regional Council Capital Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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.

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Regional Council Award – Watkins Glen (Southern Tier Region – Schuyler County) –  
Watkins Glen Senior Housing Capital – Regional Council Capital Fund (Capital Grant) –  
Determination of No Significant Effect on the Environment

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RESOLVED, that based on the material submitted to the Directors with respect to the Watkins Glen Senior Housing Capital Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

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Next, Ms. Bethune presented the Market New York Grant Program and the Regional

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Council Awards Projects Consent Calendar items for the Directors consideration.

Ms. Bethune explained that the Directors were being asked to approve two capital grants from Market New York and Regional Council Capital Funds to the Milton J. Rubenstein Museum of Science and Technology (MOST).

Ms. Bethune further explained that MOST is a non-profit corporation founded in October 1979 and today serves as the pre-eminent science and technology center in the five-county Central New York Region, inspiring all generations through hands on education and entertainment.

Ms. Bethune went on to explain that the grants were used to fund the creation of an interactive, hands-on exhibit to accompany fact-filled panels and a video screen showing a countdown to the end of oil.

Following the full presentation, the Acting Chair called for any further questions or comments. Hearing none, and upon motion duly made and seconded, the following resolutions were unanimously adopted:

Hobart (Delaware County) – Regional Council Capital Fund (Capital Grant) – Findings and Determinations Pursuant to Section 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make Grants and to Take Related Actions

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RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is

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hereby ordered filed with the records of the Corporation, relating to the Market New York and Market NY – NY Works Project identified below (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 President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, are hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s), that no substantive negative testimony or comment has been received at the public hearings held on the Plan, such Plan shall be effective at the conclusion of such hearings, and that upon such written findings being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make grants to the party and for the amounts listed below from the Market New York and Market NY – NY Works, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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 President and Chief Executive Officer 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;

Regional Council Capital Fund

	<b>Project Name</b>	<b>Proj #</b>	<b>Grantee</b>	<b>Assistance up to</b>
	Regional Council Capital Fund			
A	MOST Energy Exhibit Capital II	Z116	Discovery Center of Science & Technology d/b/a MOST	\$180,000
	<b>TOTAL MARKET NY PROJECTS</b>		<b>TOTAL</b>	<b>\$180,000</b>

and be it further

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RESOLVED, that the President and Chief Executive Officer 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.

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**Regional Council Capital Fund – Findings and Determinations Pursuant to Section 10(g) of the Act; Authorization to Adopt the Proposed General Project Plans; Authorization to Make Grants and to Take Related Actions**

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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 Regional Council Capital Fund Projects identified below (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 Plans (the “Plan”) for the Project submitted to this meeting, together with such changes therein as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, are hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s), that no substantive negative testimony or comment has been received at the public hearings held on the Plan, such Plan shall be effective at the conclusion of such hearings, and that upon such written findings being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make a grant to the party and for the amounts listed below from the Regional Council Capital Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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 President and Chief Executive Officer 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

**DRAFT – SUBJECT TO REVIEW AND REVISION**

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;

Regional Council Capital Fund

	<b>Project Name</b>	<b>Proj #</b>	<b>Grantee</b>	<b>Assistance up to</b>
	Regional Council Capital Fund			
A	MOST Energy Exhibit Capital I	Z012	Discovery Center of Science & Technology d/b/a MOST	\$100,000
			<b>TOTAL</b>	<b>\$100,000</b>

and be it further

RESOLVED, that the President and Chief Executive Officer 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.

\* \* \*

Ms. Avagliano then asked the Directors to authorize a \$500,000 investment from the New York State Innovation Venture Capital Fund in Agrilyst, Inc., an agriculture technology start-up based in Brooklyn.

Ms. Avagliano explained that Agrilyst has developed a farm management software platform for indoor growers. She added that the platform assists growers with planning their growing cycles, collects and analyzes farm data and provides recommendations based on this data to help growers maximize their crop yield.

Among other things, Ms. Avagliano explained that the company is raising a total of \$1.5

**DRAFT – SUBJECT TO REVIEW AND REVISION**

million in seed funding and that the security being issued is a convertible promissory note that will convert into shares of preferred stock in the Company's next equity financing.

Following the full presentation, the Acting Chair called for questions or comments.

Director Cephas asked with regard to the other investors, whether any of their investors were from the private sector or is it all government money.

Ms. Avagliano stated that some investors are from the private sector and that the program has a private sector matching requirement of two to one.

Director Miller then asked who owns the Company and if the company is a publicly traded company. Ms. Avagliano stated it is a privately held corporation and the stockholders are the CEO and the co-founding team.

Next, Director Miller asked if the university has an interest in the company and if it benefits from this financially.

Ms. Avagliano stated that she was not aware that there is any involvement in the company by the university.

Director Dyson noted, that going forward, the materials should include a profile of the ownership and the sponsorship entities. It was agreed that that would be done.

**DRAFT – SUBJECT TO REVIEW AND REVISION**

Director Dyson then asked who from here monitors these investments. Mr. Keil stated that the Venture Capital Program reports to him and he, in turn, reports to Jeff Nordhaus. He added that a report on the programs yearly activity and cumulative investments activity is put together.

The Acting Chair stated that arrangements will be made to have Mr. Keil provide a spotlight presentation at an upcoming meeting.

There being no further questions or comments, and upon motion duly made and seconded, the following resolution was unanimously adopted:

New York State Innovation Venture Capital Fund - Authorization of an investment of NYSIVCF funds in Agrilyst, Inc.

---

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 (the "Materials"), relating to the New York State Innovation Venture Capital Fund (the "Fund"), the Corporation is authorized to make an investment, in an amount not to exceed \$500,000, in Agrilyst (the "Company") and to enter into agreements and related documentation with the Company and the investment entities named in the Materials in order to effect such investment; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the investment, and each of them hereby is, authorized to take such actions, including modifying the terms of the investment and entering into additional agreements with the Company and others, as he or she may deem necessary or appropriate in the administration of the Corporation's investments in the Company; and be it further

RESOLVED, that the provision by the Corporation of financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable; (2) receipt of all other necessary approvals; and (3) the availability of funds and the approval of the State Division of the Budget, if applicable; and be it further

**DRAFT – SUBJECT TO REVIEW AND REVISION**

RESOLVED, that the President and Chief Executive Officer 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.

\* \* \*

Mr. Muszynski then presented the May Non-Discretionary Consent Calendar for the Directors' consideration.

Mr. Muszynski explained that there were two items on the Consent Calendar to be considered by the Directors.

Mr. Muszynski noted that the first item involves a \$5,717,000 grant to the Onondaga County Revitalization project. The grant, he explained, is for four separate projects as identified and outlined in the Directors materials. Mr. Muszynski went on to provide an overview of each project.

Mr. Muszynski stated that the second project involves a \$350,000 working capital grant to the Adirondack North Country Association.

Following the full presentation, the Acting Chair called for any questions or comments. A brief discussion ensued regarding the status of the project as well as the possible developers on the various sites. It was ultimately agreed that on future projects such as this one, the

**DRAFT – SUBJECT TO REVIEW AND REVISION**

Directors will be informed of who the final beneficiaries of those types of grants will be.

There being no further questions or comments, and upon motion duly made and seconded, the following resolution was unanimously adopted:

Special Appropriation-Onondaga County Revitalization – Findings and Determinations Pursuant to Section 10(g) of the Act; Adoption of the Proposed General Project Plans; Authorization to Make Grants 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 Special Appropriation-Onondaga County Revitalization 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(s); and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make a grant to the party and for the amount listed below from Special Appropriation-Onondaga County Revitalization, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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 Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plans (the “Plans”) for the applicable Projects included in these materials, together with such changes therein as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, copies of which Plans, together with such changes, shall be maintained with the records of the Corporation; and be it further

RESOLVED, if applicable, that upon further written finding that no substantive negative testimony or comment has been received at the public hearings held on the Plans, such Plans shall be effective at the conclusion of such hearings, and that upon such written findings being made, staff is authorized to make a grant to the parties and for the amounts listed below from Special Appropriation-Onondaga County Revitalization, for the purposes, and substantially on the terms and conditions, set forth in these materials; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s)

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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;

**Special Appropriation-Onondaga County Revitalization – Executive – Project Summary Table**

	Project Name	Proj #	Grantee	Assistance up to
	Special Appropriation-Onondaga County Revitalization			
A	Onondaga County Revitalization Projects Capital	AA893	County of Onondaga	\$5,717,700
			TOTAL	\$5,717,700

and be it further

RESOLVED, that the President and Chief Executive Officer 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.

\* \* \*

Local Assistance – Findings and Determinations Pursuant to Section 10(g) of the Act; Adoption of the Proposed General Project Plans; Authorization to Make Grants 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 Adirondack North Country Association Working Capital Local Assistance 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(s); and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make a grant to the party and for the amount listed below from Local Assistance, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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

**DRAFT – SUBJECT TO REVIEW AND REVISION**

Budget; 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 Plans (the “Plans”) for the applicable Projects included in these materials, together with such changes therein as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, copies of which Plans, together with such changes, shall be maintained with the records of the Corporation; and be it further

RESOLVED, if applicable, that upon further written finding that no substantive negative testimony or comment has been received at the public hearings held on the Plans, such Plans shall be effective at the conclusion of such hearings, and that upon such written findings being made, staff is authorized to make a grant to the parties and for the amounts listed below from Local Assistance, for the purposes, and substantially on the terms and conditions, set forth in these materials; and be it further

RESOLVED, that the President and Chief Executive Officer 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;

**Local Assistance -Senate – Project Summary Table**

	Project Name	Proj #	Grantee	Assistance up to
	Local Assistance			
B	Adirondack North Country Association Working Capital	AA745	Adirondack North Country Association, Inc.	\$350,000
			TOTAL	\$350,000

and be it further

RESOLVED, that the President and Chief Executive Officer 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.

\* \* \*

Next, Mr. Alfred asked the Directors to authorize the Corporation to amend its lease

**DRAFT – SUBJECT TO REVIEW AND REVISION**

with the Lockheed Martin Corporation with respect to improvements made to buildings subject to the lease.

Following the full presentation, the Acting Chair called for questions or comments.

Hearing none, and upon motion duly made and seconded, the following resolution was unanimously adopted:

**NEW YORK STATE URBAN DEVELOPMENT CORPORATION – Authorization to Amend the Lease with the Lockheed Martin Corporation and Take Related Actions**

---

BE IT RESOLVED, that in accordance with the materials presented to this meeting, a copy of which is hereby filed with the records of the Corporation (the "Materials"), and effective immediately, the Corporation is hereby authorized to amend the lease dated September 27, 1996 between the Corporation and the Lockheed Martin Corporation for certain property located at Electronics Park in Salina, New York, Onondaga County, substantially on the terms and conditions set forth in the Materials, and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his or her designees be, and each of them hereby is, authorized to take such action and execute such documents as may be necessary or appropriate to carry out the foregoing resolutions.

\* \* \*

Mr. Gawlik then asked the Directors to authorize ESD to implement the Market Order Program and to enter into the necessary agreements for transfer and administration of the program.

Mr. Gawlik explained that Market Orders are voluntary programs that are initiated and approved by the industry and enforced by the State. He added that they are created to enhance the orderly marketing of the products to provide for a variety of terms and conditions

**DRAFT – SUBJECT TO REVIEW AND REVISION**

imposed on the industry, such as minimum pricing, audit of receipts, disposition and payment to support the order and dissemination of market information.

Following the full presentation, the Acting Chair called for questions or comments.

Director Cephas asked if ESD has in-house staff with experience or expertise to take over this program or will individuals need to be hired to do this.

Mr. Gawlik stated that ESD has marketing expertise but it does not have expertise on the commodity side.

Director Cephas asked specifically whether or not ESD has expertise with regard to the underlying agricultural products.

Mr. Gawlik stated that ESD has the ability to hire people who have that expertise and that the corporation will contract with Agriculture and Markets to provide that administrative support.

Ms. Mize added that Agriculture and Markets will retain most of the responsibility for the consultation working with the Market Order Program. She added that ESD will mainly act as a conduit of funds wherein the Corporation will receive the funds, and send the funding out, and the expertise will remain with Agriculture and Markets.

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A further discussion ensued regarding ESD's role in this program going forward.

There being no further questions or comments, and upon motion duly made and seconded, the following resolution was unanimously:

Transfer of Marketing Order Program from the NYS Department of Agriculture & Markets- Authorization to Implement the Market Order Program, Enter the Necessary Agreements for Transfer and Administration of the Program; and to Take Related Actions.

---

RESOLVED, that based on the materials presented at this meeting and ordered filed with the records of the New York State Urban Development Corporation d/b/a Empire State Development (the "Corporation") relating to the Market Order Program, the Corporation is hereby authorized to administer the Market Order Program, and be it further

RESOLVED, that the Corporation is hereby authorized to (i) enter into an agreement with the NYS Department of Agriculture and Markets to provide for administration services; (ii) accept assignment of all existing contracts entered into by the NYS Department of Agriculture and Markets; (iii) receive and expend funds in accordance with the terms of the existing market orders in order to facilitate the Program; and (iv) to take all related actions; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designees be, and each of them hereby is, authorized to take such action and execute such documents as may be necessary or appropriate to carry out the foregoing resolutions.

\* \* \*

There being no further business, the meeting was adjourned at 10:34 a.m.

Respectfully submitted,

Eileen McEvoy  
Corporate Secretary



**FOR CONSIDERATION**

June 23, 2016

TO: The Directors

FROM: Howard Zemsky

SUBJECT: Annual Financial Reports

REQUEST FOR: Approval of Certain Annual Financial Reports and Authorization to  
Take Related Actions

---

I. Background

The Public Authorities Law (the Law) requires annual approval by the Corporation and certifications by the Chief Executive Officer and Deputy Chief Financial Officer & Controller of certain financial reports (the Report). The Report consists of financial information set forth in the independent audit required by the Law. The independent audit (the Audit), entitled New York State Urban Development Corporation and Subsidiaries Consolidated Financial Statements and Independent Auditors' Report March 31, 2016 and 2015 (Consolidated Financial Statements), which contains the required information, is attached hereto.

II. The Report

The Report includes the following:

1. Independent Auditors' Report
  - In this section the independent audit firm renders its opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation and its subsidiaries, and the results of its operations and cash flows for the current fiscal year, in conformity with accounting principles generally accepted in the United States of America.

The Independent Auditors' Report included in the Consolidated Financial Statements contains an unmodified (clean) opinion reflecting that the consolidated financial statements present

fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation and its subsidiaries.

2. **Management's Discussion and Analysis**
  - This is not a required part of the basic financial statements, but is supplementary information required by the Government Accounting Standards Board. It is required to precede the basic financial statements, discuss current-year results in comparison with the prior year and contain condensed financial information derived from the basic consolidated financial statements.
3. **Consolidated Financial Statements include**
  - Consolidated Statements of Net Position;
  - Consolidated Statements of Revenue, Expenses and Changes in Net Position;
  - Consolidated Statements of Cash Flows; and
  - Notes to Consolidated Financial Statements
4. **Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**
  - This letter addressed to the Board of Directors defines the potential weaknesses in internal control and identifies if the audit firm has discovered any such deficiencies. In addition, it discusses the Corporation's and its subsidiaries' compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters, non-compliance with which could have a direct and material effect on the determination of the financial statements amounts.

The Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters included in the Consolidated Financial Statements contains no findings of material weaknesses in internal control and no issues of non-compliance.

5. **Independent Auditors' Report on Investment Compliance**

The Independent Auditors' Report on Investment Compliance included in the Consolidated Financial Statements reflects that the Corporation and its subsidiaries complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on its investment program.

III. **Audit Committee**

The Audit Committee of the Corporation has reviewed the Report and recommends approval by the Board of Directors.

#### IV. Related Filing Requirements

As required under the Law certain annual reports, including various reports not of a financial nature but including the Report, will be submitted to the Governor, the Chairman and ranking minority member of the Senate Finance Committee, the Chairman and ranking minority member of the Assembly Ways and Means Committee and the State Comptroller, within ninety (90) days after the end of the Corporation's fiscal year.

As also required by the Law, the Audit will be submitted to the Governor, the Chairman and ranking minority member of the Senate Finance Committee, the Chairman and ranking minority member of the Assembly Ways and Means Committee and the State Comptroller, within thirty (30) days after receipt thereof by the Corporation.

#### V. Certifications

The Report has been certified in writing by the Chief Executive Officer and Deputy Chief Financial Officer & Controller of the Corporation that based on the officer's knowledge (a) the information provided therein is accurate, correct and does not contain any untrue statement of material fact; (b) does not omit any material fact which, if omitted, would cause the Report to be misleading in light of the circumstances under which such statements are made; and (c) fairly presents in all material respects the financial condition and results of the operations of the Corporation as of, and for, the periods presented in the Report.

#### Attachments

Resolutions

Certifications

Audited Consolidated Financial Statements

June 23, 2016

**NEW YORK STATE URBAN DEVELOPMENT CORPORATION d/b/a EMPIRE STATE DEVELOPMENT CORPORATION – (the “Corporation”) Approval of Certain Annual Financial Reports and Authorization to take Related Actions**

---

WHEREAS, the Corporation wishes to comply with §2800 of the Public Authorities Law (the Law) which mandates that public benefit corporations annually prepare certain financial reports (the Report) which for the Corporation and its subsidiaries consists of the independent audit;

WHEREAS, an independent audit is required by §2802 of the Law;

WHEREAS, §2800 of said Law also requires the annual approval by the Board and certifications by the Chief Executive Officer and Deputy Chief Financial Officer & Controller of the Report;

WHEREAS, an independent audit has been prepared for the fiscal year ended March 31, 2016;

WHEREAS, the Corporation has reviewed said Report and found it to be satisfactory; and

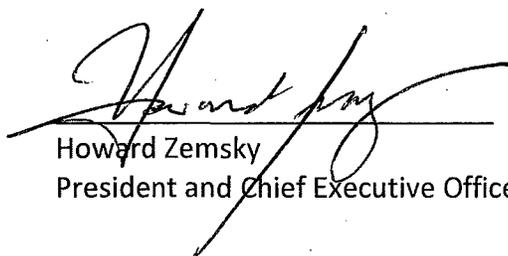
NOW, THEREFORE, based on the materials submitted herewith, IT IS HEREBY RESOLVED that the Report is hereby approved; and it is further

RESOLVED, that the President and Chief Executive Officer, Deputy Chief Financial Officer & Controller, Treasurer or their designees be, and each of them hereby is, authorized and empowered to submit said Report, as required by law, and to take such action and execute such agreements and instruments as he or she may consider necessary or desirable or appropriate in connection with the implementation and approval of the Report and to take related actions.

\* \* \*

CERTIFICATION

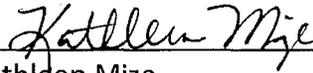
I hereby certify that to the best of my knowledge (a) the information provided in the New York State Urban Development Corporation and Subsidiaries Consolidated Financial Statements and Independent Auditors' Report for the years ended March 31, 2016 and 2015 is accurate, correct and does not contain any untrue statement of material fact; (b) does not omit any material fact which, if omitted, would cause the financial statements to be misleading in light of the circumstances under which such statements are made; and (c) fairly presents in all material respects the financial condition and results of operations of the New York State Urban Development Corporation d/b/a Empire State Development as of, and for, the periods presented in the financial statements.



Howard Zemsky  
President and Chief Executive Officer

CERTIFICATION

I hereby certify that to the best of my knowledge (a) the information provided in the New York State Urban Development Corporation and Subsidiaries Consolidated Financial Statements and Independent Auditors' Report for the years ended March 31, 2016 and 2015 is accurate, correct and does not contain any untrue statement of material fact; (b) does not omit any material fact which, if omitted, would cause the financial statements to be misleading in light of the circumstances under which such statements are made; and (c) fairly presents in all material respects the financial condition and results of operations of the New York State Urban Development Corporation d/b/a Empire State Development as of, and for, the periods presented in the financial statements.



Kathleen Mize

Deputy Chief Financial Officer & Controller

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements  
And Independent Auditors' Report

March 31, 2016 and 2015

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

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\* \* \* \* \*

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
New York State Urban Development  
Corporation:

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of New York State Urban Development Corporation and Subsidiaries (the "Corporation"), a component unit of the State of New York, as of and for the years ended March 31, 2016 and 2015, and the related notes to consolidated financial statements, which collectively comprise the Corporation's consolidated financial statements as listed in the table of contents.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An

audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the net position of New York State Urban Development Corporation and Subsidiaries as of March 31, 2016 and 2015, and the respective changes in net position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### Other Matters

As discussed in note 2(p) to the financial statements, the Corporation adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68," during the year ended March 31, 2016. Our opinion is not modified with respect to these matters.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 19, the Schedule of Funding Progress - Other Postemployment Benefits - Last Three Years on page 71, the Schedule of Corporation's Proportionate Share of the Net Pension Liability on page 72, and the Schedule of Corporation's Employer Pension Contributions on page 73 be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 13, 2016, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corporation's internal control over financial reporting and compliance.

In accordance with Government Auditing Standards, we have also issued our report dated June 13, 2016 on the Corporation's compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York. The purpose of that report is to provide an opinion as to the Corporation's compliance with investment guidelines contained therein. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corporation's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC  
(Formerly Toski & Co., CPAs, P.C.)

Williamsville, New York  
June 13, 2016

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis

March 31, 2016 and 2015

Our discussion and analysis of New York State Urban Development Corporation and Subsidiaries' ("UDC" or the "Corporation"), doing business as Empire State Development ("ESD"), financial performance provides an overview of the Corporation's financial activities for the fiscal year ended March 31, 2016. Please read it in conjunction with the Corporation's consolidated financial statements.

**Overview**

Economic Development Programs and Initiatives

ESD continued its efforts to foster economic development throughout New York State during fiscal 2016. Its mission is to promote a vigorous and growing state economy, encourage business investment and job creation, and support diverse, prosperous local economies across New York State through the efficient use of loans, grants, tax credits, real estate development, marketing and other forms of assistance. To support the Corporation in carrying out its mission, the State Legislature has provided the Corporation with various statutory powers, including the power to issue bonds, offer tax benefits to developers, condemn real property and waive compliance, where appropriate, with certain local codes and laws.

To enhance ESD's business outreach and emphasize local priorities, New York's Regional Economic Development Council ("REDC") initiative was established in 2011, supported by funding via the Regional Council Capital Fund as part of the State's fiscal year budget. Over the past five years, the Regional Council Capital Fund, which is administered by ESD, has made available over \$730 million of capital grant funding for the State's REDC initiative, which has, and will continue to, help drive regional and local economic development across New York State in cooperation with ten Regional Economic Development Councils ("Regional Councils"). Regional Council Capital Funds are allocated among the State's ten regions, each represented by a Regional Council, through a process that includes each Regional Council's development and implementation of a five-year strategic plan for its region that sets out a comprehensive vision for economic development and specific strategies to implement that vision. ESD's role in the State's REDC initiative is to administer the Regional Council Capital Fund and any other funding, allocated annually, that is awarded through a competitive Consolidated Funding Application review process.

During fiscal 2016, through the initiative above and other programs, such as the Buffalo Regional Innovation Cluster, the New York Works Program, the Empire State Economic Development Fund, the Economic Development Purposes Fund, the Market NY Program, the Upstate Regional Blueprint Fund and Restore NY Communities, which promote the economic development and health of New York State by facilitating the creation and/or retention of jobs or increased economic activity, the ESD Directors and Chief Executive Officer ("CEO") approved financial assistance for over 370 companies and organizations. During this period, the \$966 million ESD investment approved by the Directors and CEO leveraged an additional \$8.8 billion in total investment, resulting in the retention and creation of over 20,000 jobs.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Economic Development Programs and Initiatives, Continued

The Buffalo Regional Innovation Cluster, or Buffalo Billion initiative, was established in fiscal 2013 to attract private sector investment and promote the creation of sustainable jobs in Western New York ("WNY"). To move this initiative forward, the Buffalo Billion Investment Development Plan was published and focused on three sector strategies (advanced manufacturing, health and life sciences and tourism) and three core strategies (entrepreneurship, workforce and smart growth). Within each of the strategies, signature initiatives were developed that would leverage the region's assets and ultimately spur economic development in WNY. The majority of the Buffalo Billion projects are not direct investments in individual companies, but are strategic investments in state assets that will ultimately attract private investment. A few of the current projects are: Buffalo High Tech Manufacturing Innovation Hub at RiverBend; Buffalo Medical Innovation and Commercialization Hub at Buffalo Niagara Medical Campus; Robert Moses Parkway Redevelopment; Western New York Workforce Development Center; 43 North Business Plan Competition; and Better Buffalo Fund.

Over the past five years New York State has helped small businesses secure over \$1 billion in loan capital, and provided mentorship, training, and technical assistance to tens of thousands of firms, resulting in the launch of over 10,000 small businesses. Much of that activity is conducted through programs administered by ESD. Initiatives launched over the past several years include the \$45 million Innovate NY Seed Stage Equity Investment Fund, the Small Business Revolving Loan Fund, the Surety Bond Assistance Program, and the Bridge to Success working capital loan program. During fiscal 2016, ESD continued Business Mentor NY, the State's first one-on-one pro bono mentoring program geared to help small businesses overcome challenges and spur growth. This program compliments services ESD provides to small businesses by connecting them, and emerging entrepreneurs, to volunteer mentors working in the private sector to help these businesses address specific challenges and realize their full economic potential. Since inception, over 2,800 mentors and entrepreneurs have enrolled and over 1,200 engagements have been initiated. ESD also continued administering the NYS Innovation Venture Capital Fund ("NYSIVCF" or the "Fund") which is currently funded at \$100 million. This Fund invests in eligible seed and early stage small businesses located in, or in writing agree to be located in New York State that (i) have the potential to generate additional economic activity in the State and (ii) are working in emerging technology fields or have the potential to achieve technological advances, innovation, transformation or development. NYSIVCF also provides funding for the Technology Commercialization fund-of-funds investment program which supports pre-seed investment opportunities throughout the State. During fiscal 2016, the Fund made three direct equity investments totaling \$4.75 million and awarded \$5 million to the three Investment Managers as part of the Technology Commercialization Program. ESD continued the MWBE Investment Fund, having selected an investment manager to make equity investments in minority and women-owned business enterprises.

During fiscal 2016, ESD continued to work closely and play a significant advisory role with New York State Homes and Community Renewal ("HCR") and the Governor's Office of Storm Recovery to administer grant and low-interest loan programs for businesses that suffered eligible, uncompensated losses as a direct result of Super Storm Sandy, Hurricane Irene or Tropical Storm

NEW YORK STATE URBAN DEVELOPMENT  
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Management's Discussion and Analysis, Continued

Economic Development Programs and Initiatives, Continued

Lee ("Sandy, Irene and Lee"). Grants ranged from \$50,000 to \$250,000 to help businesses with replacement of inventory, machinery and equipment, repair of real estate, and provision of needed working capital. Higher grant amounts were available to businesses in the seasonal tourism and fisheries industries and to those that invest in mitigation efforts to prepare for the impacts of future storms. Loans of up to \$1 million at a two percent interest rate and seven-year maximum term were provided to businesses that had a need beyond the grant programs.

ESD entered into an inter-agency agreement with HCR to administer the Business Mentor NY program (mentioned above), tourism marketing programs, and a "program marketing" campaign that promoted the availability of storm recovery programming for businesses in the areas affected by Sandy, Irene and Lee. The \$40.5 million in total contracted services was comprised of: \$3 million for Business Mentor NY; \$30 million to oversee the work of an advertising agency to develop and implement an industry-wide advertising and marketing campaign in order to provide immediate support to the State's tourism industry and promote travel to communities; and \$7.5 million to oversee the work of an advertising agency to undertake an industry-wide marketing campaign to launch and promote the Small Business Storm Recovery Program.

In addition to the funding highlighted above for advertising and marketing, ESD continues to administer and manage a robust communications, marketing and tourism campaign. The campaign is committed to grow the tourism industry, create jobs, increase the number of visitors to the State and demonstrate to businesses that New York is the place to invest and grow.

Economic Development Tax Incentives

ESD administers the Excelsior Jobs Program that provides job creation and investment incentives to firms in certain targeted industries, ranging from biotechnology to manufacturing. Businesses in these industries that create and maintain jobs or make significant financial investments are eligible to apply for up to four tax credits through the New York State Department of Taxation and Finance.

ESD is also the administrative agency for the New York State Film Tax Credit Program, which is designed to increase the film production and post-production industry presence in and overall economic benefits to New York State. Program tax credits of \$420 million per year, which do not flow through ESD, can be allocated and used to encourage companies to produce film and television projects in the State and help create and maintain film industry jobs.

In fiscal year 2014, ESD began co-administering the START-UP NY ("SUNY Tax-free Areas to Revitalize and Transform Upstate NY") initiative which is expected to transform SUNY campuses and university communities across the state into tax-free communities, including no income tax for employees and no sales, property or business tax for ten years. The program continued to build in 2016. START-UP NY attracts start-ups, new business, business expansions and investments from across the nation and around the globe to New York by offering the opportunity to operate completely tax-free, while also partnering with the world-class higher education institutions in the SUNY system, in return for creating net new jobs. Businesses participating in the program need to

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Management's Discussion and Analysis, Continued

Economic Development Tax Incentives, Continued

be aligned with or further the academic mission of the campus, college or university sponsoring the tax-free community, have positive community and economic benefits and create and maintain new jobs. To date approximately seventy-seven (77) campus plans have been approved, of which thirty-seven (37) have approved businesses participating in the program, and approximately one hundred ninety-one (191) businesses have been approved for participation in START-UP NY. These companies have committed to create over four thousand three hundred (4,300) jobs and invest over \$240 million dollars over the next five (5) years.

Subsidiaries and Economic Development Projects

In addition to assisting businesses, the Corporation continues to support major development and redevelopment efforts throughout the State through its many subsidiaries and its involvement in significant economic development projects. Some of the more significant ones are highlighted below.

To further the mission of Moynihan Station Development Corporation ("MSDC"), ESD completed the purchase of the James A. Farley Post Office ("Farley") building in fiscal 2007 as a part of the redevelopment of Moynihan Station. \$130.0 million of seller's financed debt was obtained directly from the U.S. Postal Service to assist in the acquisition. ESD financed \$105.0 million in order to complete the transaction. Funding of \$30.0 million was received from the Port Authority of New York and New Jersey (the "Port Authority") and a loan was secured from Citigroup Global Markets, Inc. for \$75.0 million for a term of three years. The loan has been refinanced in fiscal 2010, 2013 and, again in fiscal year 2015, at \$150 million for two years. Interest continues to be capitalized and ESD made two principal payments of \$250,000 each in fiscal 2016. The 2015 financing agreement expires in February 2017. Beside the repayment of the prior loan, current capitalized interest and cost of issuance, ESD borrowed an additional \$37.2 million to be used for early action construction for Phase 2 of the project. At March 31, 2016, the remaining combined balance of this debt is \$221.7 million.

The current project is a planned relocation of Amtrak's intercity rail operations from existing Pennsylvania Station to a redeveloped Farley building and is being advanced in two distinct phases. Phase I, which is currently underway, and scheduled for completion in September 2016, will construct the commuter concourse for the new station, install an emergency platform ventilation system and renovate the underground connection from the 8<sup>th</sup> Avenue subway.

In January of 2016, implementation of an initiative for the development of a commuter and intercity passenger railroad terminal to be known as the Empire Station Complex ("Empire Station") was commenced. This initiative includes Phase 2 of the Moynihan Station project and the redevelopment of the Farley Building. In furtherance of the Empire Station initiative, ESD with the MTA, LIRR and Amtrak issued a Joint Solicitation for the Development of the Empire Station Complex. The solicitation consists of (i) a request for expressions of interest and request for qualifications for the private redevelopment of Penn Station and (ii) a request for proposals for the

NEW YORK STATE URBAN DEVELOPMENT  
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Management's Discussion and Analysis, Continued

Subsidiaries and Economic Development Projects, (Continued)

private redevelopment of Farley, including (a) a new Moynihan Train Hall (a new railroad passenger train hall), that would serve LIRR and Amtrak passengers, new back-of-house and passenger facing operations for LIRR and Amtrak, (b) work in the Penn Station train-shed related to the Moynihan Train Hall, and (c) private commercial space, including space leased to USPS for retail and operations use. MSDC is working with ESD, the Federal Railroad Administration, Amtrak, the Port Authority, New York City and the Governor's Office on a final funding plan for Phase 2 so that construction on the train hall can advance in autumn of 2016. The Farley property also has approximately 2.5 million square feet of development rights that can be disposed of in order to fund the construction of the Moynihan Train Hall and associated work in the train-shed.

MSDC continues to engage the services of an events management firm which implemented a comprehensive events marketing strategy for the Farley building. Revenue generated from events held at the Farley building totaled \$4.1 million and \$2.6 million for the fiscal years ended March 31, 2016 and 2015, respectively.

The assets of New York Convention Center Development Corporation ("NYCCDC") were transferred to ESD in 2005 and NYCCDC issued \$700.0 million in revenue bonds to fund the expansion and renovation of the Jacob K. Javits Convention Center (the "Javits Center"). The bonds were secured by a hotel unit fee which generated \$45.8 million and \$46.5 million for the fiscal years ended March 31, 2016 and 2015, respectively. The construction related to the original expansion and renovation of the Javits Center has been completed and the cumulative total cost was \$735.2 million at March 31, 2016. Additional information regarding NYCCDC is included in the "Anticipated Future Transactions and Information" section of this report.

New York State designated ESD as the lead agency in providing assistance to businesses affected by the events of September 11, 2001. The United States Department of Housing and Urban Development ("HUD") gave ESD the ability to draw grant funds of up to \$700.0 million to fund these efforts. In November 2001, the Board of Directors authorized the creation of the Lower Manhattan Development Corporation ("LMDC") to assist in the economic recovery and revitalization of lower Manhattan following the events of September 11, 2001. HUD provided LMDC the authority to draw grants up to \$2.783 billion to fund these efforts. As of March 31, 2016, more than \$3.141 billion of the total \$3.483 billion in funding has been disbursed by both ESD and its subsidiary, LMDC, to qualified businesses and individuals.

ESD continues to be actively involved in the Atlantic Yards Project which consists of plans to redevelop twenty-two acres of underutilized land in downtown Brooklyn. The general project plan adopted in July 2006, and modified in June 2009, includes an arena for the Brooklyn Nets, a reconfigured Vanderbilt yard and subway facility, and sixteen buildings for residential, office, retail uses and potential for a hotel. The residential development will include an affordable component and eight acres of the site are planned for publicly-accessible open space. The developer, Forest City Ratner Companies ("FCR") has completed the arena and in December 2012, broke ground on the first residential tower. In October 2013, FCR entered into an agreement with Shanghai-based Greenland Group Co. to create a joint venture, Greenland Forest City Partners, to acquire and

NEW YORK STATE URBAN DEVELOPMENT  
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Management's Discussion and Analysis, Continued

Subsidiaries and Economic Development Projects (Continued)

develop the Atlantic Yards Project. At its June 27, 2014 meeting, the ESD Board of Directors affirmed the 2014 Modified General Project Plan ("MGPP") and authorized the creation of the Atlantic Yards Community Development Corporation ("AYCDC"), a subsidiary of ESD. The MGPP accelerates development and ensures the timely arrival of key project deliverables for the community and the creation of AYCDC is expected to facilitate continued progress of the project, which the joint venture rebranded as Pacific Park Brooklyn. In August 2015, the ESD Board of Directors approved proposed changes to the design for the Project's eight acres of open space.

Erie Canal Harbor Development Corporation ("ECHDC") continues to be guided by its mission to revitalize Western New York's waterfront and restore economic growth to Buffalo, based on the region's legacy of pride, urban significance and natural beauty. ECHDC has made significant advancements in terms of waterfront development and its goal of working to accomplish public/private partnerships. Its strategic investment in infrastructure and programming has resulted in unprecedented private investment in Buffalo's waterfront. Noteworthy accomplishments during fiscal 2016 include: funding over one thousand events and activities at Canalside bringing over one million visitors to Buffalo; continuing work with ESD and NYS Parks on the redevelopment of the outer Harbor lands, including the final portions that were transferred to ECHDC during fiscal 2016; completing construction on the public canal system on the site of the former Memorial Auditorium, which interpret the historic alignment of the original Erie Canal, as it terminated in downtown Buffalo; utilizing the Canals in the winter for skating and other winter events that attracted over seventy thousand skaters; and achieving completion of construction of the lighting display at the Connecting Terminal and the Skyway relative to the grain elevator lighting project.

Also committed to Western New York, USA Niagara Development Corporation ("USAN") continues its mission of dedication to the support and promotion of economic development initiatives in downtown Niagara Falls by leveraging private investment through targeted public investments in start-up capital, key infrastructure improvements, and organizational assistance. The over-arching principle of the development strategy at USAN is simultaneously working on implementation of different types of projects (i.e., phases) with different development cycles, from short-term efforts to large construction projects. This approach has proven to be successful as USAN has completed or substantially completed aspects of approximately thirty-three projects, and is actively working on twelve other efforts in various stages of development, totaling over \$544 million. These efforts range from downtown streetscape infrastructure projects to improve the settling for downtown investment to middle-range efforts to reconnect downtown to its waterfront and to begin sensible infill development on shovel-ready downtown sites to leading planning efforts toward developing a new, market-changing feature focused on the unique story of the region-the Niagara Experience Center, a major experimental museum, interpretative center, and most importantly, a portal to cultural attractions throughout all of Buffalo Niagara. USAN has also begun work on a Request For Proposals for new outdoor recreation programming to capitalize on the world-class outdoor recreation assets along Niagara Falls' waterfront.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Subsidiaries and Economic Development Projects (Continued)

Other examples of economic development and redevelopment include Harlem Community Development Corporation ("HCDC"), Queens West Development Corporation ("QWDC"), Fort Schuyler Management Corporation-RiverBend Park, The Research Foundation of SUNY - College for Nanoscale and Science, Fort Schuyler Management Corporation-Athenex, Fort Schuyler Management Corporation-AMRI, New York Genome Center and Central New York HUB for Emerging Nano Industries - Soraa.

NEW YORK STATE URBAN DEVELOPMENT  
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Management's Discussion and Analysis, Continued

The following is a summary of the Corporation's financial information as of and for the years ended March 31, 2016 and 2015:

SUMMARY OF CONSOLIDATED STATEMENTS OF NET POSITION

	<u>2016</u>	<u>2015</u>
	(In thousands)	
<b>Assets</b>		
Current assets:		
Cash, equivalents and temporary investments	\$ 282,513	366,955
Other current assets	<u>2,861,367</u>	<u>3,145,087</u>
Total current assets	<u>3,143,880</u>	<u>3,512,042</u>
Non-current assets:		
Investment securities - restricted	20,601	19,954
Loans and leases receivable	116,595	124,778
Due from State of New York	10,691,335	9,048,204
Due from Port Authority of New York and New Jersey	103,454	123,612
Due from New York Job Development Authority	26,259	26,233
Capital assets, net	1,919,318	1,841,827
Other assets	<u>223,814</u>	<u>237,698</u>
Total non-current assets	<u>13,101,376</u>	<u>11,422,306</u>
Total assets	<u>16,245,256</u>	<u>14,934,348</u>
<b>Deferred outflows of resources</b>	<u>103,678</u>	<u>94,398</u>
<b>Liabilities</b>		
Current liabilities		
Non-current liabilities	1,416,695	1,182,808
Total liabilities	<u>12,394,653</u>	<u>11,317,915</u>
Total liabilities	<u>13,811,348</u>	<u>12,500,723</u>
<b>Deferred inflows of resources</b>	<u>377,866</u>	<u>408,001</u>
Minority interest	<u>161,438</u>	<u>166,471</u>
<b>Net position</b>		
Restricted:		
Appropriations repayable under prescribed conditions	197,554	197,554
Other restricted for specific purposes	<u>106,218</u>	<u>135,824</u>
Total restricted	303,772	333,378
Net investment in capital assets	<u>1,694,510</u>	<u>1,620,173</u>
Total net position	<u>\$ 1,998,282</u>	<u>1,953,551</u>

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

SUMMARY OF CONSOLIDATED STATEMENTS OF REVENUE,  
EXPENSES AND CHANGES IN NET POSITION

	<u>2016</u>	<u>2015</u>
	(In thousands)	
Operating revenue:		
Interest and finance income from:		
Housing companies	\$ 477	15
Nonresidential projects	9,764	11,015
Interest on revenue bonds	38,284	45,586
Hotel tax revenue	45,808	46,453
Reimbursed grants	141,848	141,010
Economic development grants	690,455	395,561
State appropriation for programs	18,352	13,475
Other revenue	<u>92,803</u>	<u>95,273</u>
Total operating revenue	<u>1,037,791</u>	<u>748,388</u>
Operating expenses:		
Interest related to:		
Corporate purpose bonds	-	1,206
Corporate loans	6,291	4,414
Interest on revenue bonds	38,284	45,586
Interest on subsidiary project bonds	31,798	17,346
Reimbursed grants	37,478	41,270
Economic development grants	693,942	397,955
General and administrative	109,633	126,428
Subsidiary program and administrative	30,855	31,067
Pollution remediation	1,709	(569)
Provision for recoveries on loans and leases receivable and investments in other assets	10,921	5,309
Depreciation	<u>36,618</u>	<u>24,907</u>
Total operating expenses	<u>997,529</u>	<u>694,919</u>
Minority interest	<u>5,033</u>	<u>(1,779)</u>
Operating income	<u>45,295</u>	<u>51,690</u>
Non-operating revenue	571,069	472,929
Non-operating expenses	<u>571,528</u>	<u>470,364</u>
Change in net position	<u>44,836</u>	<u>54,255</u>
Net position at beginning of year, as previously stated	1,953,551	1,899,296
Cumulative effect of change in accounting principle	<u>(105)</u>	<u>-</u>
Net position at beginning of year, as restated	<u>1,953,446</u>	<u>1,899,296</u>
Net position at end of year	\$ <u>1,998,282</u>	<u>1,953,551</u>

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Subsidiaries and Economic Development Projects (Continued)

**Liquidity**

The Corporation's cash, cash equivalents and temporary investments totaled approximately \$282.5 million and \$367.0 million at March 31, 2016 and 2015, respectively. The decrease is primarily due to the transfer of \$65.0 million received on the final day of fiscal 2015 for economic development projects which was disbursed to grant recipients in fiscal 2016. In addition, the decrease is attributed to the receipt of certain non-recurring payments related to various Corporate and Subsidiary programs and financing fees in the prior fiscal year.

**Capitalization**

Prior to March 31, 2016, ESD had repaid all its outstanding corporate purpose bond debt obligations. No new corporate purpose debt was issued during fiscal 2016 and 2015. In addition, it had \$12.4 billion in revenue bonds outstanding. These bonds are issued on behalf of the State to provide the Corporation with funds to enable it to engage in certain projects relating to financing of State Facilities, economic development activities, housing projects and other State supported financing activities. The revenue bonds debt service is provided by New York State.

In March of 2016, ESD issued \$1,654.9 million in State Personal Income Tax Revenue Bonds (General Purpose) Series 2016A (the "Series 2016A Bonds") for the purpose of refunding certain outstanding State Personal Income Tax Revenue Bonds and other State-supported debt previously issued by the Corporation, the New York State Housing Finance Agency and the New York State Thruway Authority. In addition, proceeds of the Series 2016A Bonds were used to pay all or part of the cost of issuance of the Series 2016A Bonds.

In December of 2015, ESD issued \$1,130.3 million in State Personal Income Tax Revenue Bonds (General Purpose): \$893.4 million Series 2015A and \$236.9 million Series 2015B (Federally Taxable). The Series 2015A and 2015B bonds (the "Series 2015 Bonds") were issued for the purpose of financing and refinancing Authorized Purposes, including (a) finance or reimburse all or a portion of the costs of programs and projects throughout the State, including highway and bridge capital projects, correctional and youth facilities projects, housing assistance projects and programs, economic development projects and State facilities projects, and (b) refund certain outstanding State Personal Income Tax Revenue Bonds and other State-supported debt previously issued by the Corporation and the New York State Housing Finance Agency. In addition, proceeds of the Series 2015 Bonds were used to pay all or part of the cost of issuance of the Series 2015 Bonds.

In December of 2014, ESD issued \$1,296.6 million in State Personal Income Tax Revenue Bonds (General Purpose): \$925.8 million Series 2014A and \$370.8 million Series 2014B (Federally Taxable). The Series 2014A and 2014B bonds (the "Series 2014 Bonds") were issued to finance or reimburse all or a portion of the costs of programs and projects throughout the State, including highway and bridge capital projects, correctional projects, housing projects, economic development projects, State Facilities projects, and to refund certain outstanding State Personal Income Tax Revenue Bonds. In addition, proceeds of the Series 2014A and 2014B Bonds were used to pay all or part of the cost of issuance of the Series 2014 Bonds.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

**Capitalization (Continued)**

In fiscal 2015, ESD redeemed \$45.1 million of Corporate Purpose Subordinate Lien Bonds Series 2004A with funds received primarily from repayments of the Corporation's housing mortgages which secured the corporate purpose bonds.

In August 2015, the New York Convention Center Development Corporation ("NYCCDC") issued \$632.1 million Revenue Refunding Bonds (Hotel Unit Fee Secured) Series 2015 for the purpose of (i) refunding NYCCDC's Revenue Bonds (Hotel Unit Fee Secured) Series 2005, (ii) paying certain costs of expanding and renovating the Javits Center, (iii) funding certain reserves and (iv) paying the costs of issuance. These bonds will continue to be repaid from revenues received by NYCCDC from hotel unit fees imposed on certain hotel room rentals located in all five boroughs of New York City.

**Interest Rate Transactions**

During fiscal 2016 and 2015, there was no new activity with regard to the interest rate swap agreements.

Certain segments of the \$1.0 billion interest rate swap agreements in connection with Correctional and Youth Facilities Service Contract Revenue Series 2002B Bonds were terminated during fiscal year 2011. In May 2010, \$175.0 million Citibank and \$45.0 million Goldman Sachs swaps were terminated. In August 2008, \$125.0 million Morgan Stanley swaps were terminated. In June 2008, \$250.0 million Bear Stearns and \$205.0 million Goldman Sachs swaps were also terminated. As of March 31, 2016, the total amount of swap terminations related to the original 2002B Bonds was \$800 million. The remaining \$200.0 million interest rate swap agreements are in connection with the Service Contract Revenue Refunding Series 2008A Bonds (Variable Rate Demand Notes) which also partially refunded the 2002B Bonds.

Under the swaps, the Corporation effectively converted terms of the underlying debt obligation from a variable to a fixed rate. Under the terms of the agreement, the Corporation pays a fixed rate of 3.578% to the related counter party and receives a variable rate equivalent to 65% of the 30 day USD-LIBOR rate. The maturities of the swaps are equal to the maturities of Series 2008A Bonds and amortizations begin in 2017 with a final maturity in 2030. Since the Corporation is fully reimbursed by the State for all payments related to the swaps, no gains or losses will be recognized.

The Corporation, in fiscal 2005, entered into additional interest rate swap agreements in connection with its \$649.9 million State Personal Income Tax Revenue Bonds, Series 2004A-2, 2004A-3 and 2004A-4 (State Facilities and Equipment) and the \$30.5 million State Personal Income Tax Revenue Bonds Series 2004B-2 (Economic Development and Housing). In September 2008, the swap agreement in connection with the State Personal Income Tax Revenue Bonds was partially terminated as follows: \$74.6 million Lehman Brothers Derivative Products of Series 2004A-3, \$1.1 million Lehman Brothers Derivative Products of Series 2004A-4, \$3.9 million Lehman Brothers Derivative Products of Series 2004B-2 and \$75.1 million Lehman Brothers Derivative Products of Series 2004A-2. In September 2010, the remaining swaps for 2004A-2 and 2004B-2 were terminated.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

**Interest Rate Transactions (Continued)**

The remaining \$224.0 million interest rate swap agreements are in connection with the State Personal Income Tax Revenue Bonds, Series 2004A-3, with amortization ranging from 2025 to 2033. The Corporation receives a variable rate equivalent to 65% of the 30 day USD-LIBOR rate and pays a fixed rate to the related counterparties of 3.490%. Since the Corporation is fully reimbursed by the State for all payments related to the swaps, no gains or losses will be recognized.

The fair value of the swaps is recorded as a deferred inflow of resources and the related deferred loss is recorded as a deferred outflow of resources.

**Investment Ratings**

As of March 31, 2016, the Corporation's outstanding debt had the following ratings from the three major rating agencies. Below are some representative issues:

<u>Issue</u>	<u>Underlying Ratings</u>		
	<u>Moody's</u>	<u>S&amp;P</u>	<u>Fitch</u>
Correctional Facility Service Contract - Refunding 2010B	N/A	AA	AA
Personal Income Tax Revenue Bonds Series 2009 B1	N/A	AAA	AA+
NY Convention Center Revenue Refunding Bonds Series 2015	Aa3	N/A	N/A

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

**Change in Net Position**

The change in net position for the year ended March 31, 2016 was \$44.8 million compared with \$54.3 million in the prior year. The decrease is primarily due to the reclassification of asset balances related to the dissolution of the Harriman Research & Technology Development Corporation Subsidiary.

**Revenue**

Operating revenue in the 2016 fiscal year approximated \$1,037.8 million compared with \$748.4 million in fiscal 2015. The net increase of \$289.4 million is primarily the result of changes in the following categories:

Increases in operating revenue primarily occurred in the following categories:

- Interest and finance income from housing companies increased by approximately \$0.5 million due to an increase in required excess cashflow mortgage receipts.
- Reimbursed grants revenue increased by approximately \$0.8 million due primarily to increases in reimbursed revenues and program expenses of \$11.1 million for MSDC and the Broadband Program offset by a decrease of \$3.8 million in HUD grant funding to LMDC and ESD as a result of decreased activity in existing programs and a decrease of \$6.5 million in grant funding to subsidiaries, including ECHDC, due to reduced activity in federal and other funding agreements.
- Economic development grants funding increased by \$294.9 million due to an increase in activity within existing grant programs, including the following projects: Fort Schuyler Management-RiverBend Park, NY Genome Center, the Research Foundation of SUNY, Central NY Hub for Emerging Nano Industries and NYULMC Neuroscience Institute.
- State appropriation for programs increased by \$4.9 million due to an increase in the amount of new loan income generated from the economic development loan program.

Decreases in operating revenue primarily occurred in the following categories:

- Interest and finance income for nonresidential projects decreased by \$1.3 million due to the receipt of a required one-time tax equivalency payment in fiscal 2015 for a Roosevelt Island property.
- Interest on revenue bonds decreased by approximately \$7.3 million due to the repayment of certain bonds.
- Hotel Tax revenue decreased by approximately \$0.6 million as a result of less hotel room rentals in New York City.
- Other revenues decreased by approximately \$2.5 million due primarily to an \$18.5 million reduction in recognized revenue for the worldwide communication and marketing promotion program, NY Open for Business. This was offset by an increase of approximately \$16.0 million in the following revenue categories: activity in the New York Innovation Venture Capital Fund, additional bond fee income from the issuance of refunding bonds by NYCCDC, and a payment in lieu of sales tax related to One Bryant Park.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

**Revenue, Continued**

Non-operating revenue approximated \$571.0 million in fiscal 2016 compared to \$472.9 million in fiscal 2015. The increase of \$98.1 million is due primarily to a gain on the refinancing of debt service obligations related to the State Personal Income Tax Revenue Bonds (General Purpose) Series 2016A and the issuance of new bonds, State Personal Income Tax Revenue Bonds (General Purpose) Series 2015A and 2015B.

**Expenses**

Operating expenses in the fiscal year ended March 31, 2016 approximated \$997.5 million in comparison to \$694.9 million in fiscal 2015. The net increase of \$302.6 million is primarily the result of changes in the following categories:

Increases in operating expenses primarily occurred in the following categories:

- Interest on corporate purpose bonds and loans increased by a combined total of approximately \$0.7 million primarily due to interest expense related to the Farley refinancing.
- Interest on subsidiary project bonds increased by approximately \$14.5 million due to the completion of the original renovation and expansion of the Jacob Javits Convention Center and the reclassification of capitalized interest.
- Economic development grants increased by approximately \$295.9 million due to the increase in activity within existing grant programs including the following projects: Fort Schuyler Management-RiverBend Park, NY Genome Center, the Research Foundation of SUNY, Central NY Hub for Emerging Nano Industries and NYULMC Neuroscience Institute.
- Pollution remediation expense increased by approximately \$2.3 million due primarily to additional remediation activity related to the Episcopal Church Home project in Buffalo.
- Provision for recoveries on loans and leases receivable and investment in other assets increased by approximately \$5.6 million due primarily to the recording of expenses associated with the dissolution of the Harriman Research and Technology Development Corporation Subsidiary.
- Depreciation increased by approximately \$11.7 million due to the reclassification of certain capitalized accounts to fixed assets related to the completion of the original renovation and expansion of the Jacob Javits Convention Center.

Decreases in operating expenses primarily occurred in the following categories:

- Interest on revenue bonds decreased by approximately \$7.3 million due to the repayment of certain bonds.
- Reimbursed grants expense decreased by approximately \$3.8 million primarily due to a decrease in HUD grant funding to LMDC and ESD as a result of decreased activity in existing programs.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

**Expenses, Continued**

- General and administrative expenses decreased by approximately \$16.8 million due primarily to a reduction in billing activity related to the worldwide communication and marketing promotion program, NY Open for Business.
- Subsidiary program and administrative expenses decreased by approximately \$0.2 million due primarily to a reduction in consultant and legal fees at certain subsidiaries, including LMDC.

Non-operating expenses approximated \$571.5 million in fiscal 2016 compared to \$470.3 million in fiscal 2015. The increase of \$101.2 million is due primarily to the issuance of new bonds and the related debt service.

**Anticipated Future Transactions and Information**

The following are anticipated to effect the Corporation subsequent to March 31, 2016:

- Consistent with a 2009 General Project Plan for the Jacob K. Javits Convention Center, a major renovation of the existing facilities was completed in 2014. That renovation greatly enhanced the existing facilities, but current operations and the ability to compete with the convention center market are challenged by the new neighborhood development and the unavailability of parking for trucks serving the existing facilities. To enable the existing facilities to meet industry standards and accommodate larger events, as well as the truck traffic generated by these events, the expansion of the existing facilities is necessary. In April 2016, the New York State Legislature authorized NYCCDC to use the design-build method of contracting for construction projects related to the expansion of the existing facilities. The new facilities will include: a 480,000 square feet four level on-site marshaling facility, including 27 new loading docks; 92,000 square feet of new prime exhibit space; 107,000 square feet of new state-of-the-art meeting room and ballroom space; 113,000 square feet of pre-function space; a roof terrace accommodating 1,500 people for outdoor events; an expanded green-roof area; and minimum LEED Silver certification. Design and early scope infrastructure work, including sub-surface preparation and the relocation of utilities, will commence in fiscal year 2017, with full scale construction expected to continue through fiscal year 2021. Total expenditures are forecasted to exceed \$1 billion and it is anticipated that funding will be provided through a New York State budget appropriation, available bond proceeds and existing cash on hand. Other sources may be provided as required.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

**Anticipated Future Transactions and Information, Continued**

- As part of the fiscal year 2016-17 New York State Budget enacted in April 2016, the Market Order Program (the "Program") administered by New York State Department of Agriculture and Markets ("DAM") was transferred to ESD. Market orders are voluntary programs that are initiated and approved by the industry to ensure the orderly marketing of products. Currently the Program has adopted regulations to enact market orders for milk, apples, sour cherry, cabbage and onions. Combined, these orders generate approximately \$15 million in industry funds annually which are used to market and promote the subject products, support market and production research and reimburse administrative costs of the Program. Due to the fact that ESD has a robust marketing and advertising campaign throughout New York, the transfer of the Program to ESD is an attempt to coordinate the State's marketing efforts to now more fully include marketing and promotion of New York State agricultural products. As part of the Program transfer, these existing market orders will remain, but administration of them will be transferred to ESD. DAM will continue to be involved in all aspects of the Program and will provide administrative support to ESD through a contract to be entered into between ESD and DAM. Existing contracts entered into by DAM to promote and research products will be assigned to ESD.
- In April 2016, the Developer of the Atlantic Yard's project, Greenland Forest City Partners, released the housing lottery application for the 181 affordable units on the first residential tower, B2. The building, which will include fifty percent (50%) affordable housing, is expected to open during the fourth quarter of 2016. There are currently four buildings under construction at the site (B2, B3, B11, B14) with two more (B12, B15) anticipated to start construction by the end of the 2016 calendar year.

**Request for Information**

This financial report is designed to provide a general overview of ESD's finances for all those with an interest in the Corporation's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Chief Financial Officer, New York State Urban Development Corporation d/b/a Empire State Development, 633 Third Avenue, New York, New York 10017.

CONSOLIDATED FINANCIAL STATEMENTS

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES  
Consolidated Statements of Net Position  
March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
	(In thousands)	
<b>Assets</b>		
Current assets:		
Cash and equivalents	\$ 65,352	166,935
Temporary investments	<u>217,161</u>	<u>200,020</u>
	<u>282,513</u>	<u>366,955</u>
Cash and investment securities restricted or designated for:		
Revenue bonds	1,815,354	1,897,761
Economic development	368,073	297,246
Subsidiary and other purposes	<u>613,115</u>	<u>630,967</u>
	<u>2,796,542</u>	<u>2,825,974</u>
Loans and leases receivable:		
Non-residential, principally leases	5,000	4,200
Economic development loans	<u>2,929</u>	<u>832</u>
	<u>7,929</u>	<u>5,032</u>
Due from State of New York	-	229,276
Due from Port Authority of New York and New Jersey	26,106	25,604
Other current assets	<u>30,790</u>	<u>59,201</u>
Total current assets	<u>3,143,880</u>	<u>3,512,042</u>
Investment securities restricted or designated for revenue bonds	<u>20,601</u>	<u>19,954</u>
Loans and leases receivable:		
Non-residential, principally leases	16,655	22,369
Economic development loans	<u>99,940</u>	<u>102,409</u>
	<u>116,595</u>	<u>124,778</u>
Due from State of New York	10,691,335	9,048,204
Due from Port Authority of New York and New Jersey	103,454	123,612
Due from New York Job Development Authority	26,259	26,233
Real property and office equipment, net	1,919,318	1,841,827
Other assets	<u>223,814</u>	<u>237,698</u>
Total non-current assets	<u>13,101,376</u>	<u>11,422,306</u>
Total assets	<u>16,245,256</u>	<u>14,934,348</u>
<b>Deferred outflows of resources</b>		
Deferred loss on derivative	97,401	94,398
Deferred loss on refunding	1,337	-
Pensions	613	-
Contributions subsequent to measurement date	<u>4,327</u>	<u>-</u>
Total deferred outflows of resources	<u>103,678</u>	<u>94,398</u>

(Continued)

See accompanying notes to consolidated financial statements.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES  
Consolidated Statements of Net Position, Continued

	<u>2016</u>	<u>2015</u>
	(In thousands)	
<b>Liabilities</b>		
Current liabilities:		
Current portion of bonds, notes and mortgages payable:		
Revenue bonds	\$ 872,300	795,595
Project revenue bonds - New York Convention Center Development Corporation	4,015	1,770
Other project revenue bonds	-	293
Other financing	<u>221,667</u>	<u>72,154</u>
	1,097,982	869,812
Accounts payable and accrued expenses	144,163	117,003
Interest payable	79,828	74,692
Repayable to U.S. Department of Housing and Urban Development	10,000	40,000
Other current liabilities	<u>84,722</u>	<u>81,301</u>
Total current liabilities	<u>1,416,695</u>	<u>1,182,808</u>
Non-current liabilities:		
Bonds, notes and mortgages payable:		
Revenue bonds	11,564,970	10,310,319
Project revenue bonds - New York Convention Center Development Corporation	694,711	704,642
Other financing	<u>6,000</u>	<u>155,500</u>
	12,265,681	11,170,461
Repayable to related governmental entities	3,573	3,949
Pollution remediation liability	10,262	19,309
Net pension liability - proportionate share - ERS	2,983	-
Other liabilities	<u>112,154</u>	<u>124,196</u>
Total non-current liabilities	<u>12,394,653</u>	<u>11,317,915</u>
Total liabilities	<u>13,811,348</u>	<u>12,500,723</u>
Commitments and contingencies (note 21)		
<b>Deferred inflows of resources</b>		
Fair market value of derivatives	97,401	94,398
Grants payable	189,824	220,543
Pensions	351	-
Other	<u>90,290</u>	<u>93,060</u>
	377,866	408,001
Minority interest	<u>161,438</u>	<u>166,471</u>
<b>Net position:</b>		
Restricted:		
Appropriations repayable under prescribed conditions	197,554	197,554
Other restricted for specific purposes	<u>106,218</u>	<u>135,824</u>
Total restricted	303,772	333,378
Net investment in capital assets	<u>1,694,510</u>	<u>1,620,173</u>
Total net position	<u>\$ 1,998,282</u>	<u>1,953,551</u>

See accompanying notes to consolidated financial statements.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES  
Consolidated Statements of Revenue, Expenses  
and Changes in Net Position  
Years ended March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
	(In thousands)	
Operating revenue:		
Interest and finance income from:		
Housing companies	\$ 477	: 15
Nonresidential projects	9,764	11,015
Interest on revenue bonds	38,284	45,586
Hotel tax revenue	45,808	46,453
Reimbursed grants	141,848	141,010
Economic development grants	690,455	395,561
State appropriation for programs	18,352	13,475
Other revenue	92,803	95,273
Total operating revenue	<u>1,037,791</u>	<u>748,388</u>
Operating expenses:		
Interest related to:		
Corporate purpose bonds	-	1,206
Corporate loans	6,291	4,414
Interest on revenue bonds	38,284	45,586
Subsidiary project revenue bonds	31,798	17,346
Reimbursed grants	37,478	41,270
Economic development grants	693,942	397,955
General and administrative	109,633	126,428
Subsidiary program and administrative	30,855	31,067
Pollution remediation	1,709	(569)
Provision for payment on loans and leases receivable and investments in other assets	10,921	5,309
Depreciation	36,618	24,907
Total operating expenses	<u>997,529</u>	<u>694,919</u>
Minority interest	<u>5,033</u>	<u>(1,779)</u>
Operating income	<u>45,295</u>	<u>51,690</u>

(Continued)

See accompanying notes to consolidated financial statements.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES  
Consolidated Statements of Revenue, Expenses  
and Changes in Net Position, Continued

	<u>2016</u>	<u>2015</u>
	(In thousands)	
Non-operating revenue:		
State appropriations for interest on revenue bonds	\$ 567,479	470,978
Interest and finance income earned on investment of revenue bond proceeds	3,441	699
Other investment income, including change in fair value	<u>149</u>	<u>1,252</u>
Total non-operating revenue	571,069	472,929
Non-operating expenses - interest and other costs on revenue bonds	<u>571,528</u>	<u>470,364</u>
Non-operating income (loss)	<u>(459)</u>	<u>2,565</u>
Change in net position	<u>44,836</u>	<u>54,255</u>
Net position at beginning of year, as previously stated	1,953,551	1,899,296
Cumulative effect of change in accounting principle (note 20)	<u>(105)</u>	<u>-</u>
Net position at beginning of year, as restated	<u>1,953,446</u>	<u>1,899,296</u>
Net position at end of year	<u>\$ 1,998,282</u>	<u>1,953,551</u>

See accompanying notes to consolidated financial statements.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES  
Consolidated Statements of Cash Flows  
Years ended March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
	(In thousands)	
Cash flows from operating activities:		
Interest and finance income received	\$ 10,241	11,030
State appropriation received for interest on debt	38,284	45,586
Other operating receipts	92,803	95,273
Cash received from hotel tax revenue	45,755	45,544
Grants received	879,201	366,393
Interest payments on corporate purpose bonds	(21)	(1,381)
Interest payments on revenue bonds	(70,082)	(62,932)
Payments for general and administrative expenses	(110,869)	(268,844)
Grant payments	(768,640)	(338,653)
Payments for pollution remediation	(10,756)	(350)
Net cash provided by (used in) operating activities	105,916	(108,334)
Cash flows from non-capital financing activities:		
Retirement of corporate purpose bonds	-	(45,675)
Retirement of other project revenue bonds	(293)	(329)
Increase in other liabilities	(11,391)	64,532
Net cash provided by (used in) non-capital financing activities	(11,684)	18,528
Cash flows from capital financing activities:		
Bond proceeds - revenue bonds	2,785,245	1,296,655
Retirement of revenue bonds	(1,453,889)	(892,012)
Accrued interest payable on revenue bonds	665	(5,555)
Bond payments - New York Convention Center Development Corporation, net of issuing costs	(4,531)	(1,697)
Advances on behalf of State of New York for special projects	(1,413,855)	(560,045)
Proceeds from other financing	(502)	3
Net cash used in capital financing activities	(86,867)	(162,651)
Cash flows from investing activities:		
Proceeds from sale/maturities of investment securities	12,082,331	21,915,912
Purchase of investment securities	(12,070,687)	(21,506,545)
Investment income, net	(459)	2,565

(Continued)

See accompanying notes to consolidated financial statements.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES  
Consolidated Statements of Cash Flows, Continued

	<u>2016</u>	<u>2015</u>
	(In thousands)	
Cash flows from investing activities, continued:		
Cash payments on behalf of the New York Job Development Authority	\$ (26)	(3)
Payments received from projects financed by corporate revenue bonds	4,914	4,210
Payments on economic development loans	(10,925)	(11,583)
Net activity on economic development projects	13	49,371
Investment in real property and office equipment	<u>(114,109)</u>	<u>(124,753)</u>
Net cash provided by (used in) investing activities	<u>(108,948)</u>	<u>329,174</u>
Net increase (decrease) in cash and equivalents	(101,583)	76,717
Cash and equivalents at beginning of year	<u>166,935</u>	<u>90,218</u>
Cash and equivalents at end of year	<u>\$ 65,352</u>	<u>166,935</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	45,295	51,690
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation expense	36,618	24,907
Minority interest	(5,033)	1,779
Provision for payment on loans and leases receivable and investments in other assets	10,921	5,309
Cumulative effect of change in accounting principle	(105)	-
Changes in:		
Due from Port Authority of New York and New Jersey	20,158	18,899
Other current assets	28,411	(28,326)
Other assets	13,884	(206,160)
Deferred inflow - pensions	351	-
Accounts payable and accrued expenses	27,160	(117,358)
Grants payable	(30,719)	102,020
Interest payable	(21)	(175)
Repayable to related governmental agencies	(30,000)	40,000
Pollution remediation liability	(9,047)	(919)
Net pension liability	2,983	-
Deferred outflow - pensions	<u>(4,940)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 105,916</u>	<u>(108,334)</u>

See accompanying notes to consolidated financial statements.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

March 31, 2016 and 2015

**Note 1 - Corporate Background and Activities**

The New York State Urban Development Corporation (“ESD” or the “Corporation”), which together with its subsidiaries does business as Empire State Development (“ESD”), is a corporate governmental agency of the State of New York (the “State”), constituting a political subdivision and a public benefit corporation. Accordingly, for financial reporting purposes, the accompanying consolidated financial statements are combined as a component unit enterprise fund in the State’s annual financial report. Created by legislation in 1968, ESD has broad powers, which can be utilized for civic, industrial, commercial or residential development purposes.

The consolidated financial statements include the accounts of the New York Convention Center Development Corporation (“NYCCDC”) which owns the Jacob Javits Convention Center (the “Javits Center”) and leases the facility to the State. In February 2004, ESD took control of NYCCDC.

ESD holds 67% of the common stock of NYCCDC and substantially controls its operations. Under Governmental Accounting Standards Board (“GASB”) Statement No. 39 - “The Financial Reporting Entity,” NYCCDC is considered a blended component unit of ESD and the assets, liabilities and results of operations are consolidated with the operations of ESD for financial reporting purposes.

ESD is engaged in various activities for the State, three of which are highlighted below:

**(a) Economic Development and Job Creation**

ESD is the State’s primary agent for economic development with co-headquarters in Albany, Buffalo and New York City that are supported by a network of additional locations throughout the State. ESD works in partnership with the public and private sectors to create an environment that spurs innovation and economic development while enhancing New York State’s competitive advantage as the world capital for many industries, ranging from finance and media to technology and agriculture. ESD’s mission is to promote a vigorous and growing state economy, encourage business investment and job creation and support diverse prosperous local economies across New York State through the efficient use of loans, grants, tax credits, real estate development, marketing and other forms of assistance. To support the Corporation in carrying out its mission, the State Legislature has provided the Corporation with various statutory powers, including the power to issue bonds, offer tax benefits to developers, condemn real property and waive compliance where appropriate, with certain local codes and laws. Earlier projects were financed through the issuance of non-recourse revenue bonds and mortgages (see note 13). The financial assistance is provided primarily through State appropriated funds received by the Corporation and State supported bonds issued by the Corporation which are disbursed to projects. Federal funding is also received through various programs to provide assistance to small businesses, businesses who have sustained losses as a result of natural disasters and other purposes that spur economic development.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 1 - Corporate Background and Activities, Continued**

**(a) Economic Development and Job Creation, Continued**

The economic development activities of ESD also include special projects, often of considerable magnitude, which it carries out through various consolidated subsidiaries including Harlem Community Development Corporation, New York Convention Center Development Corporation, Moynihan Station Development Corporation, Erie Canal Harbor Development, New York Empowerment Zone Corporation and other subsidiaries with development activities throughout the State.

Lower Manhattan Development Corporation ("LMDC") was created as an ESD subsidiary to assist in the economic recovery and revitalization of lower Manhattan. In 2001, LMDC received a direct grant of up to \$2.783 billion from the United States Department of Housing and Urban Development ("HUD") and Federal Transportation Administration. Approximately \$35.0 million and \$45.0 million was received and disbursed during the years ended March 31, 2016 and 2015, respectively.

Additionally in 2001, ESD was directly appropriated \$700.0 million by HUD to assist with the recovery and revitalization of lower Manhattan. Approximately \$2.6 million and \$0.1 million was received and disbursed during the years ended March 31, 2016 and 2015, respectively. As of March 31, 2016, \$0.06 million was returned to HUD from Grantee repayments.

Additionally, ESD administers the economic development activities of the New York Job Development Authority ("JDA"). JDA is not a component unit of ESD for financial reporting purposes.

**(b) State Special Projects**

ESD issues revenue bonds, the proceeds of which are used primarily for construction and renovation of State correctional facilities, to refinance State office facilities or construct technology facilities for universities located in New York, to finance youth facilities, to finance the acquisition of certain lands, to construct/improve various civic and community facilities, and for economic development and preservation of natural resources located throughout the State. Under related agreements, ESD receives periodic State appropriations in amounts sufficient to pay the debt service on the bonds.

**(c) Marketing**

ESD markets New York, not only as a great place to do business, but as the perfect vacation destination. The Division of Marketing, Advertising and Tourism produces creative marketing strategies and programs that promote New York State as the ideal get-away spot. The Division of Motion Picture and Television Development markets the State to the film industry, providing production and business support for projects and companies while serving as a liaison between the industry, State agencies and regional governments.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 2 - Summary of Significant Accounting Policies**

**(a) Basis of Accounting and Principles of Consolidation**

ESD is an enterprise fund that follows the economic resource measurement focus and the accrual basis of accounting. The Corporation complies with all applicable pronouncements of GASB as well as with authoritative pronouncements applicable to nongovernmental entities (e.g., Financial Accounting Standards Board Statements) that do not conflict with GASB pronouncements.

The consolidated financial statements of ESD include the accounts of all wholly-owned subsidiaries, as well as those of NYCCDC, its 67% owned subsidiary. All significant intercompany balances and transactions have been eliminated in consolidation.

**(b) Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

**(c) Cash and Equivalents**

Cash and equivalents include cash deposits with banks and highly liquid temporary investments with original maturities of 90 days or less.

**(d) Investment Securities**

Investment securities are reported at fair value in the consolidated statements of net position, and investment income, including changes in fair value, is reported as revenue in the consolidated statements of revenue, expenses and changes in net position.

The fair value of investment securities, which include United States Government and Federal agency obligations and obligations of State and local governments, is generally based on quoted market prices. Commercial paper and mutual funds, including time deposits and repurchase agreements with maturities of one year or less, are reported at amortized cost. If required, collateral for these investments is held in the Corporation's name by financial institutions as custodians. Investment income also includes realized gains and losses from the disposition of investments on a specific identification basis.

**(e) Loans and Leases Receivable**

Nonresidential loans are recorded at cost, net of amortization of principal. It is the intent of ESD to hold these loans for the foreseeable future or until maturity.

Nonresidential projects, including long-term non-cancelable leases, are accounted for as financing transactions. The present value of aggregate future rentals (which is equivalent to the project development cost) is recorded as the net investment in the receivable at the inception of each lease and rentals are recognized as income over the lease term so as to produce a constant periodic rate of return on the net investment.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 2 - Summary of Significant Accounting Policies, Continued**

**(e) Loans and Leases Receivable, Continued**

Economic development project receivables consist of loans financed by ESD primarily with appropriations received from the State. Revenue is recognized when economic development project receivables are collected, principal is amortized and interest income is recorded.

**(f) Delinquent Interest**

Delinquent interest on nonresidential mortgages is recognized as income upon the receipt of cash.

**(g) Revenue Bonds**

Revenue bonds, consisting of many programs, including Correctional Facilities, Youth Facilities, University Facilities, State Office Facilities, and Community Enhancement Facilities, are issued by ESD at the direction of the State. Most revenue bonds are issued under the Personal Income Tax Resolution for General Purpose. ESD expects to receive funds from the State under leases, financings, service contracts or through interest earned on available cash and investments related to such bonds, in amounts sufficient to cover bond debt service and expenses such as bond administrative costs, discounts and advance refunding costs. During fiscal 2016 and 2015, ESD received from the State \$1.312 billion and \$1.228 billion, respectively.

Amounts received from the State were used to meet principal payments of \$734.8 million and \$709.2 million in fiscal 2016 and 2015, respectively, which were recorded as reductions of the amounts due from the State. In addition, during fiscal 2016 and 2015 ESD applied \$57.1 million and \$20.5 million, respectively, of revenue bonds investment earnings to meet principal and interest payments.

During fiscal 2016, at the direction of the New York State Division of the Budget, ESD received \$326.0 million in advances for debt service obligations due throughout fiscal 2017 related to certain State supported debt. These funds are currently held with the Trustees and the investment earnings will be applied to future debt service obligations.

**(h) Bond Defeasances and Refundings**

ESD accounts for bond defeasances and refundings under the provisions of GASB Statement No. 23 - "Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities," as amended by GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities." Accordingly, gains or losses representing the difference between the reacquisition price required to repay previously issued debt, and the net carrying amount of the retired debt, are reported as a deferred outflow of resources or a deferred inflow of resources, and subsequently amortized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt.

In fiscal 2015, ESD redeemed \$45.1 million of the Corporate Purpose Subordinate Lien Bond Series 2004A with funds received primarily from repayment of the Corporation's housing mortgages which secured the corporate purpose bonds. With this repayment, ESD has eliminated all outstanding Corporate Purpose bond debt.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 2 - Summary of Significant Accounting Policies, Continued**

**(h) Bond Defeasances and Refundings, Continued**

In August 2015, NYCCDC fully refunded its \$700 million Revenue Bonds (Hotel Unit Fee Secured) Series 2005 with the issuance of \$632.1 million Revenue Refunding Bonds (Hotel Unit Fee Secured) Series 2015. These bonds will continue to be repaid from revenues received by NYCCDC from hotel unit fees imposed on certain rentals of hotel rooms located within all five boroughs of New York City.

In-substance defeasances of revenue bond issues do not result in any net gain or loss to ESD since it is fully reimbursed by the State for all expenses related to revenue bonds, including debt service requirements.

All adjustments related to these transactions result in a change to the amount due from New York State.

**(i) Real Property and Office Equipment**

Real property, leasehold improvements and office equipment are recorded at cost. Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives of the assets or the related lease terms, which range from 2 to 40 years. Planning, development and construction costs for various projects which will ultimately be owned by the Corporation are capitalized when incurred and depreciated when placed in service.

As of March 31, 2016 and 2015, construction costs incurred in the amount of approximately \$113.6 million and \$123.0 million, respectively were capitalized and included as part of building and improvements.

**(j) Revenue and Expense Classification**

The Corporation distinguishes operating revenue and expenses from non-operating items in the preparation of its consolidated financial statements. Operating revenue and expenses generally result from providing services in connection with the Corporation's principal ongoing operations. The principal operating revenues are earnings from economic development grants and loans, fees collected from the issuance of bonds, hotel tax collections, State appropriations for interest on revenue bonds where the Corporation's Board of Directors approves the disbursement of the funds, and grants from Federal, State and City agencies. The Corporation's operating expenses include project and program costs, administrative expenses, interest related to corporate loans and revenue bonds, depreciation and pollution remediation costs. All revenue and expenses not meeting these definitions are reported as non-operating revenue and expenses.

**(k) State Appropriations**

State appropriations are subject to approval by the State Legislature. ESD has no assurance that required appropriations will be made beyond the current year to meet certain program, project and debt service obligations. Appropriations and available funds are anticipated to be sufficient to meet ESD's obligations for fiscal 2017.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 2 - Summary of Significant Accounting Policies, Continued**

**(l) Grants**

ESD administers certain reimbursement grant funds from Federal, State and City agencies. Reimbursement grants are awarded for a specifically defined program/project fund and are generally administered such that ESD is reimbursed for any qualified expenditures made in relation to such programs/projects. ESD records reimbursement grants as revenue when the related program/project costs are incurred. Differences between the costs incurred on specific programs/projects and the related approved grants are reflected as a receivable or as a deferred inflow in the accompanying consolidated statements of net position.

**(m) Derivative Instruments**

The Corporation uses interest rate swap agreements to manage the impact of interest rates on its Service Contract Revenue Refunding 2008A bonds and its State Personal Income Tax Revenue Bonds, Series 2004A-3 bonds. Accounting standards require that an entity recognize the fair value of all derivative instruments as either deferred outflows of resources or deferred inflows of resources in the consolidated statements of net position, with appropriate offsets to either operations or net position. ESD is fully reimbursed by the State for all expenses related to revenue bonds. The fair value of the instruments is recorded either as deferred outflows of resources or deferred inflows of resources.

**(n) Pollution Remediation Costs**

Pollution remediation obligations are being charged in accordance with the provisions of GASB Statement No. 49 (see note 15) and occur when any one of the following obligating events takes place: the Corporation is in violation of a pollution prevention-related permit or license; an imminent threat to public health due to pollution exists; the Corporation is named by a regulator as a responsible or potentially responsible party to participate in remediation; the Corporation voluntarily commences or legally obligates itself to commence remediation efforts; or the Corporation is named or there is evidence that the Corporation will be named in a lawsuit that compels participation in remediation activities.

**(o) Deferred Outflows and Inflows of Resources**

In the statement of net position, in addition to assets, the Corporation will sometimes report a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Corporation has four items that qualify for reporting in this category. The first item is related to pensions. This represents the effect of the net change in the Corporation's proportion of the collective net pension asset or liability and difference during the measurement period between the Corporation's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the Corporation contributions to the pension system subsequent to the measurement date. The third item is the deferred loss

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 2 - Summary of Significant Accounting Policies, Continued**

**(o) Deferred Outflows and Inflows of Resources, Continued**

on derivative instruments discussed in note 2(m). The fourth item is the deferred loss on refunding the NYCCDC Revenue Bonds (Hotel Unit Fee Secured) Series 2005 through the issuance of Revenue Refunding (Hotel Unit Fee Secured) Series 2015 Bonds discussed in note 12.

In the statements of net position, in addition to liabilities, the Corporation will sometimes report a separate section of deferred inflows of resources. The separate financial statement element reflects an increase in net position that applies to future periods. The Corporation will not recognize the related revenues until a future event occurs. The Corporation has four types of items that qualify for reporting in this category. The first item is the fair market value of derivative instruments held for the purpose of hedging a specific risk. The second item is in relation to grants receipts collected in advance of the period to be benefitted. The third item is related to pensions and represents the change in the proportion between the Corporation's contributions and the proportionate share of total plan contributions. The fourth item relates to other agreements into which the Corporation has entered that provide receipts in advance of the period to be benefitted and is detailed in note 17.

**(p) Accounting and Financial Reporting for Pensions**

During the year ended March 31, 2016, the Corporation adopted the provisions of GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transitions for Contributions Made Subsequent to the Measurement Date - an Amendment to GASB Statement No. 68" (together "the Statements"). The primary objective of the Statements is to improve accounting and financial reporting by state and local governments for pensions. The implementation of the Statements requires the Corporation to report as an asset and/or liability its proportionate share of the collective pension asset and/or liability in the New York State Employees' Retirement System ("ERS"). The implementation of the Statements also requires the Corporation to report a deferred outflow and/or inflow for the effect of the net change in the Corporation's proportionate share of the collective net pension asset and/or liability and difference during the measurement period between the Corporation's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also included as deferred outflows are the Corporation's contributions to the pension systems subsequent to the March 31, 2015 measurement date. See notes 19 and 20 for the impact of implementation on the consolidated financial statements.

**(q) Subsequent Events**

The Corporation has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 3 - Cash and Equivalents**

Demand deposits are secured by letters of credit and collateral held by a bank or trust company as custodians. Securities are either delivered or registered by book entry in ESD's name with bond trustees or custodian banks.

At March 31, 2016 and 2015, cash held in demand and custodial deposits, as well as cash equivalents were collateralized by the depository, generally with obligations of the United States, its agencies, or New York State obligations with a remaining maturity when purchased of 90 days or less, as follows (in thousands):

	<u>2016</u>		<u>2015</u>	
	<u>Carrying</u>	<u>Bank</u>	<u>Carrying</u>	<u>Bank</u>
	<u>Amount</u>	<u>balance</u>	<u>amount</u>	<u>balance</u>
Insured (FDIC)	\$ 1,379	1,380	1,619	1,619
Uninsured - collateral held by custodian in ESD's name	350,942	350,980	447,650	447,752
Deposits held in trust for the Corporation's benefit	<u>34,090</u>	<u>34,090</u>	<u>18,285</u>	<u>18,285</u>
Total cash and cash equivalents	\$ <u>386,411</u>	<u>386,450</u>	<u>467,554</u>	<u>467,656</u>

**Note 4 - Fair Value of Financial Instruments**

Authorization for investment in securities is governed by written internal guidelines, statutes, State guidelines and bond resolutions. Permitted investments include:

- Obligations of the United States Treasury, agencies and authorities;
- Direct obligations of the State of New York, its political subdivisions and public authorities;
- Bonds and other obligations of governmental authorities, political subdivisions, Federal Agencies, Government Sponsored Enterprises ("GSE's") or public authorities of the State or of the United States of America, which are securities in which the Corporation lawfully may invest pursuant to applicable statutes, regulations and bond resolutions including, but not limited to, Federal National Mortgage Association ("FNMA") Federal Farm Credit Bank ("FFCB"), Federal Home Loan Bank ("FHLB"), Federal Home Loan Mortgage Corporation ("FHLMC - Freddie Mac"), and Student Loan Marketing Association ("SLMA - Sallie Mae");
- Repurchase agreements with financial institutions authorized to do business in New York State which are listed as primary government securities dealers by New York's Federal Reserve Bank, and which are collateralized by U.S. Government securities;
- Commercial paper issued by domestic banks, corporations and financial companies rated "A-1" or better by Standard & Poor's Corporation or "P-1" or better by Moody's Investors Service, Inc.;

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 4 - Fair Value of Financial Instruments, Continued**

- Restricted cash held for subsidiaries and for other purposes insured by the FDIC or fully collateralized in ESD's name;
- Certificates of deposit of banks or trust companies authorized to do business in the State;
- Units, shares or interest in a mutual fund or money market fund of regulated investment companies that meet specified criteria; and
- Real property.

Investment securities cost and fair value at March 31, 2016 and 2015 consisted of the following (in thousands):

	2016		
	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized loss</u>
U.S. Government and Federal agency obligations	\$ 2,711,056	2,703,737	(7,319)
Restricted cash	<u>330,567</u>	<u>330,567</u>	<u>-</u>
Total	\$ <u>3,041,623</u>	<u>3,034,304</u>	<u>(7,319)</u>
	2015		
	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized loss</u>
U.S. Government and Federal agency obligations	\$ 2,763,233	2,756,113	(7,120)
Restricted cash	<u>289,835</u>	<u>289,835</u>	<u>-</u>
Total	\$ <u>3,053,068</u>	<u>3,045,948</u>	<u>(7,120)</u>

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 4 - Fair Value of Financial Instruments, Continued**

Restricted or designated investment securities held by ESD include cash and equivalents and investment securities amounting to \$613.1 million and \$631.0 million at March 31, 2016 and 2015, respectively. These amounts at March 31, 2016 and 2015 are restricted for special projects on behalf of the following subsidiaries/programs/purposes (in thousands):

	<u>2016</u>	<u>2015</u>
Subsidiary/Programs/Purposes:		
42nd Street Development Project	\$ 10,822	10,517
New York Empowerment Zone Corporation	11,014	11,496
Queens West Development Corporation	9,832	9,379
Harlem Community Development Corporation	5,638	4,950
Enterprise Community	34	34
USA Niagara Development Corp	12,006	14,190
Lower Manhattan Development Corporation	435	439
New York Convention Center Development Corporation	261,627	251,969
ESD Moynihan Station (James A. Farley Post Office Building)	13,174	15,614
ESD One Bryant Park	7,799	7,739
ESD Columbia SAC	483	11,504
ESD Erie Canal Harbor Development Corporation	23,973	25,706
ESD Privatization Program	819	818
Empire State New Market Corporation	1,533	1,449
ESD OPEB Liability Account	31,228	31,173
ESD Brooklyn Arena Project, ESD Atlantic Yard Project -Phase 1	63,540	63,646
ESD 125 Maiden Lane	261	413
ESD New York	3,067	3,066
ESD Project Repair Program	15,371	15,352
ESD Farley	33,589	55,672
ESD Marriot Marquis Purchase Option Fund	1,399	1,398
ESD TRAIL Remaining Fund	3,495	3,491
ESD Section 32 Remaining Fund	1,337	1,336
ESD Stadium Improvement Project	1,774	9,193
ESD Erie County Stadium Corporation Capital Improvement	2,944	2
ESD 550 Washington Street Project Improvement	-	731
ESD Arthur Kill Development Project	38	917
ESD Bronx Psychiatric Center Development Project	1,419	1,629
ESD Venture Atlantic Yard Project – Phase 2	615	1,916
Public Authority Control Board Authorized (including rent subsidy program in Lower Manhattan)	90,557	70,361
ESD Bayview Correctional Facility Project	823	-
Statewide Local Development Corporation	9	-
Other Purposes	<u>2,460</u>	<u>4,867</u>
Totals	\$ <u>613,115</u>	<u>630,967</u>

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 5 - Loans and Leases Receivable**

Nonresidential lease receivables, commercial lease receivables, real estate investments and economic development loans at March 31, 2016 and 2015 consist of the following (in thousands):

	<u>2016</u>		<u>2015</u>	
	<u>Number</u>	<u>Balance</u>	<u>Number</u>	<u>Balance</u>
Non-residential lease receivables, commercial lease receivables and real estate investments:				
Lease receivables (a)	6	\$ 14,533	7	\$ 17,581
Commercial leases (b)	4	5,696	4	7,572
Real estate investments (c)	<u>10</u>	<u>1,426</u>	<u>10</u>	<u>1,416</u>
	20	21,655	21	26,569
Economic development loans (d)	<u>88</u>	<u>102,869</u>	<u>106</u>	<u>103,241</u>
<b>Total</b>	<u><u>108</u></u>	<u><u>124,524</u></u>	<u><u>127</u></u>	<u><u>129,810</u></u>
Less current portion		<u>(7,929)</u>		<u>(5,032)</u>
Non-current portion		<u><u>\$ 116,595</u></u>		<u><u>\$ 124,778</u></u>

**(a) Non-residential Lease Receivables**

Non-residential lease receivables consist of 6 projects and 7 projects outstanding in 2016 and 2015, respectively, which were owned by ESD and leased to others. ESD recovers a 7% to 8.25% return, plus the original investment of funds. At March 31, 2016, the remaining lease terms ranged from 1 to 9 years. There are 5 leases with the City of New York (\$14.0 million) and 1 with a bank (\$0.5 million). At March 31, 2016, minimum lease payments to be received within the next 5 fiscal years total \$14.0 million.

**(b) Commercial Leases**

Commercial leases consist of ground rent and commercial Tax Equivalency Payments ("TEP") due to the Corporation pursuant to ground leases on four Roosevelt Island housing projects, which include two non-subsidized, one subsidized, and one cooperative, totaling 2,141 units. Based on the existing TEP agreements, payments continue to the Corporation. The various ground lease terms range from one to fourteen years. The receivable balance of \$5.7 million is amortized at an average annual interest rate of 7.5%.

**(c) Real Estate Investments**

Real estate investments consist of approximately 401 acres of land (comprised of 10 sites) in the Towns of Lysander and Amherst for residential, commercial and industrial development in the planned communities of Radisson and Audubon.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 5 - Loans and Leases Receivable, Continued**

**(d) Economic Development Loans**

Economic development loans consist of secured, low interest loans made to companies in the State to retain and create jobs. The terms range from 1 to 17 years. The funds to make the loans come from State appropriations which are not repayable. The loans are net of allowance for possible losses of approximately \$49.2 million and \$49.3 million at March 31, 2016 and 2015, respectively.

**Note 6 - Due From Port Authority of New York and New Jersey**

ESD expects to receive \$395.0 million over 15.5 years from the Port Authority of New York and New Jersey ("Port Authority"). The revenue stream was assigned to ESD in fiscal 2005 by the State of New York. The net present value of the future cash flows in the amount of approximately \$280.0 million was recorded in the consolidated financial statements in fiscal 2005 as a receivable from the Port Authority and revenue (included with State appropriation for programs). At March 31, 2016, annual minimum payments to be received in each of the next five years is approximately \$29.2 million per year. The net present value of the receivable balance at March 31, 2016 and 2015 amounted to \$129.1 million and \$148.7 million, respectively.

Pursuant to an October 19, 2010 agreement between Moynihan Station Development Corporation ("MSDC") and the Port Authority, MSDC is to receive up to \$10.0 million from the Port Authority to extend the West End Concourse at New York Penn Station. In fiscal 2016 and 2015, the Port Authority made no payments to MSDC. The receivable balance at March 31, 2016 and 2015 amounted to \$0.5 million.

**Note 7 - Real Property and Office Equipment**

Real property and office equipment at March 31, 2016 and 2015 consists of the following (in thousands):

	2016			Balance at March 31, 2016
	Balance at March 31, 2015	Additions	Disposals	
Land	\$ 372,425	-	-	372,425
Buildings, improvements and construction in progress (incl. Farley)	1,563,646	33,842	(2)	1,597,486
Moynihan Station	243,424	79,755	-	323,179
Furniture and equipment	24,115	514	(21)	24,608
	<u>2,203,610</u>	<u>114,111</u>	<u>(23)</u>	<u>2,317,698</u>
Less accumulated depreciation	(361,783)	(36,618)	21	(398,380)
Totals	<u>\$ 1,841,827</u>	<u>77,493</u>	<u>(2)</u>	<u>1,919,318</u>

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 7 - Real Property and Office Equipment, Continued**

	2015			Balance at March 31, 2015
	Balance at March 31, 2014	Additions	Disposals	
Land	\$ 372,425	-	-	372,425
Buildings, improvements and construction in progress (incl. Farley)	1,509,189	55,934	(1,477)	1,563,646
Moynihan Station	174,843	68,581	-	243,424
Furniture and equipment	24,187	238	(310)	24,115
	2,080,644	124,753	(1,787)	2,203,610
Less accumulated depreciation	(338,663)	(24,907)	1,787	(361,783)
Totals	<u>\$ 1,741,981</u>	<u>99,846</u>	<u>-</u>	<u>1,841,827</u>

**(a) Buildings, Improvements and Construction In Progress**

Major components of buildings, improvements and construction in progress at March 31, 2016 and 2015 are as follows (in thousands):

	<u>2014</u>	Net increase (decrease)	<u>2015</u>	Net increase (decrease)	<u>2016</u>
New York Convention Center Development Corporation	\$ 1,156,279	48,484	1,204,763	12,902	1,217,665
USA Niagara	17,520	288	17,808	190	17,998
James A. Farley Post Office Building and other ESD property	329,760	6,316	336,076	20,750	356,826
Other Subsidiaries	5,630	(631)	4,999	(2)	4,997
Total	<u>\$ 1,509,189</u>	<u>54,457</u>	<u>1,563,646</u>	<u>33,840</u>	<u>1,597,486</u>

**(b) James A. Farley Post Office Building**

On March 30, 2007, ESD completed the purchase of the James A. Farley Post Office Building for \$230.0 million plus additional charges for interim operating and maintenance costs incurred prior to closing. The acquisition was financed as follows (in thousands):

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 7 - Real Property and Office Equipment, Continued**

**(b) James A. Farley Post Office Building, Continued**

Initial deposits	\$ 50,000	
At closing	50,000	plus certain Consumer Price Index Adjustments
At June 30, 2007	45,000	plus certain Consumer Price Index Adjustments
At June 30, 2008	<u>30,000</u>	plus certain Consumer Price Index Adjustments
	175,000	
Deferred purchase price	<u>55,000</u>	plus certain Consumer Price Index Adjustments
Total	\$ <u>230,000</u>	

ESD borrowed \$75.0 million from a bank and incurred seller financed debt of \$130.0 million (see note 14) to complete the acquisition.

The Port Authority of New York and New Jersey committed \$140.0 million that was used for the purchase of the James A. Farley Post Office Building. As the funds were received, they were recorded as revenue in the corresponding fiscal year. The deferred purchase price is payable from tenants' project revenue as described more fully in the funding agreements.

In February 2010, ESD refinanced the \$75.0 million borrowed from the bank for an additional term of three years for a total of \$91.8 million (including capitalized interest) for the purpose of prepaying the loan, to fund capitalized interest, pay costs of issuance and pay the premium for the commercial property insurance policy covering the James A. Farley Post Office Building.

In fiscal 2013, the \$91.8 million loan was refinanced for an additional term of two years for a total of \$101.0 million (including capitalized interest).

In fiscal 2015, the \$101.0 million loan was refinanced for an additional term of two years for a total of \$150.0 million (including capitalized interest). The \$150.0 million loan included new money proceeds of \$37.2 million to fund a portion of the costs of the on-going Farley construction project. Interest continues to be capitalized and, in fiscal 2016, ESD made two principal payments of \$250,000 each.

**(c) Yale Building**

In August 2006, the Corporation entered into an agreement to purchase the Yale Building site from New York Convention Center Operating Corporation ("CCOC"). The agreement provided that NYCCDC defease certain outstanding bonds of CCOC in the amount of \$66.2 million, subsequently reduced to \$62.4 million. In addition to the defeasance amount, NYCCDC has agreed to make an additional \$15.0 million payment to CCOC upon the sale or lease of certain property (as defined in the Purchase and Sale Agreement). This amount is not being recorded on the consolidated financial statements since it is contingent on the sale of a parcel of land owned by NYCCDC. All amounts incurred in connection with this purchase will be recorded as land.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 7 - Real Property and Office Equipment, Continued**

**(d) Depreciation**

Depreciation expense for the years ended March 31, 2016 and 2015 amounted to \$36.6 million and \$24.9 million, respectively.

**Note 8 - Other Assets**

Other assets at March 31, 2016 and 2015 consist of the following (in thousands):

	<u>2016</u>	<u>2015</u>
Interest receivable	\$ (1,513)	(3,876)
Receivable from municipalities, other authorities and others	102,397	157,729
Receivable from HUD - LMDC grant	18,548	6,775
Hotel tax receivable	11,439	11,386
Prepaid insurance	516	590
Reserve for commercial real estate projects	111,312	111,178
Other	<u>11,905</u>	<u>13,117</u>
	254,604	296,899
Less current portion	<u>(30,790)</u>	<u>(59,201)</u>
Non-current portion	<u>\$ 223,814</u>	<u>237,698</u>

**Note 9 - Postemployment Benefits Other Than Pensions**

The Corporation follows the accounting and disclosure requirements of GASB Statement No. 45, - "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions."

Plan Description - The Corporation provides continuation of insured medical coverage through the Empire Plan for employees that retire with at least five years of credited service with the Corporation. The Corporation will also provide coverage in the event of early retirement if the employee qualifies for a State disability pension. The Corporation contributes 90% of costs for non-medicare eligible individual participants and 81.5% of costs for non-medicare eligible family participants. The Corporation contributes the full cost of coverage for medicare eligible individual participants and at least 90% of costs for Medicare eligible family participants. The Corporation also reimburses covered retirees 100% of the Medicare Part B premium rate applicable to a given year. Surviving dependents of retired employees with at least ten years of service, employees in vested status or active employees with ten years of service and within ten years of retirement are also eligible for continued health insurance coverage at the same contribution requirement as active employees.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 9 - Postemployment Benefits Other Than Pensions, Continued**

As indicated above, the Corporation provides certain health care benefits for retired employees. Substantially all of the Corporation's employees may become eligible for these benefits if they reach the normal retirement age of the respective tier of the New York State Employees' Retirement System, while working for the Corporation. The Corporation, on an annual basis, accrues the cost which represents the present value of these benefits to be paid over the estimated lives of the retirees. Total expenditures charged to operations for the years ended March 31, 2016 and 2015 amounted to \$6.7 million and \$6.4 million, respectively, of which the Corporation paid \$2.2 million and \$2.1 million, respectively. At March 31, 2016 and 2015, the liability for postemployment benefits other than pensions amounted to \$34.2 million and \$29.8 million, respectively.

The number of participants as of March 31, 2016 and 2015 was as follows:

	<u>2016</u>	<u>2015</u>
Active employees	258	281
Retired employees	<u>176</u>	<u>187</u>
Total	<u>434</u>	<u>468</u>

Funding Policy - For the years ended March 31, 2016 and 2015, the Corporation paid for postemployment health care benefits on a pay-as-you-go basis. The Corporation established a plan and began funding the liability during the fiscal year ended March 31, 2009.

Annual Other Postemployment Benefit Cost ("OPEB") - For each of the years ended March 31, 2016 and 2015, the Corporation's annual OPEB cost amounted to \$6.7 million and \$6.4 million, respectively.

<u>Benefit Obligations and Normal Cost (in Thousands)</u>	<u>2016</u>	<u>2015</u>
Actuarial accrued liability ("AAL"):		
Active employees	\$ 39,608	35,140
Retired employees	<u>43,846</u>	<u>39,090</u>
Total	\$ <u>83,454</u>	<u>74,230</u>
Underfunded actuarial accrued liability ("UAAL")	\$ <u>83,454</u>	<u>74,230</u>
Normal cost at beginning of year	\$ <u>2,986</u>	<u>3,129</u>

Level Dollar Amortization

Calculation of ARC under projected Unit Credit Method:

Amortization of UAAL over 30 years with interest to end of year	\$ 3,630	3,229
Normal costs with interest to end of year	<u>3,031</u>	<u>3,167</u>
Annual required contribution ("ARC")	\$ <u>6,661</u>	<u>6,396</u>

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 9 - Postemployment Benefits Other Than Pensions, Continued**

	<u>2016</u>	<u>2015</u>
<u>Annual OPEB Cost Contribution</u>		
Contribution for the year	\$ 2,187	2,093
Contribution as a percentage of required contribution	32.8%	32.7%
 <u>Annual OPEB Cost and Net OPEB Obligation</u>		
Annual required contribution	\$ 6,661	6,396
Contribution made on a pay-as-you-go basis	<u>(2,187)</u>	<u>(2,093)</u>
Increase in net OPEB obligation	4,474	4,303
Net OPEB obligation at beginning of year	<u>29,757</u>	<u>25,454</u>
Net OPEB obligation at end of year	\$ <u>34,231</u>	<u>29,757</u>
Actuarial methods and assumptions:		
Funding interest rate	4.5%	
Trend rate (medical and drugs)	5.9% declining to 3.9%	
Ultimate trend rate (medical and drugs)	3.9%	
Year ultimate trend rate realized	2078	
Annual payroll growth rate	2.5%	
Actuarial cost method	Projected Unit Credit Method	
The remaining amortization period at March 31, 2016	<u>21 years</u>	

**Note 10 - Corporate Purpose Bonds**

The Corporation issued 2004A Subordinate Lien Corporate Purpose Bonds in the amount of \$81.5 million in April 2004. The bonds were issued to fund economic development projects or programs of the Corporation. In fiscal 2015, ESD redeemed \$45.1 million of the Corporate Purpose Subordinate Lien Bonds Series 2004A with funds received primarily from repayment of the Corporation's housing mortgages which secured the corporate purpose bonds. With this repayment ESD eliminated all outstanding corporate purpose bond debt.

No new corporate purpose debt was issued during fiscal 2016 and 2015.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 11 - Revenue Bonds**

At March 31, 2016 and 2015, ESD's outstanding revenue bonds were as follows (in thousands):

(a) Personal Income Tax Revenue Bonds (P.I.T.)	Balances		Coupon rates (%)	Maturity dates
	2016	2015		
<u>State Facilities and Equipment</u>				
2004 Series A-1	\$ -	270	5.00	2016
2004 Series A-2	290,840	300,285	5.50	2025
2004 Series A-3	298,550	298,550	Variable Note	2033
2007 Series B	15,815	227,935	5.00	2027
2007 Series C	23,235	231,570	4.00 - 5.00	2027
2009 Series B-1	351,635	369,010	4.00 - 5.25	2038
2009 Series B-2 (Taxable)	29,105	42,350	6.45	2018
<u>Economic Development and Housing</u>				
2005 Series A-1	-	6,230	3.50 - 5.00	2016
2005 Series A-2 (Taxable)	-	8,435	4.73	2016
2007 Series A	3,645	7,145	3.75	2017
2008 Series A-1	122,425	325,150	4.00 - 5.00	2028
2008 Series A-2 (Taxable)	8,065	11,830	4.75 - 4.86	2018
2009 Series A-1	188,935	213,670	5.00	2029
2009 Series A-2 (Taxable)	47,960	62,035	6.50	2019
<u>General Purpose</u>				
2009 Series C	446,600	522,710	3.00 - 5.00	2023
2009 Series E (Taxable Build America)	576,080	576,080	5.77	2039
2010 Series A	283,540	349,495	3.00 - 5.00	2020
2010 Series C (Taxable Build America)	413,760	413,760	4.61 - 5.84	2040
2011 Series A	450,180	469,265	3.50 - 5.00	2041
2011 Series B (Taxable)	87,065	103,580	1.70 - 2.79	2021
2013 Series A-1	572,390	572,390	3.50 - 5.00	2043
2013 Series A-2	66,205	66,205	2.00 - 5.00	2026
2013 Series B (Taxable)	98,315	132,460	0.98 - 1.75	2019

(Continued)

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 11 - Revenue Bonds, Continued**

<u>(a) Personal Income Tax Revenue Bonds (P.I.T.)</u>	<u>Balances</u>		<u>Coupon rates (%)</u>	<u>Maturity dates</u>
	<u>2016</u>	<u>2015</u>		
<u>General Purpose</u>				
2013 Series C	\$ 702,505	728,395	5.00	2033
2013 Series D	449,195	470,330	5.00	2025
2013 Series E	765,455	789,385	5.00	2043
2013 Series F (Taxable)	312,255	354,160	1.00 - 3.45	2023
2014 Series A	909,990	925,835	5.00	2044
2014 Series B (Taxable)	329,605	370,820	1.03 - 3.08	2024
2015 Series A	893,455	-	5.00	2045
2015 Series B (Taxable)	236,860	-	1.04 - 2.17	2021
2016 Series A	1,654,930	-	2.00 - 5.00	2038
Total Personal Income Tax Revenue Bonds	<u>10,628,595</u>	<u>8,949,335</u>		
 <u>(b) University Facilities</u>				
Columbia University 1989 Series (Taxable)	17,488	21,474	zero coupon	2020
Cornell University 1989 Series (Taxable)	2,342	2,875	zero coupon	2020
Clarkson University - Loan 1995 Series	3,585	4,370	5.50	2020
Syracuse University - Loan 1995 Series	2,515	4,890	5.50	2017
University Facilities Grants 1995 Series	6,490	7,820	5.50 - 5.88	2021
Total University Facilities Issues	<u>32,420</u>	<u>41,429</u>		
 <u>(c) State Office Facilities</u>				
State Office Facilities 1995 Refunding Series	<u>87,535</u>	<u>102,325</u>	5.70	2021
 <u>(d) Service Contract Refunding</u>				
2005 Series A	-	79,145	3.75 - 5.00	2019
2005 Series B	-	17,540	4.00 - 5.00	2020
2007 Series A	190,400	206,110	4.00 - 5.25	2029
2008 Series A	200,000	200,000	Variable note	2030
2008 Series B	439,425	439,425	4.00 - 5.25	2030
2008 Series C	121,235	121,235	3.75 - 5.00	2030
2008 Series D	412,045	501,520	5.25 - 5.63	2028
2010 Series A	314,295	354,080	4.00 - 5.00	2022

(Continued)

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 11 - Revenue Bonds, Continued**

<u>(d) Service Contract Refunding, Continued</u>	<u>Balances</u>		Coupon rates (%)	Maturity dates
	<u>2016</u>	<u>2015</u>		
2010 Series B	\$ 4,645	85,605	4.00	2017
2011 Series A	6,675	8,165	2.00 - 4.00	2020
Total Service Contract Refunding	<u>1,688,720</u>	<u>2,012,825</u>		
Total all issues	12,437,270	11,105,914		
Less current portion	<u>(872,300)</u>	<u>(795,595)</u>		
Total non-current revenue bonds	<u>\$ 11,564,970</u>	<u>10,310,319</u>		

A summary of changes in outstanding revenue bonds at March 31, 2016 and 2015 is as follows:

	<u>2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>2016</u>
Personal Income Tax Revenue Bonds	\$ 8,949,335	2,728,185	(1,048,925)	10,628,595
University Facilities	41,429	-	(9,009)	32,420
State Office Facilities	102,325	-	(14,790)	87,535
Service Contract Refunding	<u>2,012,825</u>	<u>-</u>	<u>(324,105)</u>	<u>1,688,720</u>
Total	<u>\$ 11,105,914</u>	<u>2,728,185</u>	<u>(1,396,829)</u>	<u>12,437,270</u>

Revenue bonds issued by ESD on behalf of the State rely on financing and service contracts, leases and subleases with the State. State appropriations are provided to ESD to make payments for debt service (principal and interest) on the bonds and related expenses. Therefore, the financing of all revenue bonds is not expected to result in any net revenue or expense to ESD; since any debt service not covered by available assets is recovered by State appropriation. ESD assets related to these financings as of March 31, 2016 and 2015 are as follows (in thousands):

	<u>2016</u>	<u>2015</u>
Due from State of New York	\$ 10,691,335	9,277,480
Debt service reserve	20,601	19,954
Cash and investments	1,815,354	1,897,761
Less accrued interest payable	(61,188)	(60,523)
Less other	<u>(28,832)</u>	<u>(28,758)</u>
Bonds payable	<u>\$ 12,437,270</u>	<u>11,105,914</u>

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 11 - Revenue Bonds, Continued**

New York State Special Project Revenue Bonds - Defeasance

As of March 31, 2016 and 2015, \$601.1 million and \$92.4 million, respectively, remained outstanding and are considered to be defeased.

State Personal Income Tax Revenue Bonds (General Purpose) Series 2016A

In March of 2016, ESD issued \$1,654.9 million in State Personal Income Tax Revenue Bonds (General Purpose) Series 2016A (the "Series 2016A Bonds") for the purpose of refunding certain outstanding State Personal Income Tax Revenue Bonds and other State-supported debt previously issued by the Corporation, the New York State Housing Finance Agency and the New York State Thruway Authority. In addition, proceeds of the Series 2016A Bonds were used to pay all or part of the cost of issuance of the Series 2016A Bonds.

State Personal Income Tax Revenue Bonds (General Purpose) Series 2015A & 2015B (Federally Taxable)

In December of 2015, ESD issued \$1,130.3 million in State Personal Income Tax Revenue Bonds (General Purpose): \$893.4 million Series 2015A and \$236.9 million Series 2015B (Federally Taxable). The Series 2015A and 2015B bonds (the "Series 2015 Bonds") were issued for the purpose of financing and refinancing Authorized Purposes, including (a) finance or reimburse all or a portion of the costs of programs and projects throughout the State, including highway and bridge capital projects, correctional and youth facilities projects, housing assistance projects and programs, economic development projects and State facilities projects, and (b) refund certain outstanding State Personal Income Tax Revenue Bonds and other State-supported debt previously issued by the Corporation and the New York State Housing Finance Agency. In addition, proceeds of the Series 2015 Bonds were used to pay all or part of the cost of issuance of the Series 2015 Bonds.

State Personal Income Tax Revenue Bonds (General Purpose) Series 2014A & 2014B (Federally Taxable)

In December of 2014, ESD issued \$1,296.6 million in State Personal Income Tax Revenue Bonds (General Purpose): \$925.8 million Series 2014A and \$370.8 million Series 2014B (Federally Taxable). The Series 2014A and 2014B bonds (the "Series 2014 Bonds") were issued to finance or reimburse all or a portion of the costs of programs and projects throughout the State, including highway and bridge capital projects, correctional projects, housing projects, economic development projects, State Facilities projects, and to refund certain outstanding State Personal Income Tax Revenue Bonds. In addition, proceeds of the Series 2014A and 2014B Bonds were used to pay all or part of the cost of issuance of the Series 2014 Bonds.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 11 - Revenue Bonds, Continued**

**All Revenue Bonds**

Annual maturities and interest obligations on Revenue Bonds for the five years following March 31, 2016 are as follows (in thousands):

	<u>Principal</u>	<u>Interest (a)</u>	<u>Total</u>
2017	\$ 872,300	556,238	1,428,538
2018	877,870	521,035	1,398,905
2019	893,970	485,111	1,379,081
2020	940,885	447,253	1,388,138
2021	962,105	406,289	1,368,394
	<u>\$ 4,547,130</u>	<u>2,415,926</u>	<u>6,963,056</u>

(a) Excludes variable interest rate.

Aggregate principal maturities subsequent to 2021 are approximately \$7.9 billion.

**Interest Rate Transactions**

During fiscal 2016 and 2015, there was no new activity related to the interest rate swap agreements.

Certain segments of the \$1.0 billion interest rate swap agreements in connection with Correctional and Youth Facilities Service Contract Revenue Series 2002B Bonds were terminated during fiscal year 2011. In May 2010, \$175.0 million Citibank and \$45.0 million Goldman Sachs swaps were terminated. In August 2008, \$125.0 million Morgan Stanley swaps were terminated. In June 2008, \$250.0 million Bear Stearns and \$205.0 million Goldman Sachs swaps were also terminated. As of March 31, 2016, the total amount of swap terminations related to the original 2002B Bonds was \$800.0 million. The remaining \$200.0 million interest rate swap agreements are in connection with the Service Contract Revenue Refunding Series 2008A Bonds (Variable Rate Demand Notes) which also partially refunded the 2002B Bonds.

Under the swaps, the Corporation effectively converted terms of the underlying debt obligation from a variable to a fixed rate. Under the terms of the agreement, the Corporation pays a fixed rate of 3.578% to the related counter party and receives a variable rate equivalent to 65% of the 30 day USD-LIBOR rate. The maturities of the swaps are equal to the maturities of Series 2008A Bonds and amortizations begin in 2017 with a final maturity in 2030. Since the Corporation is fully reimbursed by the State for all payments related to the swaps, no gains or losses will be recognized.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 11 - Revenue Bonds, Continued**

**Interest Rate Transactions, Continued**

The Corporation, in fiscal 2005, entered into additional interest swap agreements in connection with its \$649.9 million State Personal Income Tax Revenue Bonds, Series 2004A-2, 2004A-3 and 2004A-4 (State Facilities and Equipment) and the \$30.5 million State Personal Income Tax Revenue Bonds Series 2004B-2 (Economic Development and Housing). In September 2008, the swap agreement in connection with State Personal Income Tax Revenue Bonds was partially terminated as follows: \$74.6 million Lehman Brothers Derivative Products of Series 2004A-3, \$1.1 million Lehman Brothers Derivative Products of Series 2004A-4, \$3.9 million Lehman Brothers Derivative Products of Series 2004B-2 and \$75.1 million Lehman Brothers Derivative Products of Series 2004A-2. In September 2010, the remaining swaps for 2004A-2 and 2004B-2 were terminated.

The remaining \$224.0 million interest rate swap agreements are in connection with the State Personal Income Tax Revenue Bonds, Series 2004A-3, with amortization ranging from 2025 to 2033. The Corporation receives a variable rate equivalent to 65% of the 30 day USD-LIBOR rate and pays a fixed rate to the related counterparties of 3.490%. Since the Corporation is fully reimbursed by the State for all payments related to the swaps, no gains or losses will be recognized.

The fair value of the swaps is recorded as deferred inflows of resources and the related deferred loss as deferred outflows of resources.

**Note 12 - New York Convention Center Development Corporation Revenue Bonds**

In November 2005, NYCCDC a subsidiary of ESD, issued \$700.0 million Revenue Bonds (Hotel Unit Fee Secured) Series 2005 (the "Series 2005 Bonds") for the purpose of (a) financing the capital expansion project, which consists of expanding and renovating the Jacob K. Javits Convention Center (the "Javits Center") located in New York City; (b) prepaying a loan made to the New York Convention Center Operating Corporation used to acquire a property for eventual use in the project; (c) funding certain reserves; and (d) paying for the cost of issuance.

In August 2015, NYCCDC issued \$632.1 million Revenue Refunding Bonds (Hotel Unit Fee Secured) Series 2015 for the purpose of (a) refunding the Series 2005 Bonds; (b) paying certain costs of expanding and renovating the Javits Center; (c) funding certain reserves; and (d) paying for the cost of issuance. These bonds will continue to be repaid from revenues received by NYCCDC from hotel unit fees imposed on certain rentals of hotel rooms located within all five boroughs of New York City.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 12 - New York Convention Center Development Corporation Revenue Bonds, Continued**

NYCCDC maintains debt service reserve funds in accordance with the terms of the individual bond resolutions and enabling legislation.

As of March 31, 2016 and 2015, NYCCDC's outstanding Revenue Bonds were as follows (in thousands):

<u>2015 Revenue Bonds</u>	<u>Balances</u>		<u>Coupon rates (%)</u>	<u>Remaining payments to</u>
	<u>2016</u>	<u>2015</u>		
Serial (a)	\$ 334,920	-	3.00-5.00	2045
Term	121,635	-	5.00	2040
Term	50,285	-	3.50	2045
Term	25,010	-	4.00	2045
Term	<u>100,225</u>	<u>-</u>	5.00	2045
	632,075	-		
Unamortized bond premium	<u>66,651</u>	<u>-</u>		
	\$ <u>698,726</u>	<u>-</u>		

<u>2005 Revenue Bonds</u>	<u>Balances</u>		<u>Coupon rates (%)</u>	<u>Remaining payments to</u>
	<u>2016</u>	<u>2015</u>		
Serial	\$ -	93,795	4.00-5.00	2027
Term	-	50,930	5.00	2030
Term	-	121,000	5.00	2035
Term	-	357,270	5.00	2044
Term	<u>-</u>	<u>75,000</u>	4.75	2045
	-	697,995		
Unamortized bond premium	<u>-</u>	<u>8,417</u>		
	\$ <u>-</u>	<u>706,412</u>		

Interest is payable semiannually on November 15<sup>th</sup> and May 15<sup>th</sup> of each year.

(a) Early redemption options may commence in 2025 at 100%.

Annual principal maturities and interest obligations for the next five years following March 31, 2016 are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 4,015	29,596	33,611
2018	10,580	29,436	40,016
2019	10,900	29,118	40,018
2020	11,370	28,646	40,016
2021	<u>11,895</u>	<u>28,124</u>	<u>40,019</u>
	\$ <u>48,760</u>	<u>144,920</u>	<u>193,680</u>

Aggregate principal maturities subsequent to 2021 are approximately \$583.3 million.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 13 - Other Project Revenue Bonds**

Other project revenue bonds have been issued and secured loans originated in connection with specific economic development projects. The balances on these bonds at March 31, 2016 and 2015 is as follows (in thousands):

	<u>2016</u>	<u>2015</u>
Non-recourse bonds bearing interest at 7.5% and 10.75% payable to lending institutions in equal monthly installments, including interest, through January 2016 (two collateralized by industrial properties and a hotel)	\$ -	293
Less current portion	-	<u>(293)</u>
Non-current portion	\$ -	-

**Note 14 - Other Financing**

On March 30, 2007, ESD completed the purchase of the James A. Farley Post Office Building and entered into two financing agreements totaling \$205.0 million. The first note of \$75.0 million was issued to a bank and required semi-annual payments of interest only at the rate of 5.375% per annum. Principal together with all accrued but unpaid interest was originally due in April 2010. The second note was issued to the United States Postal Service for \$130.0 million. Payments on the note were/are due on the following dates: (a) On June 30, 2007, \$45.0 million as adjusted by the March 30, 2007 Consumer Price Index ("CPI"); (b) On June 30, 2008, \$30.0 million as adjusted by the March 30, 2007 CPI; (c) the remaining balance of \$55.0 million before adjustment by CPI is being deferred and payable from tenants' project revenues as described more fully in the funding agreement.

In February 2010, the first note of \$75.0 million was repaid by the issuance of a second note for \$91.8 million, which required semi-annual payments of interest at the rate of 5.875% per annum. Principal, together with all accrued but unpaid interest was due February 2013.

In January 2013, the second note of \$91.8 million was repaid by the issuance of a third note for \$101.0 million, which required semi-annual payments of interest at the rate of 4.0% per annum and three principal payments of \$250,000 over the two-year term that commenced in August 2013. The remaining principal, together with all accrued but unpaid interest was due February 2015.

In February 2015, the third note of \$101.0 million was repaid by the issuance of a fourth note for \$150.0 million, which included a new money component and required semi-annual payments of interest at a rate of 4.2% per annum and three principal payments of \$250,000 over the two-year term that commenced in August 2015. The remaining principal, together with all accrued, but unpaid interest, is due February 2017. ESD made two principal payments of \$250,000 each in fiscal 2016.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 14 - Other Financing, Continued**

Pursuant to a June 18, 2010 agreement between MSDC and the Port Authority, MSDC received \$6.0 million from the Port Authority to advance the Moynihan Station project. Under this agreement, the Port Authority can provide up to a maximum of \$6.7 million in funding and MSDC shall reimburse the Port Authority no later than April 1, 2015 from eligible monies as described more fully in the funding agreement. There is currently an extension of this agreement being coordinated with the Port Authority to extend the reimbursement date to April 1, 2018.

**Note 15 - Pollution Remediation Obligations**

In the years ended March 31, 2016 and 2015, the Corporation recognized pollution remediation expense provisions (recoveries) of \$1.7 million and (\$0.6) million, respectively, and the corresponding liability was adjusted in the statements of net position. The expense provision (recovery) was measured at its current value utilizing the prescribed expected cash flow method.

As of March 31, 2016 and 2015, the pollution remediation liability totaled \$10.3 million and \$19.3 million, respectively, primarily consisting of future remediation activities associated with asbestos removal, removal of other hazardous materials and soil contamination.

**Note 16 - Other Liabilities**

Other liabilities at March 31, 2016 and 2015 consist of the following (in thousands):

	<u>2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>2016</u>
Restricted funds for grants, economic development programs and special projects/bonds	\$ 126,339	-	(20,017)	106,322
Other loan and revolving loan programs - advances from State	413	-	-	413
Postemployment benefits other than pensions	29,757	4,474	-	34,231
Other accruals	<u>48,988</u>	<u>6,922</u>	-	<u>55,910</u>
Totals	205,497	<u>11,396</u>	<u>(20,017)</u>	196,876
Less current portion	<u>(81,301)</u>			<u>(84,722)</u>
Non-current portion	\$ <u>124,196</u>			<u>112,154</u>

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 17 - Deferred Inflows of Resources - Other**

Deferred inflows of resources - other at March 31, 2016 and March 31, 2015 consist of the following (in thousands):

	<u>2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>2016</u>
Restricted funds for grants, economic development programs and special projects/bonds	\$ 10,735	933	-	11,668
Deferred gain on ground lease deposit (a)	1,000	1,483	-	2,483
Other loan and revolving loan programs - advances from State	1,754	-	-	1,754
Other accruals (b)	<u>79,571</u>	<u>-</u>	<u>(5,186)</u>	<u>74,385</u>
Totals	\$ <u>93,060</u>	<u>2,416</u>	<u>(5,186)</u>	<u>90,290</u>

(a) On November 26, 2007 the Harlem Community Development Corporation ("HCDC") entered into a memorandum of understanding ("MOU") with Danforth Development Partners, LLC ("Danforth") for the redevelopment of the Victoria Theater property. At the completion of the redevelopment, HCDC will enter into a ground lease with Danforth, giving Danforth all rights in the property for the term of the lease. To execute the MOU, Danforth made a \$1 million non-refundable deposit on the ground lease of the Victoria Theater. Revenue from the deposit will remain deferred until the ground lease is executed. In fiscal 2016, HCDC received approximately \$1.5 million in additional advances on this agreement.

(b) The Corporation, through its subsidiary, Erie Canal Harbor Development Corporation ("ECHDC"), entered in a re-licensing agreement ("the agreement") with New York Power Authority ("NYPA"), under which the Corporation will receive annual payments of \$4.7 million through the year 2029. The remaining stream of payments as of March 31, 2016 is \$61.1 million. The agreement requires ECHDC to submit an annual report to NYPA to show that this stream of payments is being expended in accordance with the agreement. The balance of this payment stream is deferred for specific performance by ECHDC.

**Note 18 - Appropriations Repayable Under Prescribed Conditions**

A recapitalization of ESD, involving the State and New York State Project Finance Agency ("PFA"), a corporate governmental agency constituting a public benefit corporation, took place during the years 1975 through 1978. PFA was created to provide funds to ESD to complete its outstanding development projects.

The appropriations repayable under prescribed conditions originated from the recapitalization of ESD. The State advanced \$162.6 million to ESD and \$198.1 million to PFA. The PFA obligation was assigned to ESD creating a total amount repayable of \$360.7 million. Since 1978, ESD has repaid \$163.1 million to the State. The remaining balance of the obligation at March 31, 2016 and 2015 amounted to \$197.6 million.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 18 - Appropriations Repayable Under Prescribed Conditions, Continued**

The "prescribed conditions" for repayment require that at no time shall the Director of the Budget of the State of New York ("Director") request repayment of an amount greater than the excess of ESD's aggregate revenues and receipts from operations (excluding borrowings, proceeds of sales of assets and appropriations) during its preceding fiscal year over the aggregate amount payable by ESD during the preceding fiscal year for expenses (including reasonable reserves for contingencies as approved by the Director) and debt service (without regard to any refunding of debt).

The prescribed conditions for repayment were modified in 1997 by the provisions of Chapter 309 of the Laws of 1996 which require that resources provided by ESD's corporate purpose bonds, issued in connection with a 1996 refunding of ESD's original bonds (the "1996 Refunding") be made available to assist the New York Job Development Authority ("JDA") in meeting its lawfully incurred debts and obligations through the year 2012, and to provide up to \$10 million over four years for ESD's Housing Repairs and Modernization Fund.

Annually, ESD may be required, if and when notified by the State, to provide JDA, with amounts ranging from \$10.0 million to \$10.7 million, depending on anticipated annual cash flow savings from the 1996 Refunding. No payments were made to JDA in 2016 and 2015. No payments are anticipated during 2017.

It is also anticipated that the \$26.3 million due from JDA for reimbursement to ESD for administrative expenses incurred on behalf of JDA as of March 31, 2016 (\$26.2 million as of March 31, 2015), may also be credited against appropriations repayable under prescribed conditions. ESD has accrued interest on the amount due from JDA since 1997. The interest rate used is the annualized average weighted yield earned by ESD on its investment portfolio. The cumulative interest earned, which covers the last twenty-one fiscal years, is \$7.4 million.

**Note 19 - Retirement Plans**

**(a) Deferred Compensation and Postemployment Benefits**

Some employees of ESD have elected to participate in the State's deferred compensation plan in accordance with Internal Revenue Code section 457. ESD has no liability related to this plan.

Continued health insurance coverage is the only postemployment benefit provided to ESD employees. The coverage is provided to former employees at a shared rate. It is administered through the New York State Department of Civil Service Employee Benefits Division. Full-time employees who are vested and choose to terminate employment or who retire and draw a pension from the New York State and Local Employees' Retirement System ("ERS" or the "System") are eligible for this benefit.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 19 - Retirement Plans, Continued**

**(b) State Employees' Retirement System**

ESD participates in the System. This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Corporation (the "Corporation"), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Corporation and is the administrative head of the System. The System benefits are established under the provision of the New York State Retirement and Social Security Law. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Corporation also participates in the Public Employees Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/inex.php](http://www.osc.state.ny.us/retire/publications/inex.php) or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 and before April 1, 2012 who generally contribute 3.0 percent of their salary for their entire length of service. Those joining on or after April 1, 2012 are required to contribute between 3 and 6 percent, dependent on salary, throughout their working careers. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows (in thousands):

	<u>ERS</u>
2016	\$ 4,327
2015	4,473
2014	5,217

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 19 - Retirement Plans, Continued**

**(c) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At March 31, 2016, ESD reported the following liability for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. ESD's proportionate share of the net pension liability was based on a projection of its long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS in reports provided to ESD (in thousands).

Actuarial valuation date	3/31/2015	3/31/2014
Net pension liability	\$ 2,983	3,989
Corporation's proportion of the Plan's net pension liability	.0882936%	.0882936%

For the year ended March 31, 2016, ESD recognized pension expense of \$2.6 million for ERS. At March 31, 2016 ESD's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 95	-
Net difference between projected and actual earnings on pension plan investments	518	-
Changes in proportion and differences between the Corporation's contributions and proportionate share of contributions	-	351
Corporation's contributions subsequent to the March 31, 2015 measurement date	<u>4,327</u>	<u>-</u>
Total	\$ <u>4,940</u>	<u>351</u>

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 19 - Retirement Plans, Continued**

**(c) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued**

ESD contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

<u>Year ended</u>	<u>ERS</u>
2016	\$ 66
2017	66
2018	66
2019	66
2020	-
Thereafter	-

**(d) Actuarial Assumptions**

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The significant actuarial assumptions used in the valuations were as follows:

Measurement date	March 31, 2015
Actuarial valuation date	April 1, 2014
Interest rate	7.5%
Salary scale	4.9% Average
Decrement tables	April 1, 2005 - March 31, 2010 System's Experience
Inflation rate	2.7%

Annuitant mortality rates are based on April 1, 2005 - March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 19 - Retirement Plans, Continued**

**(d) Actuarial Assumptions, Continued**

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each of the target asset allocation percentage and adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement date	March 31, 2015
Asset type:	
Domestic equity	7.30%
International equity	8.55%
Real estate	8.25%
Private equity	11.00%
Absolute return strategies	6.75%
Opportunities portfolio	8.60%
Real assets	8.65%
Bonds and mortgages	4.00%
Cash	2.25%
Inflation - indexed bonds	4.00%

**(e) Discount Rate**

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**(f) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

The following presents ESD's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what ESD's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate (in thousands):

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension (asset) liability	\$ <u>19,881</u>	<u>2,983</u>	<u>(11,284)</u>

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 19 - Retirement Plans, Continued**

**(g) Pension Plan Fiduciary Net Position**

The components of the current-year net pension liability of all participating employers as of the respective valuation dates, were as follows:

	(Dollars in Millions)
Valuation date	3/31/2015
Employers' total pension liability	\$(164,592)
Plan net position	<u>161,213</u>
Employers' net pension liability	\$ <u>(3,379)</u>
Ratio of plan net position to the Employers' total pension liability	97.95%

**(h) Contributions to the Pension Plan**

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Retirement contributions as of March 31, 2016 and 2015 represent the projected employer contributions for the period of April 1, 2015 through March 31, 2016 and April 1, 2014 through March 31, 2015, respectively, based on paid ERS wages multiplied by the employer's contribution rate, by tier. This amount has been recorded as deferred outflows of resources in the accompanying financial statements.

**(i) New York State Voluntary Defined Contribution Program**

In March 2012, Chapter 18 of the Laws of 2012 was signed into law and allows ESD employees, that meet certain requirements, to participate in the State University of New York (SUNY) optional retirement plan called the NYS Voluntary Defined Contribution Plan (VDC Program).

Beginning July 1, 2013, employees who earn \$75,000 or more were given the option of joining either the VDC program or the ERS. The VDC program provides benefits that are based on contributions made by both ESD and the participant. Employee contribution rates range from 4.5% to 6%, dependent upon annual salary. The employer contribution rate is 8% of gross income. All contributions and any subsequent earnings are held by ESD in a segregated account and credited to individual accounts for each plan participant. Employees vest after one year of service, at which time their entire account balance is transferred to an investment firm of their choosing within the VDC program. ESD's involvement with their account ends at that time. The amount owed to participants upon retirement is based solely on the account balance at the time of withdrawal.

As of March 31, 2016 and 2015, there were twenty-seven and twenty ESD employees enrolled in the VDC program, respectively.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 20 - Cumulative Effect of Change in Accounting Principle**

During the year ended March 31, 2016, the Corporation implemented GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment to GASB Statement No. 68." The implementation of these statements resulted in the reporting of deferred outflows of resources and a liability related to ESD's participation in ERS. ESD's net position at April 1, 2015 has been restated as follows:

Net position at beginning of year, as previously stated	\$ 1,953,551
GASB Statement No. 68 implementation:	
Beginning System liability - Employees' Retirement System as of March 31, 2015	3,989
Beginning deferred outflow of resources resulting from:	
Differences between expected and actual experience	
Contributions subsequent to the measurement date	<u>(3,884)</u>
Cumulative effect of implementation	<u>105</u>
Net position at beginning of year, as restated	\$ <u>1,953,446</u>

**Note 21 - Commitments and Contingencies**

Commitments and contingencies at March 31, 2016 consist of the following:

**(a) Legal Actions**

**General**

ESD and its subsidiaries have been named as defendants in legal actions arising in the normal course of its economic development operations, including matters regarding employment, alleged breach of contract and condemnation proceedings. In addition, defendants in mortgage loan foreclosure proceedings initiated by ESD have asserted defenses and counterclaims for damages. ESD believes that the ultimate outcome of the legal actions arising in the normal course of operations will not have a material adverse effect on its financial condition.

ESD and/or its subsidiaries are named as defendants in many personal injury actions allegedly arising out of accidents occurring on land or buildings owned by ESD and/or its subsidiaries. In all such cases, the potential liability of ESD and/or its subsidiaries is minimal inasmuch as the claims are covered either by ESD's own liability insurance or by indemnity insurance required by ESD from the tenants and/or developers of the sites of the alleged accidents or by contractors.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 21 - Commitments and Contingencies, Continued**

**(a) Legal Actions, Continued**

**General, Continued**

In April 2012, Erie Canal Harbor Development Corporation ("ECHDC"), a subsidiary of ESD, entered into the Inner Harbor Phase 3A-Canalside Public Canal Environment Contract. The total contract price, as that term is defined in the contract, is not to exceed \$19.784 million. ECHDC received numerous Notices of Claim from the contractor under this contract, related to various aspects of the contract scope and performance requirements. Effective July of 2013, ECHDC terminated the contractor due to the contractor's failure to properly perform under the terms of the contract. The work has been completed by the bonding company. The contractor has brought multiple actions in State and federal court challenging the termination and seeking an undisclosed amount of monetary relief as a result of the termination and its claims for additional work under the terms of the contract. Since the original lawsuit was commenced, the bonding company has intervened in the State lawsuits and raised additional claims for work completed after termination of the contractor. The action is currently in the discovery phase with a trial date set for May of 2017.

Of note is exposure arising from a lawsuit filed in Nassau County against a number of entities, including ESD. In Nassau County v. Richard Dattner Architect P.C., Dormitory Authority of the State of New York, Empire State Development Corporation, Tishman Construction Corporation of New York, et al., Index No. 04/002750 (Sup. Ct. N.Y. Nassau County, Hon. Vito M. DeStefano, JSC), commenced on or about June 17, 2004, plaintiff Nassau County ("the County") seeks to recover damages of approximately \$20 million for the alleged negligent design, engineering and construction of the Nassau County Aquatic Center located within Eisenhower Park, East Meadow, New York. The County asserts causes of action against ESD, the Dormitory Authority of the State of New York ("DASNY"), Richard Dattner Architect, Tishman Construction and various other project contractors for negligence, breach of contract, negligent misrepresentation and/or fraud. Pursuant to applicable project agreements, ESD agreed to indemnify DASNY from project-related liabilities. ESD and DASNY are being defended in this lawsuit by the Office of the New York State Attorney General. ESD and DASNY have denied the allegations of the complaint, raised numerous defenses and asserted cross-claims against various co-defendants. Discovery proceedings are continuing. To date, settlement discussions and mediation efforts have resolved four of the six causes of action against ESD. Two of the four resolved causes of action relate to the return of unspent county funds, which ESD has released to the County; the other two are tort claims, which the County has agreed to discontinue with prejudice.

ESD has moved to dismiss the remaining two causes of action, for breach of contract, on legal grounds. By decision and order dated March 30, 2015, Justice DeStefano issued a Decision and Order dismissing the County's claim against ESD. However, the Judge declined to dismiss plaintiff's breach of contract claim against DASNY. Under its agreement with DASNY, ESD is

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 21 - Commitments and Contingencies, Continued**

**(a) Legal Actions, Continued**

**General, Continued**

bound to indemnify DASNY against all liability and costs, so effectively the action could still result in payment by ESD. DASNY and ESD have appealed the decision on DASNY's potential liability seeking to have that decision overturned by the Appellate Division, Second Department. In the meantime, discovery in the trial court continues. No prediction can be made as to when a decision on the appeal may be rendered and no assessment can be made of the likelihood of an unfavorable outcome or estimate of the amount or range of potential loss.

On May 27, 2015, a settlement agreement was reached in Vinson v. HCDC, 14-CV-4068, an employment case pending in the Southern District of NY. The case involved four former employees of ESD, parent of Harlem Community Development Corporation ("HCDC"). Plaintiffs alleged that they were discriminated against by HCDC, where they worked, on the basis of their national origin. All four plaintiffs had previously filed EEOC charges in March 2013, all of which were dismissed. The settlement, which is not an admission of liability in the case, provided for a total payment of \$325 thousand for all four plaintiffs, inclusive of plaintiffs' legal fees, subject to approval by ESD's directors. The settlement was approved by ESD in June 2015. The settlement amount, and all of ESD's associated fees and costs, were covered by insurance maintained by ESD, subject to a \$100 thousand deductible. The full amount of the deductible was paid during the year ended March 31, 2016.

Canrock Innovate NY Fund L.P. is a limited partnership that made equity investments in five early stage tech companies. Innovate NY Fund L.P. is a limited partnership in which ESD is a limited partner. Innovate NY Fund L.P. is the sole limited partner in Canrock Innovate NY Fund L.P. ESD funded Innovate NY Fund L.P. with Federal State Small Business Credit Initiative ("SSBCI") funds that were used to fund the investments made in the five companies by Canrock Innovate NY Fund L.P. It appears that in four of those companies, the CVC Partners Innovate IV NY LLC, the General Partner in Canrock Innovate NY Fund L.P., had conflicts of interest with respect to the investments in four of the five companies due to prior interest of affiliates and principals of CVC Partners Innovate IV NY LLC in those companies. CVC Partners Innovate IV NY LLC, failed to disclose to Innovate NY Fund L.P. these conflicts of interest and to seek the prior authorization (of Innovate NY Fund L.P., the limited partner) to invest in those companies as required by the limited partnership agreement. United State Treasury ("Treasury"), the SSBCI program administrator, may assert misuse of the SSBCI funds by ESD in connection with these four investments. If Treasury determines that misuse was recklessness on ESD's part, ESD could be required to return to Treasury the amount of SSBCI funds invested in those companies, which is approximately \$1.6 million.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 21 - Commitments and Contingencies, Continued**

**(a) Legal Actions, Continued**

**General, Continued**

ESD subsidiary Brooklyn Bridge Park Development Corporation ("BBPDC") is one of a number of respondents in a lawsuit seeking judicial review of City and State approval of the building of a hotel and condominium at Pier 1, Brooklyn Bridge Park. BBPDC owns the land, which is rented under a 99-year ground lease to a NYC not-for-profit corporation that manages the Park. Local residents complain that the City and State entities allowed the hotel developer to build a taller structure than was allowed, blocking their views. By Decision and Order dated June 12, 2015, Supreme Court, Kings County (Justice Knipel) dismissed the Article 78 proceeding case and vacated all interim injunctions, finding that: (i) petitioners had delayed commencing the litigation well beyond the 4-month statute of limitation for an Article 78 proceeding; and (ii) that, even if the action was timely, the buildings in question complied with the height limits set out in ESD's Modified General Project Plan. Petitioners have appealed this well-reasoned decision, and the appeal is fully briefed before the Second Department, which has not yet set a date for oral argument. As a practical matter the case is probably over, since the Appellate Division would likely not grant a pre-appeal temporary injunction barring further construction.

A second Article 78 petition was filed by a different petitioner, the Brooklyn Heights Association, arguing that the Pier 1 hotel as built violated a restricted and protected scenic view-plane from the Brooklyn Heights Promenade. ESD/BBPDC and the City moved to dismiss the petition in Kings County Supreme Court. The motion is pending.

**Atlantic Yards Land Use Improvement and Civic Project**

With respect to the Atlantic Yards Land Use Improvement and Civic Project (the "Project"), located in Brooklyn, New York, ESD has exercised its powers under the New York State Eminent Domain (condemnation) Procedure Law in two proceedings.

ESD filed its first condemnation petition in December 2009 to obtain title to certain private Phase I properties needed for the Project; ESD took title to such properties pursuant to Court order in March 2010; and ESD obtained vacant possession of such properties in May 2010. There are two remaining issues in this proceeding: (a) the pending appeal of a fee award and; (b) valuation of the last of the condemned properties. The pending appeal relates to a 2014 decision wherein the Court held that there was a reasonable probability that the property, vacant land on Atlantic Avenue, would be upzoned and redeveloped with a hotel. The Court valued the property using the sales comparison approach and adjusted four of the claimant's land sales to arrive at a value. The Court's decision on this matter was appealed and that appeal is pending. The trial of a former four-story building, the last of the condemned properties referred to in (b) above, will commence subsequent to March 31, 2016.

NEW YORK STATE URBAN DEVELOPMENT  
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Notes to Consolidated Financial Statements, Continued

**Note 21 - Commitments and Contingencies, Continued**

**(a) Legal Actions, Continued**

**Atlantic Yards Land Use Improvement and Civic Project, Continued**

ESD filed its second condemnation petition in August 2014 to obtain title to seven private Phase II properties needed for the Project; ESD took title to such properties pursuant to Court order in September 2014; and ESD obtained vacant possession of such properties in May 2015. The remaining issue before the Court in this proceeding is valuation of the condemned properties. ESD is in the process of exchanging Vesting Date (9/19/14) appraisals for the properties taken. Two of the fee claims have been settled.

Pursuant to the Project contract, all condemnation awards are to be paid by the Project developer, not ESD, and therefore these litigations are not expected to have a material adverse effect on ESD's financial position.

There are currently no pending litigations challenging Project approvals.

**Columbia University Manhattanville Project**

In January 2012, ESD commenced proceedings under the New York State Eminent Domain (condemnation) Procedure Law to acquire property necessary for Phase I of this Project. In cooperation with The City of New York, ESD condemned various street interests and conveyed same to Columbia. In March 2012, ESD took title, by condemnation, to five private fee parcels (two gas stations and three self-storage facilities). All such parcels were vacated and transferred to Columbia for use in the Project by November 2012. Compensation for all five parcels have now been settled and paid, and no claims remain outstanding. Pursuant to the Project contract, all condemnation awards were paid by Columbia, not ESD.

**Lower Manhattan Development Corporation**

On August 31, 2004, the Corporation took ownership of the parcel at 130 Liberty Street, which was an entire block that included a building formerly owned by Deutsche Bank. The building was badly damaged on September 11, 2001, and the Corporation undertook the acquisition, decontamination, and deconstruction of the building (the "Project") as a necessary step to the accomplishment of the objectives of the World Trade Center Memorial and Redevelopment Plan (the "Plan"). Decontamination and deconstruction were completed in February 2011. Soon thereafter, access to the parcel was granted to The Port Authority of New York and New Jersey ("Port Authority") for construction of subgrade components of the Vehicular Security Center and construction of a temporary public plaza, consistent with the Plan. The Corporation has received approval from HUD to allocate \$300 million of federal Community Development Block Grant funds to the acquisition, abatement, deconstruction, and related efforts. In addition, pursuant to various settlement agreements, the Corporation has received funding for this Project from Deutsche Bank's insurance carriers in the amount of \$102.4 million and from Deutsche Bank in the amount of \$3.8 million.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 21 - Commitments and Contingencies, Continued**

**(a) Legal Actions, Continued**

**Lower Manhattan Development Corporation, Continued**

The costs of the Project include general and trade contractors, the Corporation's owner's representative, integrity monitoring, environmental review and testing, certain insurance policies, legal fees for transactions and litigation, and land use and environmental compliance. At March 31, 2015, the Corporation had expended on the Project approximately \$ 257 million of the allocated HUD funds, net of the \$40 million in recoveries from the settlement agreement described below, and approximately \$ 106 million of the funds received pursuant to the settlements with Deutsche Bank and its insurance carriers.

During the course of the Project various disputes arose between the Corporation and its general contractor, Bovis Lend Lease LMB, Inc. ("Bovis"). Without being exhaustive, these disputes related to: (i) demands by Bovis for compensation in addition to that provided for in the lump sum payment specified for work under the Deconstruction Contract, dated as of October 20, 2005, which ultimately resulted in a Supplemental Agreement, dated as of February 2007, in which the Corporation agreed to pay certain additional compensation and make advances of certain costs subject to recovery in subsequent litigation; (ii) accidents and safety incidents occurring on the site under Bovis's management; (iii) overall site management; (iv) integrity of invoicing; (v) staffing; and (vi) schedule adherence. In August 2007, a major fire occurred at the site, resulting in the deaths of two New York City firefighters, injuries to numerous other firefighters, substantial damage to the structure, and substantial delays in Project progress.

In October 2009, Bovis sued the Corporation in New York State Supreme Court; New York County, seeking damages of more than \$80 million. Bovis alleged, in substance, that the Corporation was required to compensate it for higher than expected costs incurred in connection with the Project. In March 2011, the Corporation asserted counterclaims against Bovis, seeking more than \$100 million in damages resulting from Bovis's breach of its obligations to the Corporation and Bovis' gross negligence in supervising the Project.

On May 8, 2015 LMDC and Bovis executed a final settlement agreement and release in this matter. The terms of the settlement require Bovis to pay LMDC a total of \$40 million in three installments by June 30, 2016. In addition, Bovis agreed to release over \$10 million in outstanding payments LMDC had not yet made in connection with Bovis's work on the project. Following the execution of the settlement LMDC's and Bovis' jointly filed a motion for voluntary discontinuance with prejudice to dismiss LMDC from the action.

Various subcontractors on the Project have also asserted claims against the Corporation. After the August 2007 fire, Bovis terminated for cause The John Galt Corporation ("Galt"), one of its subcontractors on the Project. On December 26, 2007, Galt filed *The John Galt Corp. v. Bovis Lend Lease LMB, Inc. and Lower Manhattan Development Corp.*, No. SU-2007-08324 (Sup. Ct.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 21 - Commitments and Contingencies, Continued**

**(a) Legal Actions, Continued**

**Lower Manhattan Development Corporation, Continued**

Rockland County) ("*Galt I*"), an action alleging breach of contract and various business torts, in the New York Supreme Court, Rockland County. The action was transferred and consolidated with a related action, *The John Galt Corp. v. Travelers Casualty and Surety Co., et al.*, No. 603295/07 ("*Galt II*"), pending in the New York Supreme Court, New York County. By Order dated April 26, 2009, the Court dismissed Galt's claims against LMDC in their entirety. Other defendants, including Bovis and Bovis' sureties ("*Sureties*"), asserted cross-claims against LMDC. By Order dated January 22, 2010, the Court dismissed in part the Sureties' cross-claims against LMDC. The Sureties' inchoate claim for subrogation is still outstanding, but the *Galt II* action was stayed pending the resolution of the Galt bankruptcy, which was initially filed on July 12, 2012 and finalized on September 12, 2014. After the court rules on its motion to dismiss LMDC from the main Bovis action, LMDC plans to file a stipulation of discontinuance to formally dismiss the Galt Actions as well.

Various other contractors have asserted liens against the Corporation as a result of the Project. (Each of those liens have been bonded, withdrawn, or expired.)

The Corporation has been served with numerous lawsuits or notices of claims for alleged personal injuries suffered in connection with the August 2007 fire at the Project, other construction accidents at the Project, and accidents at other sites and projects in Lower Manhattan, including sites under the control of other public entities. Management believes that such claims are covered by indemnity obligations of, and/or insurance policies held by the contractors or owners directly responsible for those sites, and/or, if necessary, by the Corporation's own insurance policies, subject to any applicable deductibles. All such claims are being vigorously defended by the Corporation or for the Corporation by the indemnifying parties. It has been reported to the Corporation that several personal injury claims have been settled conditionally without contribution by the Corporation. Management believes that the ultimate outcome of these legal actions will not have a material adverse effect on the financial condition of the Corporation.

From time to time in the ordinary course of the Corporation's business, various actions or notices are asserted alleging the Corporation's liability for a variety of matters in Lower Manhattan. The Corporation defends itself against these claims (to the extent asserted in litigation) either through private outside counsel, the New York State Attorney General's Office, or third parties with indemnification obligations. Management believes that no such matters pending on March 31, 2016 will have a material adverse impact on the Corporation's financial condition.

Contingencies related to Lower Manhattan Development Corporation at March 31, 2016 consist of the following:

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 21 - Commitments and Contingencies, Continued**

**(a) Legal Actions, Continued**

**Lower Manhattan Development Corporation, Continued**

**Grants**

The Corporation's activities are funded by HUD, and are governed by various federal rules and regulations. Costs charged to the HUD grants are subject to audit and adjustment by HUD; therefore, to the extent that HUD determines that the Corporation or its subrecipients have not complied with the rules and regulations governing the grants, the Corporation may be required to reimburse HUD for any noncompliant disbursements. If such reimbursement resulted from the failure of a subrecipient to comply with its obligations, the Corporation would seek to recover such funds from such subrecipient either through an actual payment, or by reducing future disbursements. There is no assurance that in such circumstances the Corporation would succeed in effecting such recovery. In the opinion of the Corporation's management, there are no material contingent liabilities relating to compliance with the rules and regulations governing the HUD grants, therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**(b) Letters of Credit and Credit Guarantees**

ESD maintains two irrevocable letters of credit each of \$101.1 million, with two banks. The letters of credit support variable rate demand notes issued in 2008. The transactions had no impact on the financial position of ESD.

**(c) Construction**

The Corporation has contracts in place for construction at several sites, which are in varying states of completion. The total value of contracts outstanding at March 2016 is approximately \$272.5 million.

**(d) Lease Commitments**

In June 2013, ESD entered into a lease with 633 Third TEI Equities LLC for five units consisting of the entire 33<sup>rd</sup> through 37<sup>th</sup> floors at 633 Third Avenue, New York, NY. The lease term commenced on July 1, 2013 and terminates on June 30, 2023. There is also a renewal provision of five years commencing July 1, 2023 and terminating June 30, 2028. Escalation provisions exist for both operating expenses and taxes (real estate, water consumption, sewer rents, rates and charges, county, transit or any other governmental charge of a similar nature).

Minimum lease payments to be paid under the lease agreement for each of the next five fiscal years and thereafter as of March 31, 2016 are as follows (excluding escalations and option period) (in thousands):

NEW YORK STATE URBAN DEVELOPMENT  
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Notes to Consolidated Financial Statements, Continued

**Note 21 - Commitments and Contingencies, Continued**

2017	\$ 6,656
2018	6,708
2019	6,942
2020	7,020
2021	7,098
Thereafter	<u>16,029</u>
TOTAL	\$ <u>50,453</u>

**Note 22 - Accounting Standards Issued But Not Yet Implemented**

GASB Statement No. 72 - "Fair Value Measurement and Application" provides guidance regarding accounting and financial reporting relate to fair value measures of certain investments. The requirements of this statement are effective for periods beginning after June 15, 2015, which is the fiscal year beginning April 1, 2016 for the Corporation. Management is in the process of evaluating the potential impact due to the implementation of this statement on the consolidated financial statements of the Corporation.

GASB Statement No. 73 - "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This Statement, issued in June 2015, establishes requirements for defined benefit pension plans and defined contribution pension plans that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as requirements for the assets accumulated for purposes of providing those pensions. The requirements of this Statement for pensions that are not within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2016. Requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions as well as the requirements for pension plans within the scope of Statements 67 and 68 are effective for fiscal years beginning after June 15, 2015, which is the fiscal year beginning April 1, 2016. The effects of this Statement on the consolidated financial statements of the Corporation are not presently determinable.

GASB Statement No. 74 - "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This Statement, issued in June 2015, replaces existing standards of accounting and financial reporting for postemployment benefit plans other than pension plans and also replaces existing requirements for defined contribution OPEB plans. The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2016, which is the fiscal year beginning April 1, 2017 for the Corporation. The effects of this Statement on the consolidated financial statements of the Corporation are not presently determinable.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 22 - Accounting Standards Issued But Not Yet Implemented, Continued**

GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This Statement, issued in June 2015, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This Statement is effective for fiscal years beginning after June 15, 2017, which is the fiscal year beginning April 1, 2018 for the Corporation. The effects of this Statement on the consolidated financial statements of the Corporation are not presently determinable.

GASB Statement No. 76 - "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This Statement, issued in June 2015, supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, and reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements for this Statement are effective for financial statements for periods beginning after June 15, 2015, which is the fiscal year beginning April 1, 2016 for the Corporation. This Statement is not expected to have a material effect on the consolidated financial statements of the Corporation.

GASB Statement No. 77 - "Tax Abatement Disclosures." This Statement, issued in August 2015, requires governments that enter into tax abatement agreements to disclose taxes abated, the gross amount of such taxes abated during the period and any other commitments made by the government other than to abate taxes, as a part of the abatement agreement. The requirements for this Statement are effective for financial statements for periods beginning after December 15, 2015, which is the fiscal year beginning April 1, 2016 for the Corporation. The effects of this Statement on the consolidated financial statements of the Corporation are not presently determinable.

GASB Statement No. 78 - "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans." This Statement, issued in December 2015 amends GASB Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 22 - Accounting Standards Issued But Not Yet Implemented, Continued**

above. The provisions of this Statement are effective for financial statements for years beginning after December 15, 2015, which is the fiscal year beginning April 1, 2016 for the Corporation. The effects of this Statement on the consolidated financial statements of the Corporation are not presently determinable.

GASB Statement No. 79 - "Certain External Investment Pools and Pool Participants." This Statement, issued in December 2015, addresses the accounting and financial reporting for certain external investment pools and pool participants. It establishes the criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. For the Corporation, this statement becomes effective for the fiscal year beginning April 1, 2016. The effects of this Statement on the consolidated financial statements of the Corporation are not presently determinable.

GASB Statement No. 80 - "Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14." This Statement, issued in January 2016, amends the blending requirements for the financial statement presentation of component units of all state and local governments. It requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2016, which is the fiscal year beginning April 1, 2017 for the Corporation. This Statement is not expected to have a material effect on the consolidated financial statements of the Corporation.

GASB Statement No. 81 - "Irrevocable Split-Interest Agreements." This Statement, issued in March 2016, establishes accounting and reporting standards for irrevocable split-interest agreements with characteristics that are equivalent to irrevocable split-interest agreements in which a donor irrevocably transfers resources to an intermediary who administers these resources for the unconditional benefit of a government and at least one other beneficiary. The provisions of this Statement are effective for financial statements for years beginning after December 15, 2016. For the Corporation, this statement becomes effective for the fiscal year beginning April 1, 2017. This Statement is being evaluated for its effect on the consolidated financial statements of the Corporation.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

**Note 22 - Accounting Standards Issued But Not Yet Implemented, Continued**

GASB Statement No. 82 - "Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73." This Statement, issued in March 2016, addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, which is the fiscal year beginning April 1, 2017 for the Corporation, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017, which is the fiscal year beginning April 1, 2018 for the Corporation. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the consolidated financial statements of the Corporation.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES  
Required Supplementary Information  
Schedule of Funding Progress - Other Postemployment Benefits  
Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
April 1, 2013	\$ -	69,987,175	69,987,175	-	22,474,730	311.4%
April 1, 2014	-	74,230,439	74,230,439	-	23,312,392	318.4%
April 1, 2015	-	83,453,951	83,453,951	-	25,039,418	333.3%

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES  
Required Supplementary Information  
Schedule of Corporation's Proportionate Share of the Net Pension Liability  
Year ended March 31, 2016

NYSERS Pension Plan (in thousands)		
	<u>2016</u>	<u>2015</u>
Corporation's proportion of the net pension liability	0.0882936%	0.0882936%
Corporation's proportionate share of the net pension liability	\$ 2,983	\$ 3,989
Corporation's covered payroll	\$ 25,039	\$ 23,312
Corporation's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	11.91%	17.11%
Plan fiduciary net position as a percentage of the total pension liability	97.95%	97.95%

The amounts presented for each fiscal year were determined as of the March 31, 2016 and 2015 measurement dates of the plans.

NEW YORK STATE URBAN DEVELOPMENT  
CORPORATION AND SUBSIDIARIES  
Required Supplementary Information  
Schedule of Corporation's Employer Pension Contributions  
Year ended March 31, 2016

NYSERS Pension Plan (in thousands)					
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 4,327	4,473	5,217	4,328	3,356
Contributions in relation to the contractually required contribution	<u>4,327</u>	<u>4,473</u>	<u>5,217</u>	<u>4,328</u>	<u>3,356</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Corporation's covered employee payroll	\$ 25,039	23,312	22,300	21,943	22,114
Contributions as a percentage of covered employee payroll	17.28%	19.19%	23.39%	19.72%	15.18%

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors  
New York State Urban Development  
Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the consolidated financial statements of New York State Urban Development Corporation and Subsidiaries (the "Corporation"), a component unit of the State of New York, which comprise the consolidated statement of net position as of March 31, 2016, and the related consolidated statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to consolidated financial statements, and have issued our report thereon dated June 13, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York  
June 13, 2016

## INDEPENDENT AUDITORS' REPORT ON INVESTMENT COMPLIANCE

The Board of Directors  
New York State Urban Development  
Corporation:

### Report on Investment Program Compliance

We have audited the New York State Urban Development Corporation and Subsidiaries' (the "Corporation"), a component unit of the State of New York, compliance with the types of compliance requirements described in the Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program during the year ended March 31, 2016.

### Management's Responsibility

Management is responsible for compliance with the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program.

### Auditor's Responsibility

Our responsibility is to express an opinion on the compliance of the Corporation's investment program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the investment program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the investment program. However, our audit does not provide a legal determination of the Corporation's compliance.

### Opinion on Investment Program

In our opinion, the New York State Urban Development Corporation and Subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its investment program for the year ended March 31, 2016.

### Report on Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirement that could have a direct and material effect on the investment program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the investment program and to test and report on internal control over compliance in accordance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York  
June 13, 2016

**FOR CONSIDERATION**

June 23, 2016

**TO:** The Directors

**FROM:** Howard A. Zemsky

**SUBJECT:** Buffalo (Western New York Region – Erie County) – Lofts at University Heights – CB-Emmanuel Realty Capital – Buffalo Regional Innovation Cluster Fund – Better Buffalo Fund (Capital Loan)

**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 Loan and to Take Related Actions; Determination of No Significant Effect on the Environment

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**General Project Plan**

**I. Project Summary**

**Borrower:** UH Lofts LLC (“UH Lofts” or the “Company”), a limited liability company controlled by CB-Emmanuel Realty, LLC (“CB-Emmanuel”)

**ESD\* Investment:** A loan of up to \$2,000,000 to be used to reimburse a portion of the costs of construction and remediation

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

**Project Location:** 91 Lisbon Avenue, Buffalo, Erie County 14214

**Proposed Project:** Rehabilitation and reuse of former Buffalo Public School #63 (“School 63”), creating approximately 44 mixed-income workforce rental apartments, which will be known as Lofts at University Heights

**Project Type:** Rehabilitation and adaptive reuse of a vacant property

Regional Council: The Western New York Regional Economic Development Council oversees the Buffalo Billion Investment Development Plan. This project is part of Governor Cuomo's Buffalo Billion Initiative to enhance residential and commercial density along major transportation corridors.

Loan Financing: The loan will provide permanent financing for a 30-year term

Security: Subordinate lien on real estate co-equal with NYS Housing Finance Agency ("HFA") Subsidy Loan

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Land Acquisition	\$11,940
Acquisition of Existing Assets	138,060
Construction Costs (including demolition and environmental remediation)	11,599,049
Soft Costs & Contingency	2,348,011
Reserves, Working Capital	233,001
Developer Fee	<u>1,685,096</u>
<b>Total Project Costs</b>	<b><u>\$16,015,157</u></b>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD-Loan	\$2,000,000	12.5%	1%/30yrs/ co-equal 2 <sup>nd</sup> on RE*
NYS HFA	1,851,580	11.6%	1%/30yrs/co-equal 2 <sup>nd</sup> on RE*
Long Term Tax-exempt Bonds	470,000	2.9%	5%/30yrs/1 <sup>st</sup> on RE
City of Buffalo HOME	1,200,000	7.5%	1%/30yrs/3 <sup>rd</sup> on RE*
Low in Housing Tax Credit & Historic Tax-Credit Equity Investor**	10,160,326	63.4%	
Deferred Developer Fee	<u>333,251</u>	<u>2.1%</u>	
<b>Total Project Financing</b>	<b><u>\$16,015,157</u></b>	<b><u>100.00%</u></b>	

\*Subject to lien priority requirements of The HOME Investment Partnerships Program ("HOME") loan to Borrower from Buffalo Urban Renewal Agency/City of Buffalo (the "City"), and NYS HFA.

\*\*Source of Equity is Hudson Housing Capital (or equivalent), the tax credit investor member/syndicator

### III. Project Description

#### A. Borrower

**Industry:** Property Development

**Borrower History:** UH Lofts was formed by principals of CB-Emmanuel in 2015 to undertake the acquisition, construction, and management of a long-vacant structure into workforce rental apartments. CB-Emmanuel, established in 2005, is a Queens-New York City, based developer specializing in the development and management of low-income housing. CB-Emmanuel, which began with small projects secured from the New York City Department of Housing Preservation and Development, has been instrumental in the development of 21 affordable, preservation, rehabilitation, and/ or mixed-income projects with over 2,200 units of housing across New York State. The majority of projects have been in the Bronx and Brooklyn including the construction of 92 new apartments at Atlantic Commons (Brownsville, Brooklyn); the acquisition and rehabilitation of 290 apartments from the New York City Housing Authority and Livonia Terrace which involved the rehabilitation of 173 apartments in Brooklyn, NY. Sixty-one units are under construction in Niagara Falls utilizing RESTORE-NY funds. One of the principals, Benathan Upshaw, is a native of Buffalo and has a satellite office in Lockport, NY.

**Ownership:** UH Lofts is controlled and owned in part by CB-Emmanuel, which is privately-owned.

**Size:** CB-Emmanuel offices are located in Queens Village, NY with an upstate satellite in Lockport, NY. CB-Emmanuel owns and manages nine affordable properties in New York State.

**Market:** Property management and development

**ESD Involvement:** During Governor Cuomo's 2012 State of the State Address, he committed a \$1 billion investment in the Buffalo area economy (the "Buffalo Billion Initiative") to create thousands of jobs and spur \$5 billion in new investment and economic activity over several years. In early 2014, \$30 million of the Buffalo Billion Initiative was dedicated for the Better Buffalo Fund ("BBF"), a competitive loan/grant program encouraging density and growth along transportation corridors and the revitalization of neighborhood commercial districts within targeted areas in the City. BBF consists of two segments, Transit-Oriented Development, administered by ESD, which assists with gap financing for adaptive reuse or infill capital projects promoting dense development within ¼ mile walking distance of transit stops, and the Buffalo Main Streets Initiative, modeled on the New York State Main Street program and administered by NYS Homes and Community Renewal, to revitalize

historic downtowns and mixed-use neighborhood commercial districts. In October 2014, ESD commenced the application process for the first phase of BBF. In April 2015, \$11.722 million of BBF awards were announced for 21 projects, eight (\$7.96 million) of which were Transit-Oriented Development awards. During that first round of funding, UH Lofts was provided a \$2,000,000 loan to offset the costs of rehabilitation and the adaptive reuse of the vacant and National Register-eligible former School #63 into approximately 44 mixed-income workforce rental apartments. Without assistance from ESD, this project would not be feasible.

The second phase of BBF was rolled-out in the 1<sup>st</sup> Quarter 2016; awards are expected to be announced in June 2016.

Competition: N/A

Past ESD Support: This is the Borrower's first project with ESD.

**B. The Project**

Completion: November 2017

Activity: The project, Lofts at University Heights, will include the rehabilitation and adaptive reuse of the former School #63, which has been vacant for over nine years and has been rapidly deteriorating, causing neighborhood blight. Lofts at University Heights will consist of approximately 44 mixed-income rental workforce apartments; it is anticipated that former School #63's natatorium, cafeteria and auditorium will be used for units and/or community room. Five units or 11% of the units will be handicap accessible for those with physical disabilities and for veterans. Four percent of the units will be audio/sensory adapted. One bedroom apartments will range from 680 to 785 square feet and two bedrooms will range from 920 to 1,080 square feet. Due to the historic nature of the building, preserving historic elements will impact apartment sizes.

There will be required common space for tenants including an elevator, community room/computer workstation, common laundry, tenant storage, and rental office. No commercial or community facilities are planned at this time.

Lofts at University Heights will be a mixed-income rental project:

- 2 one-bedroom units targeted at or below 50% of Area Median Income ("AMI") – HOME rent
- 1 two-bedroom unit targeted at or below 50% of AMI - HOME rent
- 21 one-bedroom units at or below 60% of AMI

- 14 two-bedroom units at or below 60% of AMI
- 5 one-bedroom units from 61 to 90% of AMI
- 1 two-bedroom unit from 61 to 90% of AMI

The primary target market will consist of small mixed-income workforce households containing 1 to 3 persons, living in one or two-bedroom apartments, and earning from \$23,600 to \$54,513 per year. Estimated gross rents are approximately \$617 to \$850 per month, which are affordable for households at or below 50% of AMI, 51 to 60% of AMI, and 61 to 90% of AMI.

**Results:**

The project will transform a vacant, blighted structure in the University Heights neighborhood into 44 affordable rental apartments with approximately 55 onsite parking spaces. The project is oriented to attract and retain young adults (ages 18 to 35 years) and counteract a lack of in-migration to the region by people in that age range as the project is geared to link young moderate income households with job and education opportunities in downtown Buffalo. It will also target individuals with physical disabilities and veterans as a Veterans Administration Medical Center is located within one mile. Lofts at University Heights will conveniently link moderate wage earners from the downtown Medical Campus, University of Buffalo South, and area jobs, education, and training opportunities offered in the Central City, since the Metro LaSalle station is less than .3 miles.

The project promotes smart growth by repurposing an existing neighborhood structure and utilizing existing infrastructure including utilities, sidewalks, transit stops, and streets. The project will not only increase affordable housing stock, but will place a non-taxable community eyesore onto the tax rolls, relieving the City from continued public and general liability. The project will encourage neighbors to invest in their own properties, increasing housing values, reducing blight, and laying the foundation for market stability and improved quality of life.

**Economic Growth**

**Investment Project:**

Benefit-Costs Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment, and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits not captured in the period of analysis and may involve no permanent job commitments, the estimated benefits typically reflect only construction-related activity.

- Fiscal benefits to NYS government from the project are estimated at \$1,767,609;
- Fiscal cost to NYS government is estimated at \$2,000,000;
- Ratio of project fiscal benefits to costs to NYS government is 0.88:1;
- Fiscal benefits to all governments (state and local) are estimated at \$2,432,820;
- Fiscal cost to all governments is \$2,000,000;
- The ratio of project fiscal benefit to cost ratio to all governments is 1.22:1;
- Economic benefits (total fiscal plus total net resident disposable income from project construction employment) are estimated at \$12,601,699;
- The economic benefit to cost ratio is 6.30:1;
- Project construction cost is \$13,988,781 which is expected to generate 124 direct job years and 79 indirect job years of employment;
- The payback period for NYS costs is not calculated.

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

Borrower Contact: Mr. Benathan Upshaw, Principal  
 7202 Woodmere Court  
 Lockport, New York 14094  
 Phone: (716) 310-9136

ESD Project No.: AA911

Project Team:	Origination	Angela Rossi
	Project Management	Jean Williams
	Legal	Steve Gawlik
	Contractor & Supplier Diversity	Geraldine Ford
	Finance	John Bozek
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. The Borrower shall pay a commitment fee of 1% of the \$2,000,000 loan (\$20,000). In addition, at the time of closing, the Borrower will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Borrower will demonstrate no materially adverse changes in its financial condition prior to closing.

3. Guarantees: N/A

4. The Borrower will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Borrower's written acceptance of ESD's offer. Equity is defined as cash injected into the project by the Borrower or by investors, and should be auditable through Borrower financial statements or Borrower accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.

5. Up to \$2,000,000 will be disbursed to the Borrower upon completion of the project substantially as described in these materials including documentation of approximately \$16 million and funding the NYS HFA Subsidy Loan, which may be funding simultaneously with the ESD Loan. Disbursement requires compliance with program requirements. Expenditures reimbursed by ESD's loan must be incurred on or after May 19, 2016 to be considered eligible project costs. Disbursement of the loan must be requested by June 30, 2018.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$2,000,000, 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. Term: 30 years from date of final advance.

Loan becomes immediately due and payable if Borrower sells or closes Project Location or materially changes the use of the property without the prior written consent of ESD, excepting sale or transfer of all or part of the 99.99% investor interest in UH Lofts LLC or transfer of the managing member interest due to removal for cause by the investor member.

8. 1% interest only payable annually to the extent of Excess Income. The first payment of interest for the period through the end of Recipient's fiscal year shall be due and payable within 120 days of the end of Recipient's fiscal year from Excess Income prior to distribution of any Return on Equity (which definitions and determinations shall be on the same terms as provided by the NYS HFA Subsidy Loan). Thereafter, interest shall be calculated on an annual basis and shall be payable annually within 120 days of the end of Recipient's fiscal year from Excess Income prior to distribution of any Return on Equity.

Distribution of Excess Income, if any, shall be applied first, to repay any deferred interest, then to pay current interest due on the Loan.

If Recipient can demonstrate to ESD's satisfaction that there is insufficient Excess Income to pay any amount due pursuant to the terms of this Note, then, so long as there shall be no Event of Default (as defined in the Loan Documents), the amount due which exceeds

Excess Income shall be deferred, and be due and payable on the next payment date and shall be aggregated with any other outstanding amounts. The Recipient shall submit audited/reviewed financial statements to ESD for verification of insufficient Excess Income. The deferred amount due shall not bear interest or be subject to penalty.

In the event that insufficient Excess Income is available to pay both the interest on the ESD \$2,000,000 loan and the interest on the NYS HFA Subsidy Loan, the combined interest shall be paid to the extent of Excess Income in the ratio of the principal amounts of the two loans.

9. Repayment Terms: Annual payments of interest as described above and payment in full of the principal amount and any accrued interest 30 years from the date of final advance.
10. Financial Disclosure: Updated financial disclosure on Borrower acceptable to ESD must be provided prior to closing.
11. Subordinate lien on real estate co-equal with NYS HFA Subsidy Loan. The obligations and liability of Recipient for payment of principal, interest thereon and charges shall be enforceable solely against any property (including, without limitation, the Mortgaged Property), security, collateral and/or assets (including the proceeds thereof) encumbered, pledged or assigned by Recipient. Recipient shall not be personally liable for the payment or satisfaction of such sums. In any action to foreclose the Mortgage and Security Agreement, ESD shall not enter any deficiency judgment against Recipient nor shall ESD enforce any monetary judgment on this Note for such sums against Recipient. The foregoing shall not affect ESD's liens, security interests, rights and remedies with respect to the Mortgaged Property or any other property, security, collateral and/or assets (including the proceeds thereof) encumbered, pledged or assigned by Recipient.

Default under HFA Subsidy Loan shall be an event of default under the ESD loan. ESD shall enter into a subordination and intercreditor agreement, or other form of documentation acceptable to ESD, the City of Buffalo and HFA, to memorialize the lien priority of the HFA mortgage loans (both the HFA Subsidy Loan and the HFA First Mortgage Loan), City of Buffalo HOME Loan and ESD Loan as well as the respective rights, duties and obligations of the City of Buffalo, HFA and ESD as lenders to the Project.

12. Due Diligence: Legal appraisals and engineering and environmental reviews acceptable to ESD must be provided prior to closing, if applicable.
13. Conditions: Loan-to-value ratio not to exceed 90%. For ESD's purposes, loan refers to total debt on collateral.

14. Collateral review and appraisals acceptable to ESD. Reviewed or audited financials to be submitted at closing and annually.

#### IV. Statutory Basis – Buffalo Regional Innovation Cluster Fund

The funding was authorized in the 2014-2015 New York State budget and re-appropriated in the 2015-2016 and 2016-2017 budgets. No residential relocation is required as there are no families or individuals residing on the site.

#### V. Environmental Review

The City 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 an Unlisted Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on September 8, 2015. 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 building's eligibility for inclusion in the New York State and National Registers of Historic Places, ESD has confirmed that the project sponsor consulted with the New York State Office of Parks, Recreation and Historic Preservation pursuant to the requirements of Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law ("Section 14.09"). The project is in compliance with the requirements of Section 14.09.

Due to ESD's mortgage position on the loan, a Phase I Environmental Site Assessment ("ESA") and if needed, a Phase II ESA will be required for ESD review and approval prior to closing on the loan.

#### VI. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise (MWBEs) for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 30% related to the total value of ESD's funding.

#### VII. ESD Employment Enforcement Policy

ESD's Employment Enforcement Policy will not apply since the project will not directly create or retain jobs.

VIII. 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.

IX. Additional Submissions to Directors

Resolutions

New York State Map

Benefit-Cost Analysis

Project Finance Memorandum

Project Photographs

June 23, 2016

Buffalo (Western New York Region – Erie County) Lofts at University Heights – CB-Emmanuel Realty Capital – Buffalo Regional Innovation Cluster Fund – Better Buffalo Fund (Capital Loan) – Findings and Determinations Pursuant to Section 10(g); Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Loan and to Take Related Actions

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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 Lofts at University Heights – CB-Emmanuel Realty Capital – Better Buffalo Fund (Capital Loan) 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to UH Lofts LLC a loan for a total amount not to exceed Two Million Dollars (\$2,000,000) from the Buffalo Regional Innovation Cluster Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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 President and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the loan and grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the loan or grant or collateral securing the loan as he or she may deem necessary or appropriate in the administration of the loan and 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 President and Chief Executive Officer 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.

\* \* \*

June 23, 2016

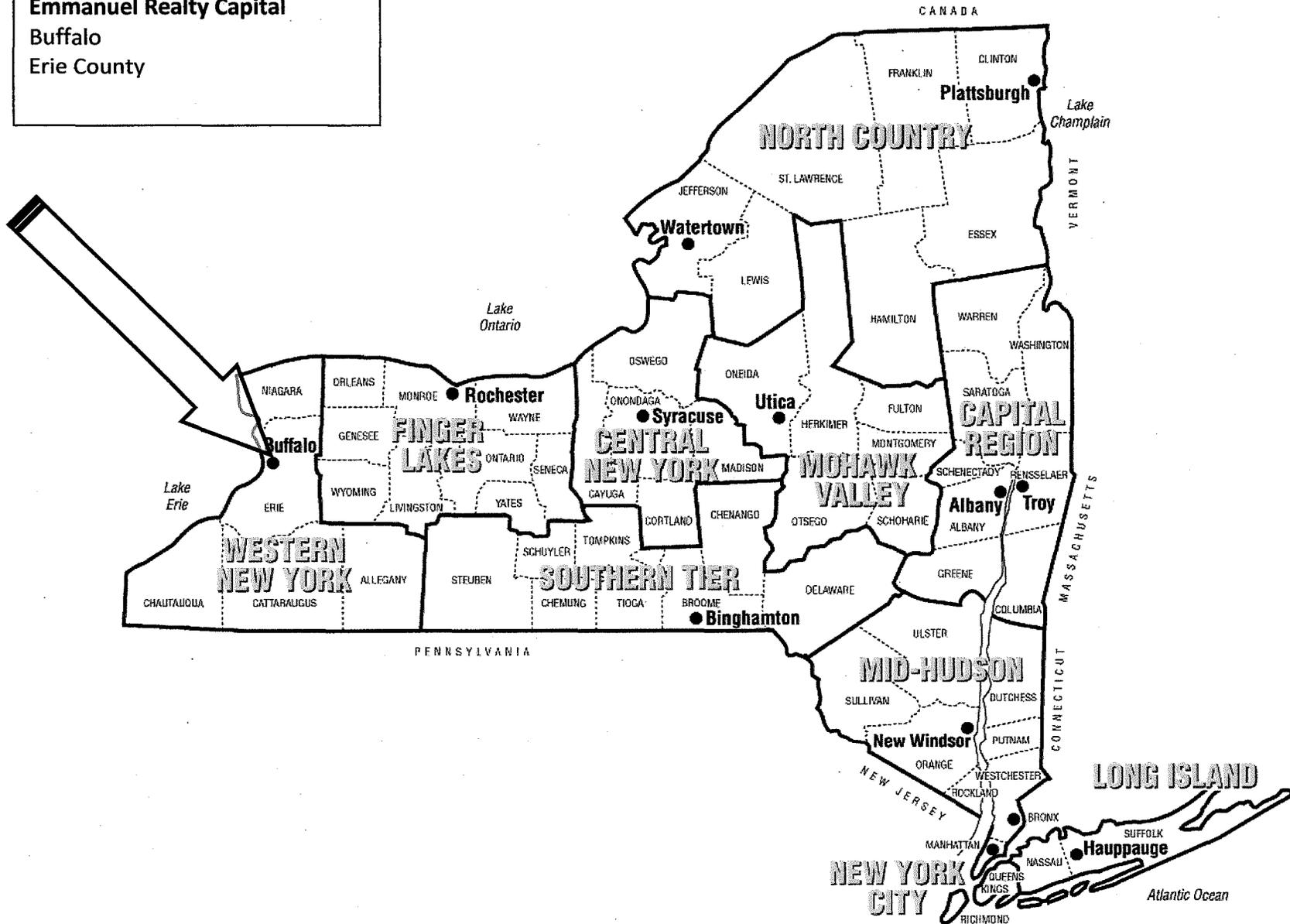
**Buffalo (Western New York Region – Erie County) Lofts at University Heights – CB-Emmanuel Realty Capital – Buffalo Regional Innovation Cluster Fund – Better Buffalo Fund (Capital Loan) – Determination of No Significant Effect on the Environment**

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RESOLVED, that based on the material submitted to the Directors with respect to the Lofts at University Heights – CB-Emmanuel Realty Capital – Buffalo Regional Innovation Cluster Fund – Better Buffalo Fund (Capital Loan) Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

\* \* \*

**Lofts at University Heights – CB**  
**Emmanuel Realty Capital**  
Buffalo  
Erie County



**Project Summary  
Benefit-Cost Evaluation<sup>1</sup>**

**Economic Growth Investment Project**

**Lofts at University Heights – CB Emmanuel Realty Capital, WNY Region**

The benefits reported in the table reflect only the impact of construction-related activity. Unlike typical ESD projects, infrastructure and economic growth investment projects may involve no permanent job commitments. Such projects generate long term benefits not captured in the period of analysis. This is reflected in the benefit cost estimates as compared to benchmarks developed for infrastructure and economic growth investment projects.

**Construction Job Years (Direct): 124**

**Construction Job Years (Indirect): 79**

<b>Evaluation Statistics</b>	<b>Project Result NYS Govt.</b>	<b>NYS Govt. Benchmarks for ESD Projects<sup>2</sup></b>	<b>Project Results State &amp; Local Governments</b>	<b>State &amp; Local Government Benchmarks for ESD Projects</b>
<b>Fiscal Costs<sup>3</sup></b>	\$2,000,000	\$794,250	\$2,000,000	\$1,020,500
<b>Fiscal Benefits(Taxes)<sup>4</sup></b>	\$1,767,609	\$2,085,600	\$2,432,820	\$4,271,980
<b>Fiscal B/C Ratio</b>	0.88	3.00	1.22	10.60
	<b>Project Results</b>	<b>Benchmarks for ESD Projects</b>		
<b>Economic Benefits<sup>5</sup></b>	\$12,601,699	\$119,468,000		
<b>Economic B/C Ratio</b>	6.30	30.00		

<sup>1</sup> Dollar values are present value calculated over a 7-year period. Separate evaluations are made and reported for New York State government assistance alone and for State and Local government.

<sup>2</sup> The current project evaluation results (both fiscal and economic) are compared to performance measure benchmarks based on results of a sample of ESD non-retail projects.

<sup>3</sup> Fiscal cost includes the value of grants, loans and associated default risks, and discretionary subsidies (such as tax exemptions or abatements on sales, property, and interest income).

<sup>4</sup> Fiscal benefits are the loan repayments and tax revenues to New York State and local governments generated by project activity. This includes estimated taxes on personal incomes from project direct and indirect construction employment, corporate and business incomes, excise and user taxes, property taxes, and other taxes.

<sup>5</sup> Economic benefits are estimated project benefits measuring loan repayments and all tax revenues generated by the project and collected by state and local governments.

Lofts at University Heights – CB-Emmanuel Realty Capital, AA911

Current Condition



Rendering





**FOR CONSIDERATION**

June 23, 2016

**TO:** The Directors

**FROM:** Howard A. Zemsky

**SUBJECT:** Amherst (Western New York Region –Erie County) – Columbus McKinnon Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant)

**REQUEST FOR:** Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions; Determination of No Significant Effect on the Environment

---

**General Project Plan**

**I. Project Summary**

**Grantee:** Columbus McKinnon Corporation (“Columbus” or the “Company”)

**ESD\* Investment:** A grant of up to \$340,000 to be used for a portion of the costs of construction and renovation

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

**Project Location:** 205 Crosspoint Parkway, Getzville, Erie County

**Proposed Project:** Property acquisition and construction of a new global headquarters

**Project Type:** Business expansion involving job retention and creation

**Regional Council:** The Western New York Regional Economic Development Council (“REDC”) has been made aware of this item. The project is consistent with the Regional Plan as it maintains and creates jobs.

**Employment:** Initial employment at time of ESD Incentive Proposal: 127  
Current employment level: 132

**II. Project Cost and Financing Sources**

<u>Financing Uses</u>	<u>Amount</u>	
Real Estate Acquisition	\$570,000	
Construction/Renovation	5,440,000	
Design and Planning	145,000	
Furniture, Fixtures, and Equipment	<u>630,000</u>	
<b>Total Project Costs</b>	<b><u>\$6,785,000</u></b>	
<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$340,000	5%
Company Equity	<u>6,445,000</u>	<u>95%</u>
<b>Total Project Financing</b>	<b><u>\$6,785,000</u></b>	<b><u>100%</u></b>

**III. Project Description****A. Company**

**Industry:** The Company is a global designer and manufacturer of hoists, rigging tools, cranes, actuators and other material handling systems.

**Company History:** Columbus McKinnon Corporation, incorporated in 1929, is a global designer, manufacturer and marketer of hoists, rigging tools, cranes, actuators and other material handling systems servicing a range of commercial and industrial end users. The products are used to ergonomically move, lift, position and secure objects and loads and used in a wide range of industries, including manufacturing, power generation and distribution, utilities, wind power, warehouses, commercial construction, oil and gas exploration and refining, petrochemical, marine, ship building, transportation and heavy duty trucking, agriculture, logging and mining. It also serve markets for the entertainment industry, including permanent and traveling concerts, live theater and sporting venues.

Columbus McKinnon has developed a range of heavy equipment that shred whole tires, for use in recycling the various components of a tire, including rubber and steel. These recycled products also can be used for aggregate, playgrounds, sports surfaces, landscaping and other such applications, as well as scrap steel.

**Ownership:** Columbus McKinnon is publicly traded.

**Size:** The Company is a global company headquartered in Amherst with approximately 2,578 employees worldwide.

**Market:** Columbus is a global designer and manufacturer. Some of the Company's products are sold under the name of Budget, Chester, CM, Coffing (hoists), Herc-Alloy (alloy chains), CES, Abell-Howe, Washington Equipment brands (industrial cranes) and the Unified brand name (aluminum light rail work stations). Competitors include Konecranex (Springfield, OH), Terex Corporation (Westport, CT), Bearing Headquarters Company (Chicago, IL), and Peerless Chain Company (Winona, MN).

**ESD Involvement:** The Company advised ESD in 2014 that its current lease was going to expire and it was looking to build a new global headquarters in Amherst, which would also result in the retention of its Tonawanda training employees, or relocate to an existing production facility in Charlotte, North Carolina. ESD responded with an incentive for a \$340,000 capital grant, and an Excelsior Jobs Program tax credit up to \$540,000 which the Company accepted.

**Competition:** North Carolina

**Past ESD Support:** This is the Company's first project with ESD.

**B. The Project**

**Completion:** August 2016

**Activity:** The project involves property acquisition and construction of a new 26,000-square-foot global headquarters building and training facility, including the purchase of new furniture, fixtures and equipment.

**Results:** As a result of this project, 127 full-time jobs will be retained and 10 new jobs created.

**Grantee Contact:** Mr. Jason Pack  
205 Cross Point Parkway  
Getzville, New York 14068  
Phone: (716) 689-5436

**ESD Project No.:** Z124

**Project Team:** Origination Michael Ball  
Project Management Cheryl Krazmien

Contractor & Supplier Diversity	Geraldine Ford
Finance	Angela Pitto
Environmental	Soo Kang

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Company shall pay a commitment fee of 1% of the \$340,000 capital grant or interest subsidy grant (\$3,400) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Company will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Company's acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
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 \$340,000 will be disbursed to the Grantee in three installments as follows:
  - a) an Initial Disbursement of an amount equal to 50% of the grant (\$170,000) upon completion of the project as described in these materials; documentation of project costs totaling \$5.9 million, including \$4.77 million in construction and renovation costs; a Certificate of Occupancy or other documentation verifying project completion as ESD may require; and documentation of the employment of at least 127 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 25% of the grant (\$85,000) will be disbursed upon documentation of the employment of at least 132 Full-time Permanent Employees at the Project Location (Employment Increment of 5),

- provided Grantee is otherwise in compliance with program requirements;
- c) a Third Disbursement of an amount equal to 25% of the grant (\$85,000) will be disbursed upon documentation of the employment of at least 137 Full-time Permanent Employees at the Project Location (Employment Increment of 5), provided Grantee is otherwise in compliance with program requirements.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenditures must be incurred on or after July 29, 2014 to be considered eligible project costs. All disbursements must be requested by April 1, 2017.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$340,000, 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 eighty-five percent (85%) 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	127
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A	B
Reporting Date	Employment Goals
February 1, 2017	127+X+Y
February 1, 2018	127+X+Y
February 1, 2019	127+X+Y

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=5, and Employment Goals shall equal [127 + X = 132] if the Second Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Second Disbursement has not yet been made then X=0.

Y = Grantee's Employment Increment that will be the basis of the Third Disbursement of the Grant as described in section C.5 above (i.e. Y=5, and Employment Goals shall equal [127 + X + Y = 137] if the Third Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Third Disbursement has not yet been made then Y=0.

#### IV. Statutory Basis

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms.

As a result of this project, the Company will maintain its employment level of 127 and create 10 new jobs.

2. The proposed project would be unlikely to take place in New York State without the requested assistance.

The Company considered relocating its operations to North Carolina. ESD's assistance helped to reduce costs and make the project feasible in New York.

3. The project is reasonably likely to accomplish its stated objectives and the likely benefits of the project exceed costs.

Benefit-Costs Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment, and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits not captured in the period of analysis and may involve no permanent job commitments, the estimated benefits typically reflect only construction-related activity.

#### Business Investment

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 \$12,218,329;
- Fiscal cost to NYS government is estimated at \$880,000;
- Project cost to NYS government per direct job is \$10,007;
- Project cost to NYS government per job (direct plus indirect ) is estimated at \$3,228;
- Ratio of project fiscal benefits to costs to NYS government is 13.88:1;
- Fiscal benefits to all governments (state and local) are estimated at \$21,178,811;
- Fiscal cost to all governments is \$880,000;
- All government cost per direct job is \$10,007;
- All government cost per total job is \$3,228;
- The fiscal benefit to cost ratio for all governments is 24.07:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$153,472,172, or \$562,975 per job (direct and indirect);
- The economic benefit to cost ratio is 174.40:1;
- Project construction cost is \$5,585,000, which is expected to generate 51 direct job years and 32 indirect job year of employment;
- For every permanent direct job generated by this project, an additional 2.12 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is one year.

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

4. 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.

V. Environmental Review

The project is part of the Crosspoint Business Park development, which was the subject of an environmental review performed by the Town of Amherst Planning Board, as lead agency. A Final Environmental Impact Statement ("FEIS") was prepared pursuant to the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. SEQRA Findings were adopted by the lead agency on June 19, 1997. The Town of Amherst Planning Board reviewed the project site plan and found that the project is consistent with the SEQRA Findings and would not have a significant effect on the environment. ESD staff reviewed the supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

VI. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project.

The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise (MWBEs) for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 50% related to the total value of ESD's funding.

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  
Benefit-Cost Analysis  
Project Finance Memorandum  
Project Photographs

June 23, 2016

Amherst (Western New York Region – Erie County) – Columbus McKinnon Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) – Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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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 Columbus McKinnon Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) Project (the “Project”), the Corporation hereby determines pursuant to Sections 16-m and 10(g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”); that

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms;
2. The project would be unlikely to take place in New York State without the requested assistance;
3. The project is reasonably likely to accomplish its stated objectives and that the likely benefits of the project exceed costs;
4. 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Columbus McKinnon Corporation a grant for a total amount not to exceed Three Hundred Forty Thousand Dollars (\$340,000) from the Empire State Economic Development Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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.

\* \* \*

June 23, 2016

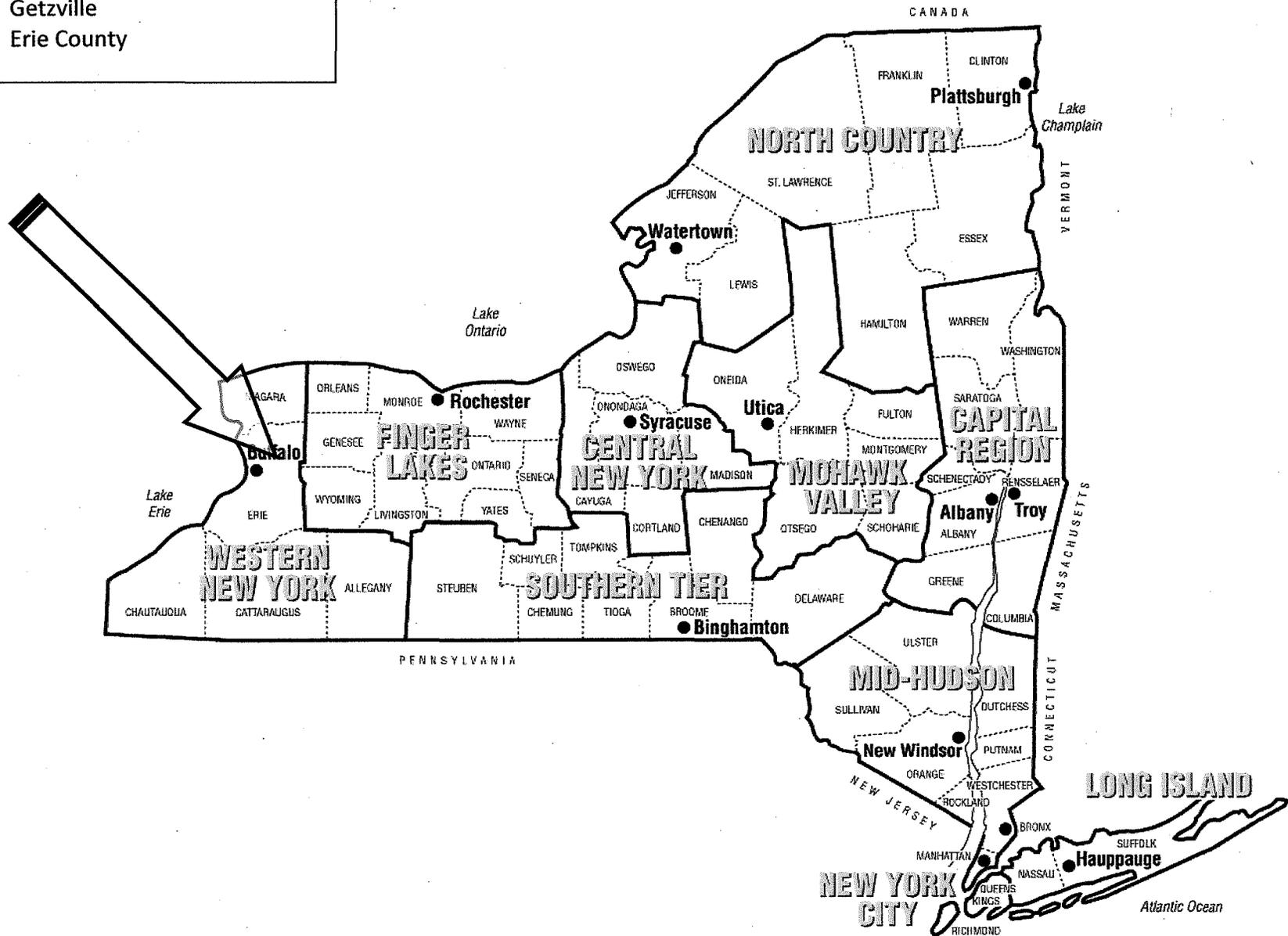
Amherst (Western New York Region –Erie County) – Columbus McKinnon Capital –  
Empire State Economic Development Fund – General Development Financing (Capital  
Grant) – Determination of No Significant Effect on the Environment

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RESOLVED, that based on the material submitted to the Directors with respect to the Columbus McKinnon Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

\* \* \*

**Columbus McKinnon Capital  
Getzville  
Erie County**





Columbus McKinnon Capital, Z124





**FOR CONSIDERATION**

June 23, 2016

**TO:** The Directors

**FROM:** Howard A. Zemsky

**SUBJECT:** Regional Council Award – Priority Project – Garden City (Long Island Region – Nassau County) – Clinical Education and Simulation Lab Capital – Regional Council Capital Fund (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;  
Determination of No Significant Effect on the Environment

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**General Project Plan**

**I. Project Summary**

**Grantee:** Adelphi University (the “Adelphi” or the “University”)

**ESD\* Investment:** A grant of up to \$2,500,000 to be used for a portion of the cost of construction, renovations, purchase of machinery and equipment, and relocation of equipment

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

**Project Location:** 1 South Avenue, Garden City, Nassau County

**Proposed Project:** Construction and renovation of a state-of-the-art, 22,000-square-foot Clinical Education and Simulation Lab. Acquisition and installation of new specialized machinery, equipment, furniture and fixtures

**Project Type:** Facility and program expansion involving job creation

**Regional Council:** The project is consistent with the Long Island Regional Economic Development Council’s Regional Plan to ensure that workers from all of Long Island’s communities are prepared to take advantage of new job opportunities in key economic growth sectors.

Employment:	Initial employment at time of ESD Incentive Proposal:	0
	Current employment level:	2
	Minimum employment on January 1, 2017:	8

**II. Project Cost and Financing Sources**

<u>Financing Uses</u>	<u>Amount</u>
Construction & Renovation	\$7,326,000
Machinery & Equipment	3,000,000
Furniture, Fixture & Equipment	3,000,000
Soft Costs	<u>1,674,000</u>
<b>Total Project Costs</b>	<b><u>\$15,000,000</u></b>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$2,500,000	17%
Company Equity	<u>12,500,000</u>	<u>83%</u>
<b>Total Project Financing</b>	<b><u>\$15,000,000</u></b>	<b><u>100%</u></b>

**III. Project Description**

**A. Company**

Industry: Higher education

Company History: Adelphi University's roots reach back to 1863 and the founding of the Adelphi Academy ("Academy"), a private preparatory school in Brooklyn, New York. The Academy was incorporated in 1869 and its Board of Trustees was charged with establishing a first class institution for the broadest and most thorough training, and to make its advantages as accessible as possible. The school quickly gained a reputation for its innovative curriculum, particularly in physical culture and early childhood education. Over the course of the next 100 years Adelphi grew and changed significantly. In 1929, Adelphi University became the first private, coeducational institution of higher education on Long Island. Since that time, more than 100,000 students have passed through Adelphi's doors, leaving their mark on the University and the world beyond.

Ownership: Adelphi is a private institution of higher education.

Size: Adelphi has 1,348 full and part-time faculty and 7,610 students.

**Market:** Adelphi University's Clinical Education and Simulation Lab prepare students to work in the healthcare sector.

**ESD Involvement:** The demand for nursing students to be prepared to take on advance practice and alternative care sites is rapidly growing. Adelphi's current facilities are constrained and they are unable to meet the educational needs of a growing applicant pool.

Given the importance of this project and the costs involved, Adelphi submitted a proposal under Round 4 of the Consolidated Funding Application ("CFA") to assist with construction, renovation and the purchase and installation of equipment in the new clinical lab. As a result of the Governor's Regional Economic Development Council Initiative, Adelphi was awarded \$2,500,000 through the CFA to assist with this priority project. The laboratory is expected to be the cornerstone for an innovative program in the nursing and healthcare industry.

**Competition:** N/A

**Past ESD Support:** ESD has not assisted Adelphi in the past five years.

**B. The Project**

**Completion:** April 2016

**Activity:** The project will include a 22,000-square-foot lab and training center located in the University's Nexus Building. The high-tech training center will be outfitted with specialized technology, simulators, and healthcare furnishings including two 9-Bay training suites with dedicated control stations; 5 alternative care settings each with a dedicated control room; video and audio recording equipment to facilitate self-assessment; medical simulation capture system complete with high-fidelity simulator mannequins including birthing simulations, hybrid computerized med carts; furnished home care setting training lab; ventilators and defibrillators; dedicated server room for audio and video processing and storage; telecommunications wiring and equipment; and an audio paging system.

**Results:** Create 8 new jobs. The University has already created 2 new jobs. The project will also allow the Clinical Education and Simulation Lab to accept more applicants and increase the number of qualified employees in the nursing, medical and healthcare fields.

**Business Investment Project:** Benefit-Costs Evaluations are used in evaluating projects that are

categorized as Business Investment, Infrastructure Investment, and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits not captured in the period of analysis and may involve no permanent job commitments, the estimated benefits typically reflect only construction-related activity.

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 \$864,094;
- Fiscal cost to NYS government is estimated at \$2,500,000;
- Ratio of project fiscal benefits to costs to NYS government is 0.35:1;
- Fiscal benefits to all governments (state and local) are estimated at \$1,617,564;
- Fiscal cost to all governments is \$2,500,000;
- The ratio of project fiscal benefit to cost ratio to all governments is 0.65:1;
- Economic benefits (total fiscal plus total net resident disposable income from project construction employment) are estimated at \$11,209,321;
- The economic benefit to cost ratio is 4.48:1;
- Project construction cost is \$9,000,000 which is expected to generate 60 direct job years and 40 indirect job years of employment;
- The payback period for NYS costs is not calculated.

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

Grantee Contact: Lori Duggan Gold, Vice President of Communications  
1 South Avenue, Lev Hall Room 205  
Garden City, NY 11530  
Phone: (516) 877-3262

ESD Project No.: Z646

Project Team:	Origination	Beverly Bobb
	Project Management	Charise Liggins
	Contractor & Supplier Diversity	Geraldine Ford
	Finance	John Bozek
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Grantee shall pay a commitment fee of 1% of the \$2,500,000 capital grant (\$25,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Grantee will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed. Equity is defined as cash injected into the project by the Grantee or by investors, and should be auditable through Grantee financial statements or Grantee accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
4. Prior to disbursement, the Grantee 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 \$2,500,000 will be disbursed to the Grantee in three installments as follows:
  - a) an Initial Disbursement of an amount equal to 50% of the grant (\$1,250,000) upon documentation of project costs totaling \$15,000,000, including \$6,000,000 for the purchase and installation of machinery and equipment, a Certificate of Occupancy or other documentation verifying project completion, and documentation of the employment of at least 2 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 25% of the grant (\$625,000) will be disbursed upon documentation of the employment of at least 4 Full-time Permanent Employees at the Project Location (Employment Increment of 2), and documentation verifying an increase in College of Nursing and Public Health program related enrollment of 138 students, provided Grantee is otherwise in compliance with program requirements;
  - c) a Third Disbursement of an amount equal to 25% of the grant (\$625,000) will be disbursed upon documentation of the employment of at least 8 Full-time Permanent Employees at the Project Location (Employment Increment of 4), and

documentation verifying an additional increase in nursing program related enrollment of 62 students (200 cumulatively). The University will enroll 30 new veteran students across all academic programs with a special emphasis on nursing related programs, provided Grantee is otherwise in compliance with program requirements.

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 February 18, 2015, to be considered eligible project costs. All disbursements must be requested by April 1, 2018.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$2,500,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee 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 eighty-five percent (85%) 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	0
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A	B
Reporting Date	Employment Goals
February 1, 2017	X+Y+Z
February 1, 2018	X+Y+Z
February 1, 2019	X+Y+Z

X = Grantee's Employment Increment that will be the basis of the Initial Disbursement of the Grant as described in section C.5 above (i.e. X=2, and Employment Goals shall equal  $[0 + X = 2]$  if the Initial Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Initial Disbursement has not yet been made then X=0.

Y = 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. Y=2, and Employment Goals shall equal  $(0 + X + Y = 4)$  if the Second Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Second Disbursement has not yet been made then Y=0.

Z = Grantee's Employment Increment that will be the basis of the Third Disbursement of the Grant as described in section C.5 above (i.e. Z=4, and Employment Goals shall equal  $(0 + X + Y + Z = 8)$  if the Third Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Third Disbursement has not yet been made then Y=0.

7. Grant funds will be subject to pro rata recapture if the property at the Project Location is sold within five years of disbursement of funds. 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.

#### IV. Statutory Basis

The funding was authorized in the 2014-2015 New York State budget and reappropriated in the 2015-2016 and 2016-2017 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

The Village of Garden City Board of Trustees, 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 an Unlisted Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on June 6, 2013. 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.

VI. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise (MWBEs) for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 40% related to the total value of ESD's funding.

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  
Benefit-Cost Analysis  
Project Finance Memorandum

June 23, 2016

Regional Council Award – Priority Project – Garden City (Long Island Region – Nassau County) – Clinical Education and Simulation Lab Capital – Regional Council Capital Fund (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

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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 Clinical Education and Simulation Lab Capital -- Regional Council Capital Fund (Capital Grant) Job creation and facility expansion 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Adelphi University a grant for a total amount not to exceed Two Million Five Hundred Dollars (\$2,500,000) from the Regional Council Capital Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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.

\* \* \*

June 23, 2016

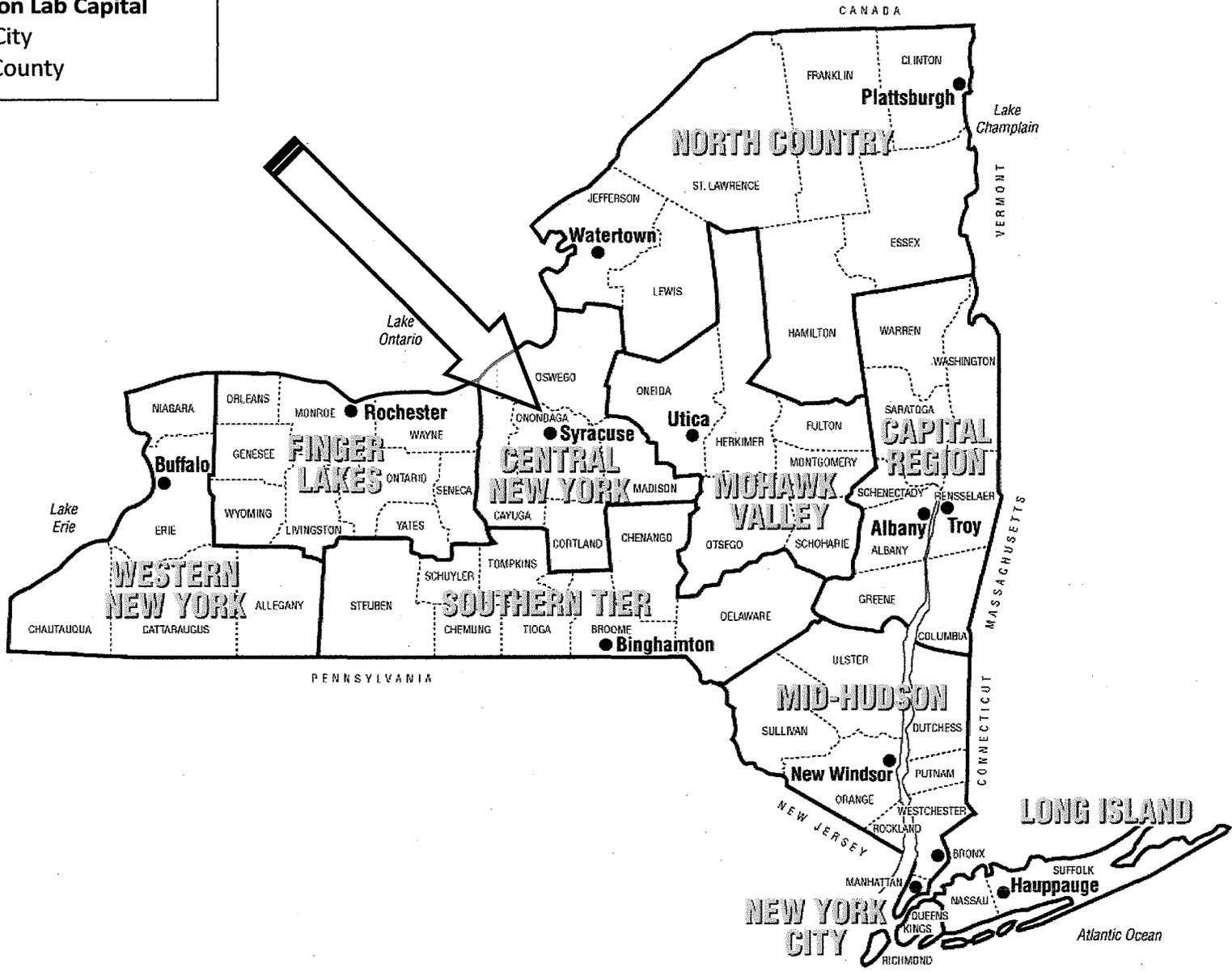
Regional Council Award – Priority Project – Garden City (Long Island Region – Nassau County) – Clinical Education and Simulation Lab Capital – Regional Council Capital Fund (Capital Grant) – Determination of No Significant Effect on the Environment

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RESOLVED, that based on the material submitted to the Directors with respect to the Clinical Education and Simulation Lab Capital Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

\* \* \*

Clinical Education and  
Simulation Lab Capital  
Garden City  
Nassau County







**FOR CONSIDERATION**

**June 23, 2016**

**TO:** The Directors

**FROM:** Howard A. Zemsky

**SUBJECT:** Regional Council Award – Priority Project – Stony Brook (Long Island Region – Suffolk County) – Stony Brook University High Performance Computing Capital – Regional Council Capital Fund (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

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**General Project Plan**

**I. Project Summary**

**Grantee:** The Research Foundation of State University of New York (“The Research Foundation”) on behalf of Stony Brook University (“University”)

**ESD\* Investment:** A grant of up to \$1,000,000 to be used for a portion of the cost of machinery and equipment costs

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

**Project Location:** 100 Nicolls Road, Stony Brook

**Proposed Project:** Facility renovation and purchase of machinery and equipment

**Project Type:** Facility and program expansion involving job retention and creation

**Regional Council:** This is a priority project for the Long Island Regional Economic Development Council and addresses the Long Island Regional Plan to transform Long Island’s economy through identifying skill gaps and creating career pathways for various groups of individuals.

**Employment:** Initial employment at time of ESD Incentive Proposal: 11

Current employment level:	11
Minimum employment on January 1, 2019:	22

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction and Renovation	\$4,000,000
Machinery and Equipment	<u>1,000,000</u>
<b>Total Project Costs</b>	<b><u>\$5,000,000</u></b>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$1,000,000	20%
Grantee Equity	<u>4,000,000</u>	<u>80%</u>
<b>Total Project Financing</b>	<b><u>\$5,000,000</u></b>	<b><u>100%</u></b>

III. Project Description

A. Company

Industry: Higher education

Organizational History:

The Research Foundation is an educational corporation that administers externally funded contracts and grants for and on behalf of the State University of New York ("SUNY") established in 1951. It is a separate not-for-profit corporation, and as such is not supported by state appropriated tax dollars, nor does it receive support services provided to New York State agencies. The Research Foundation provides the administrative flexibility to respond quickly to the special demands of externally funded contracts and grants in a manner that facilitates their scientific or technical execution.

Stony Brook University was established in 1957 as a college for the preparation of secondary school teachers of mathematics and science. The first campus was located in Oyster Bay, Long Island, on the grounds of a former Gold Coast estate. In 1962, a new campus was built near the historic Village of Stony Brook on land donated by local philanthropist Ward Melville. As a part of the SUNY system, the University has grown tremendously and is now recognized as one of the nation's important centers of learning and scholarship. The University campus is approximately 60 miles east of Manhattan and 60 miles west of Montauk Point.

**Ownership:** The Research Foundation is a private, not-for-profit educational corporation that administers externally funded contracts and grants for and on behalf of the SUNY. Stony Brook University is a public institution of higher education

**Size:** The Research Foundation has over 17,000 employees statewide. Stony Brook is situated on 1,400 acres with over 200 buildings, 120 of which are located on the main campus on the north shore of Long Island. Approximately 1,597 faculty members work at the University with a total enrollment of 24,600 students.

**Market:** Stony Brook University's College of Engineering and Applied Sciences prepares students to become computer scientists, applied mathematicians and engineers.

**ESD Involvement:** Stony Brook University submitted a proposal under Round 3 of the Consolidated Funding Application ("CFA") to assist with the renovation of the Life Sciences Annex (formerly the Life Science Library) at Stony Brook University to house the Institute for Advance Computational Science and acquisition of a Linux cluster with 0.25 petabyte of storage to be installed on the second floor of the IACS Building. This project will assist industry on Long Island in the utilization of high performance computing (HPC) to gain a competitive edge in data management, product development and advanced manufacturing. As a result of the Governor's Regional Economic Development Council Initiative, Stony Brook was awarded \$1,000,000 through the CFA to assist with this priority project.

**Competition:** N/A

**Past ESD Support:** Funding for the past five years to the Grantee is summarized in the following chart:

Program	Project #	Amount	Date Start (ESD Directors' Approval date)	Date End (Project Completion: Contract Expiration)	Purpose
Local Assistance	W690	\$1,179,166	October 22, 2009	March 1, 2011	Working Capital
	W878	\$1,155,666	June 26, 2012	May 17, 2014	Working Capital
	W879	\$815,666	June 26, 2012	August 23, 2014	Working Capital
Urban and Community Development Program	X213	\$25,000	March 23, 2011	August 26, 2011	Working Capital

Regional Council Capital Fund	Y951	\$1,500,000	September 18, 2014	April 30, 2016	Capital
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**B. The Project**

**Completion:** June 2015

**Activity:** The University has renovated the first floor of the Life Sciences Research Annex at Stony Brook University to use as office space for computational scientists and has also renovated the second floor to house new computer clusters. This facility will assist industry on Long Island in the utilization of HPC to gain a competitive edge in data management, product development and advanced manufacturing, translating into job creation, cost saving and job retention. The University has installed a 100 teraflop cluster comprised of 200 IBM Haswell processors and 0.25 petabyte of disk storage at the University.

**Results:** Retain 11 existing jobs and create 11 new jobs. The University has already met its job commitment, having created 11 new jobs.

**Economic Growth  
Investment**

**Project:** Benefit-Costs Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment, and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits, not captured in the period of analysis and may involve no permanent job commitments, the estimated benefits typically reflect only construction-related activity.

- Fiscal benefits to NYS government from the project are estimated at \$1,832,978;
- Fiscal cost to NYS government is estimated at \$1,000,000;
- Ratio of project fiscal benefits to costs to NYS government is 1.83:1;
- Fiscal benefits to all governments (state and local) are estimated at \$3,414,075;
- Fiscal cost to all governments is \$1,000,000;
- The ratio of project fiscal benefit to cost ratio to all governments is 3.41:1;
- Economic benefits (total fiscal plus total net resident disposable income from project construction employment) are estimated at \$23,587,005;

- The economic benefit to cost ratio is 23.59:1;
- Project construction cost is \$4,000,000 which is expected to generate 27 direct job years and 18 indirect job years of employment;
- The payback period for NYS costs is 3 years.

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

Grantee Contact: Dr. Yakov Shamash, VP of Eco. Dev.  
100 Nicholls Road  
Stony Brook, NY 11794  
Phone: (631) 632-8380

ESD Project No.: Z021

Project Team:	Origination	Brian Teubner
	Project Management	Wilfredo Florentino
	Contractor & Supplier Diversity	Geraldine Ford
	Finance	Jonevan Hornsby
	Environmental	Soo Kang

**C. Financial Terms and Conditions**

1. Upon execution of the grant disbursement agreement, the Grantee shall pay a commitment fee of 1% of the \$1,000,000 capital grant (\$10,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Grantee will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed. Equity is defined as cash injected into the project by the Grantee or by investors, and should be auditable through Grantee financial statements or Grantee accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
4. Prior to disbursement, the University 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 University'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 the University to other employees with comparable rank and duties; or (b) two part-time, permanent, private-sector employees on University'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 the University to other employees with comparable rank and duties.

5. Up to \$1,000,000 will be disbursed to the University in three installments as follows:
  - a) an Initial Disbursement of an amount equal to 75% of the grant (\$750,000) upon total project costs totaling \$5,000,000 including documentation of machinery and equipment project costs totaling \$1,000,000, upon completion of the project substantially as described in these materials, a certificate of occupancy, and documentation of the employment of at least 15 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 25% of the grant (\$250,000) will be disbursed upon documentation of the employment of at least 22 Full-time Permanent Employees at the Project Location (Employment Increment of 7), provided the University is otherwise in compliance with program requirements;

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses reimbursed by ESD's grant must be incurred on or after April 10, 2014, to be considered eligible project costs. All disbursements must be requested by April 1, 2019.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$1,000,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee 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, the University 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 eighty-five percent (85%) of the Employment Goal set forth in Column B (an "Employment Shortfall"), then upon demand by ESD, the University 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 University'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	11
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A	B
Reporting Date	Employment Goals
February 1, 2017	11+X+Y
February 1, 2018	11+X+Y
February 1, 2019	11+X+Y
February 1, 2020	11+X+Y
February 1, 2021	11+X+Y

X = University's Employment Increment that will be the basis of the Initial Disbursement of the Grant as described in section C.5 above (i.e. X=4, and Employment Goals shall equal [11 + X = 15] if the Initial Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Initial Disbursement has not yet been made then X=0.

Y = University's Employment Increment that will be the basis of the Second Disbursement of the Grant as described in section C.5 above (i.e. Y=7, and Employment Goals shall equal [11 + X + Y = 22] if the Second Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Second Disbursement has not yet been made then Y=0.

#### IV. Statutory Basis – Regional Council Capital Fund

The funding was authorized in the 2013-2014 New York State budget and reappropriated in the 2014-2015, 2015-2016 and 2016-2017 New York State budgets. 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. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise (MWBEs) for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 50% related to the total value of ESD's funding.

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
- Benefit-Cost Analysis
- Project Finance Memorandum
- Project Photographs

June 23, 2016

Regional Council Award – Priority Project – Stony Brook (Long Island Region – Suffolk County) – Stony Brook University High Performance Computing Capital – Regional Council Capital Fund (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

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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 Stony Brook University High Performance Computing Capital -- Regional Council Capital Fund (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 President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to the Research Foundation of State University of New York on behalf of Stony Brook University a grant for a total amount not to exceed One Million Dollars (\$1,000,000) from the Regional Council Capital Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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 President and Chief Executive Officer 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

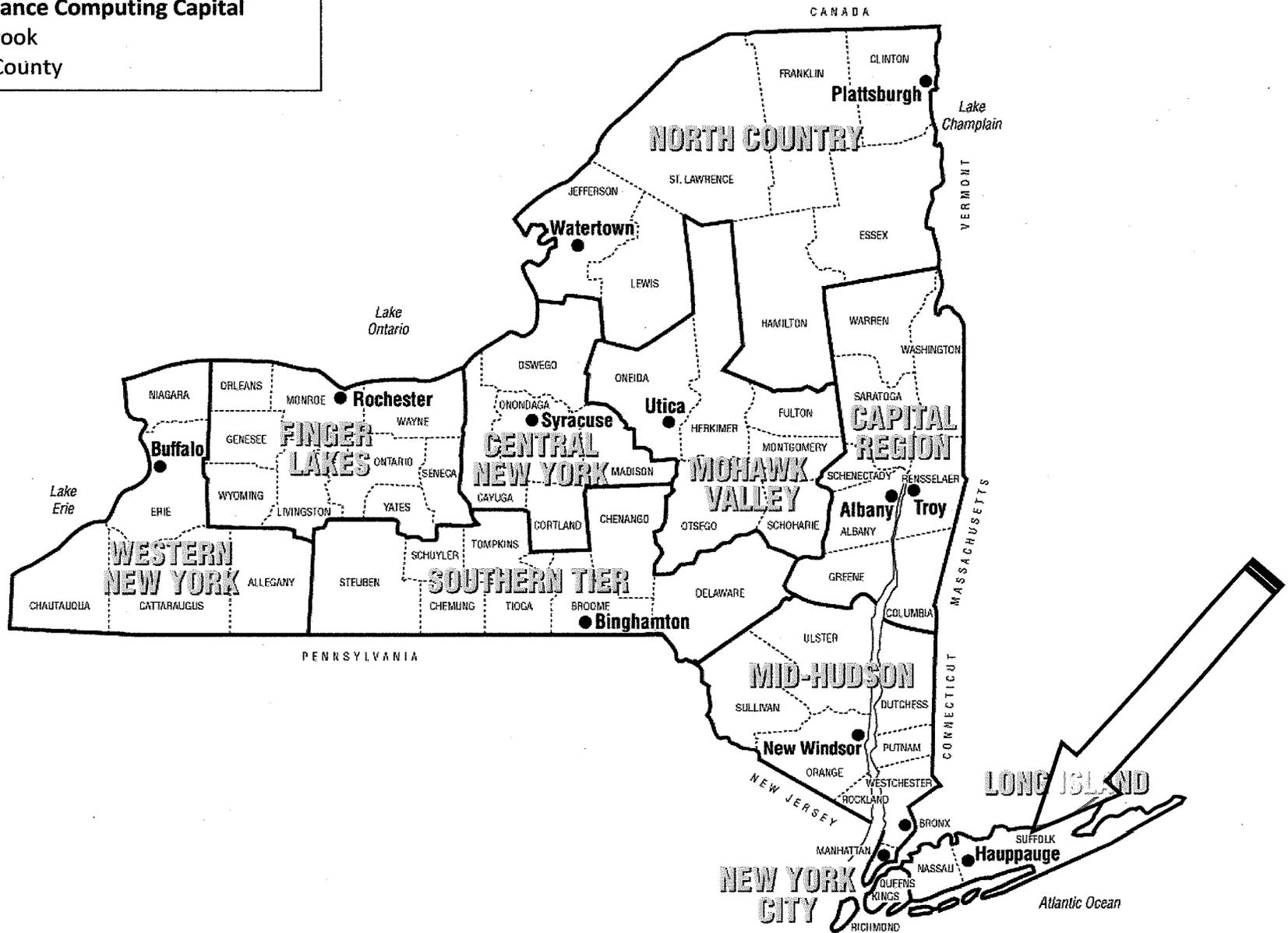
RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

RESOLVED, that the President and Chief Executive Officer 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.

\* \* \*

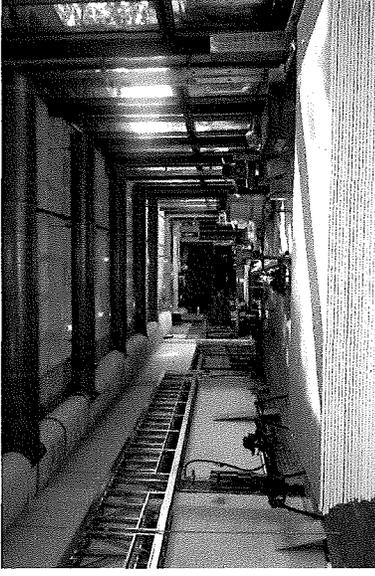
**Stony Brook University High  
Performance Computing Capital**  
Stony Brook  
Suffolk County



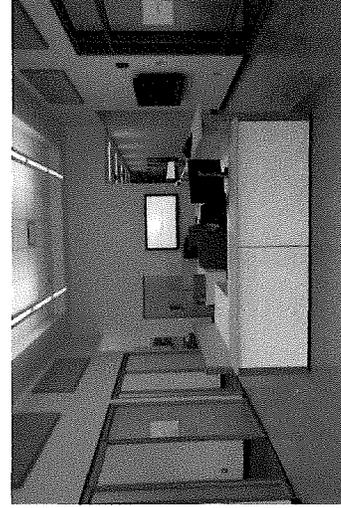


# Stony Brook University High Performance Computing Capital

**BEFORE PHOTOS**



**AFTER PHOTOS**



**FOR CONSIDERATION**

June 23, 2016

**TO:** The Directors

**FROM:** Howard A. Zemsky

**SUBJECT:** Marcy (Mohawk Valley Region – Oneida County) – MVEDGE Nano Utica Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant)

**REQUEST FOR:** Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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**General Project Plan**

**I. Project Summary**

**Grantee:** Economic Development Growth Enterprises Corp. d/b/a Mohawk Valley EDGE (“MVEDGE” or the “Organization”)

**ESD\* Investment:** A grant of up to \$5,000,000 to be used for a portion of the cost of excavation, rock cutting, hauling, dumping, and other project costs related to site preparation work for new construction

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

**Project Location:** 5737 Marcy SUNY Parkway, Marcy, Oneida County

**Proposed Project:** Site development of the Marcy Nanocenter/Nano Utica site (the “Site”) for a semiconductor fabrication plant

**Project Type:** Site development

**Regional Council:** The project is consistent with the Mohawk Valley Regional Economic Development Plan to expand investments in semiconductor and nanotechnology to allow for the construction of the Marcy Nanocenter semiconductor fabrication plant, establishing the region as a critical hub in the growing nanotechnology corridor.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Excavation, rock cut, hauling, dumping	\$4,616,250
Other Project Costs (engineering, procurement, inspection, SWPPP*, testing)	<u>1,758,750</u>
Total Project Costs	<u>\$6,375,000</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD-Grant	\$5,000,000	78%	
Key Bank LOC	737,500	12%	1.85%/4yrs/PILOT Proceeds
Grantee Equity**	<u>637,500</u>	<u>10%</u>	
Total Project Financing	<u>\$6,375,000</u>	<u>100%</u>	

\* Stormwater Pollution Prevention Plan

\*\*Includes a \$125,000 grant from National Grid

III. Project Description

A. Company

Industry: Business and Economic Development

Company History: Economic Development Growth Enterprises, Corp. ("MVEDGE"), formed in 1996, provides business and economic development assistance in Oneida and Herkimer counties. MVEDGE is focused on attracting new private investment, assisting existing businesses, targeting business attraction and direct foreign investment within the region, spearheading key regionally transformational projects, and serving as an advocate for pro-business and development initiatives. These efforts enhance the region's ability to align its development focus on increasing STEM intensive industry jobs, reclaiming population, building an education and workforce development ecosystem, fostering the creation of vibrant communities, and targeting economic opportunities for hard-to-place populations.

Ownership: MVEDGE is a not-for-profit corporation.

Size: All facilities are located in Rome, NY.

Market: Worldwide semiconductor and photovoltaic industries.

ESD Involvement: Since 2006, MVEDGE has led the transformation of the Marcy Nanocenter site at the SUNY Polytechnic Institute ("SUNY Poly"), making infrastructure improvements in preparation of attracting a semiconductor firm. This 428 acre site is being developed for semiconductor manufacturing and supportive nanotechnology uses. MVEDGE has been working with SUNY Poly and Fort Schuyler Management Corporation ("FSMC"), which has led to the commitment by ams AG to locate its 300 MM enabled wafer fabrication facility at the Marcy Nanocenter site. Ams AG is a multinational semiconductor manufacturer headquartered in Austria. Under the terms of the agreement, FSMC will finance, build and leaseback the project to ams AG as the first semiconductor tenant on the site.

ESD funds are essential to enable MVEDGE and FSMC meet "time to market" requirements of ams AG. The excavation/hauling and proposed rock cut and transfer of rock material activity is expected to be completed by the end of June 2016. This will allow FSMC to commence construction of the footings, foundations and building slabs for the project and complete construction of the project by Q4 2017 so that ams AG can begin tool installation with plans for first wafer output by Q2 2018. This is critical if ams AG is to maintain a competitive position within its industry markets. To fill the financing gap, in February 2016, MVEDGE was awarded \$5,000,000 from ESD to continue the site development at the Marcy Nanocenter site.

Since 2007, ESD approved \$28,950,000 for:

Phase 1 – Property acquisition; project development agreement; sewer and water improvements; wetlands mitigation, Site grading, engineering, legal, title surveys, geotechnical, and environmental; construction of the Edic Road Bypass and associated roadway improvements; sewer improvements; relocation of the Porter Terminal #6 line; natural gas line extension; easements and right-of-way acquisitions

Phase 1A – Planning, final design, easements/land acquisition, Site preparation (clearing and grubbing, storm water management and drainage, wetlands mitigation); paving, utilities, walkways; 115kV power line relocation; and sanitary sewer upgrades

Phase 1B – Constructing wetland and stream mitigation, storm water systems, a variety of clearing and grubbing, fencing, and the design and permitting for the 345KV transmission line and other design work.

Phase 2 – Construction of the County Interceptor (Canal Crossing Project) that will cross the NYS Barge Canal and connect to the County's main

interceptor line that runs from the end of the Phase 1 project.

Competition: Worldwide

Past ESD Support: Since 2007, ESD's funding for the Marcy Nanocenter to the Grantee is summarized in the following chart:

Program	Project #	Amount	Date Start (ESD Directors' Approval date)	Date End (Project Completion: Contract Expiration)	Purpose
Local Assistance	V062	\$4,000,000	May 17, 2011	May 2011	Capital – Phase 1 development of Marcy Nanocenter
New York State Economic Assistance Program	W277	\$10,000,000 (\$8.7M allocated to the Marcy Nanocenter and \$1.3M allocated to the Quad C)	September 18, 2008	December 2015	Capital – Phase 1 development of Marcy Nanocenter
Economic Transformation Program	X623	\$5,000,000	November 15, 2012	December 2018	Capital – Phase 1A development of Marcy Nanocenter
Economic Transformation Program	X624	\$5,000,000	February 16, 2013	December 2015	Capital – Sewer pipe replacement for the Marcy Nanocenter
North Utica Interceptor Project Phase II	Y907	\$700,000	In Process (Offer Letter Executed)	TBD	Phase II – Sewer / Canal Crossing Project
Regional Council Capital Fund - RC3	Z427	\$3,250,000	May 18, 2015	December 2019	Capital – Phase 1B water and sewer facilities, and wetland creation
Regional Council Capital Fund – RC4	Z800	\$1,000,000	May 18, 2015	December 2019	Capital – Phase 1B water and sewer facilities, and wetland creation

**B. The Project**

Completion: June 2016

Activity: The project will continue site preparation activities necessary to support the construction of the 300 MM enabled wafer fabrication facility and support facilities for ams AG. These activities include excavation and removal of approximately 390,000-cubic-yards of unsuitable overburden material to allow the construction of the first of three development terraces that is smooth, level, and well drained for the Marcy Nanocenter site. Excavation and removal of the overburden material will enable the

FAB C and Central Utility Building ("CUB") to be located on bedrock at the required finished floor elevation of approximately 590 ft. The removal of the majority of the overburden material will be to sites located outside of the Marcy Nanocenter site and on-site transfer to an approved spoils area, and associated costs includes the operation of disposal sites for the hauling of overburden material and satisfying the SWPPP and New York State Department of Environmental Conservation regulations.

The project will also prepare the site so that FSMC can proceed with site preparation activities that will include the rock-cut for the FAB C facility with the excavated rock material being used to provide the finished floor elevation for the CUB facility. Approximately 200,000-cubic-yards of rock will be cut at the FAB C location and rock materials will be processed and deposited where the CUB facility will be located. This will be a balanced cut as the removal of the rock will cut into the gray and black shale layers and the cut material will be used to raise the finish floor elevation for the CUB, so that the CUB and FAB C finished floor elevations are at the same grade. The proposal scope of work includes construction of laydown areas and an established haul road for the transfer of overburden material to a proposed spoil area that will be bermed, seeded and landscaped. MVEDGE activities include the construction of the haul road and overburden removal so that FSMC can continue with site preparation work, which includes the rock cut, rock transfer, and upon completion will support construction of retaining walls and construction of building foundations.

**Results:** Full build out of the Marcy Nanocenter site can attract \$14 to \$18 billion in investment and generate another 4,000 to 5,000 direct and indirect jobs. Ams AG will create over 800 direct jobs and it is anticipated that another 500 indirect jobs will be created.

**Grantee Contact:** Steve DiMeo, President  
584 Phoenix Drive  
Rome, NY 13441  
Phone: (315) 338-0393

**ESD Project No.:** AA642

<b>Project Team:</b>	Origination	Mark Reynolds
	Project Management	Scott Lamkin
	Contractor & Supplier Diversity	Denise Ross
	Finance	John Bozek
	Design & Construction	Scott Renzi
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Grantee shall pay a commitment fee of 1% of the \$5,000,000 capital grant (\$50,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Grantee will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Grantee's acceptance of ESD's offer. Equity is defined as cash injected into the project by the Grantee or by investors, and should be auditable through Grantee financial statements or Grantee accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
4. Up to \$5,000,000 will be disbursed to the Grantee, no more frequently than quarterly, in proportion to ESD's funding share, upon documentation of eligible expenses during the course of design and/or construction, in compliance with the Design & Construction requirements, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon completion of the facility, as evidenced by documentation as deemed relevant to the project. 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 February 6, 2016, to be considered eligible project costs. All disbursements must be requested by April 1, 2018.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$5,000,000, 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.
6. Grant funds will be subject to pro rata recapture if the property at the Project Location is sold within five years of disbursement of funds. 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.

#### IV. Statutory Basis

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms.

The project is expected to generate new employment opportunities, generate revenue, and add economic value to the state.

2. The proposed project would be unlikely to take place in New York State without the requested assistance.

ESD's assistance is needed to fill a financing gap.

3. The project is reasonably likely to accomplish its stated objectives and the likely benefits of the project exceed costs.

Benefit-Costs Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment, and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits not captured in the period of analysis and may involve no permanent job commitments, the estimated benefits typically reflect only construction-related activity.

#### Economic Growth Investment Project

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 \$325,198;
- Fiscal cost to NYS government is estimated at \$5,000,000;
- Ratio of project fiscal benefits to costs to NYS government is 0.07:1;
- Fiscal benefits to all governments (state and local) are estimated at \$556,589;
- Fiscal cost to all governments is \$5,000,000;
- The ratio of project fiscal benefit to cost ratio to all governments is 0.11:1;
- Economic benefits (total fiscal plus total net resident disposable income from project construction employment) are estimated at \$3,995,903;
- The economic benefit to cost ratio is 0.80:1;
- Project construction cost is \$5,770,313 which is expected to generate 62 direct job years and 29 indirect job years of employment;

- The payback period for NYS costs is not calculated.

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

4. 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.

V. Design and Construction

The Design and Construction Department ("D & C") will review the plans, specifications, cost estimates and budget for conformity to the scope of work. D & C will inspect the work and will approve and recommend payment of reimbursement requests based upon the inspections and conformity to the Design & Construction requirements.

VI. Environmental Review

The proposed project was assessed as part of the Final Generic Environmental Impact Statement ("FGEIS") and supplemental analyses for the Semiconductor Fabrication Facility in the Town of Marcy, NY pursuant to the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. The Directors adopted SEQRA findings on May 17, 2007. By adoption of SEQRA Findings, the Directors certified that the requirements of 6 NYCRR Part 617 have been met. The present request for ESD funding does not constitute an action beyond those actions already considered in the FGEIS and supplemental analyses, and does not require additional environmental review under SEQRA.

VII. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Organization shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise (MWBEs) for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 30% related to the total value of ESD's funding.

VIII. ESD Employment Enforcement Policy

ESD's Employment Enforcement Policy will not apply since the project will not directly create or retain jobs.

IX. 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.

X. Additional Submissions to Directors

Resolutions

New York State Map

Benefit-Cost Analysis

Project Finance Memorandum

Project Photographs

June 23, 2016

Marcy (Mohawk Valley Region – Oneida County) – MVEDGE Nano Utica Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) – Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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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 MVEDGE Nano Utica Capital -- Empire State Economic Development Fund – General Development Financing (Capital Grant) Project (the “Project”), the Corporation hereby determines pursuant to Sections 16-m and 10(g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms;
2. The project would be unlikely to take place in New York State without the requested assistance;
3. The project is reasonably likely to accomplish its stated objectives and that the likely benefits of the project exceed costs;
4. 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Economic Development Growth Enterprises d/b/a MVEDGE a grant for a total amount not to exceed Five Million Dollars (\$5,000,000) from the Empire State Economic Development Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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

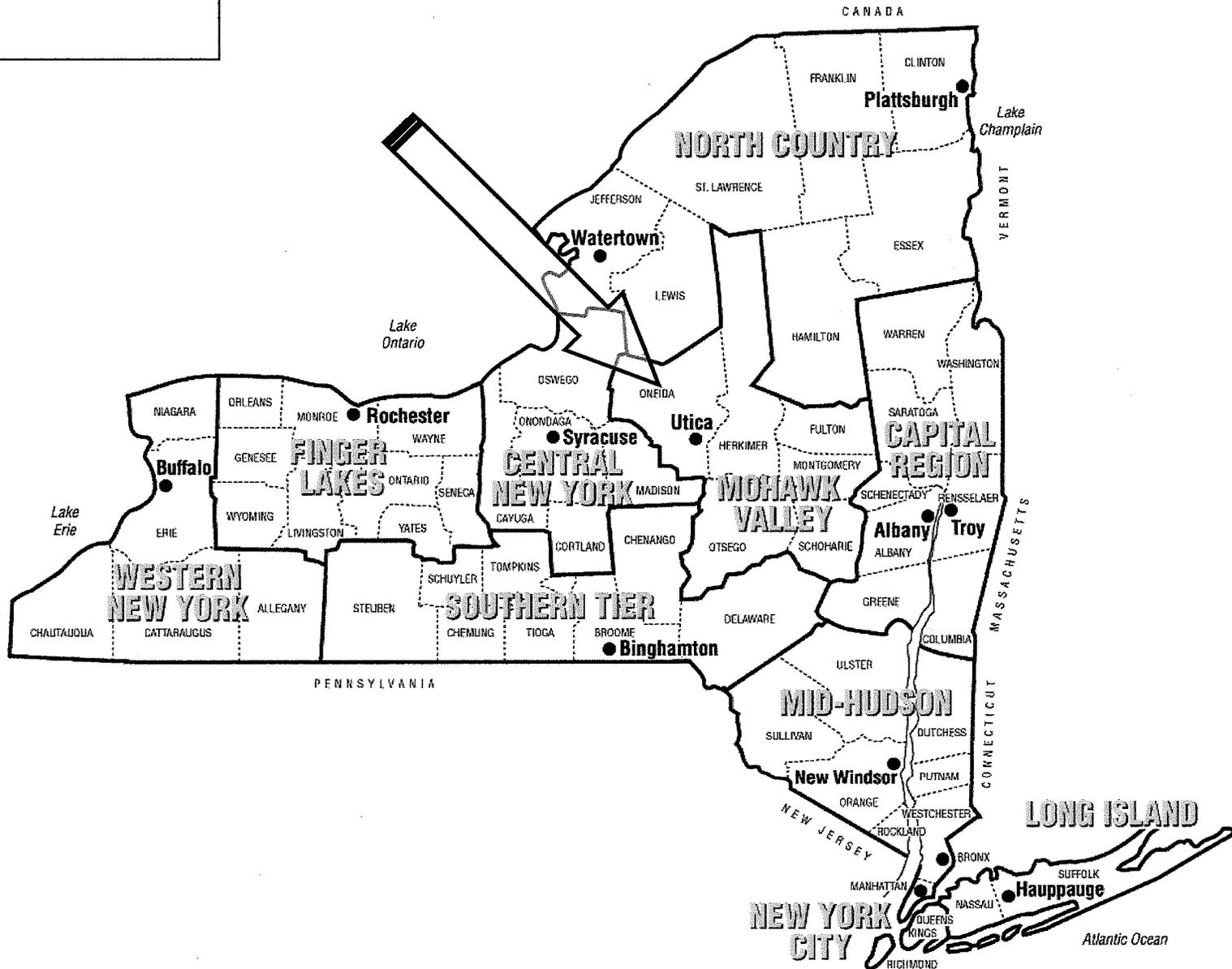
RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in 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 President and Chief Executive Officer 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.

\* \* \*

**MVEDGE Nano Utica**  
**Capital**  
**Marcy**



**Project Summary  
Benefit-Cost Evaluation1**

**Economic Growth Investment Project  
Marcy MVEDGE Nano Utica Capital**

The benefits reported in the table reflect only the impact of construction-related activity. Unlike typical ESD projects, infrastructure and economic growth investment projects may involve no permanent job commitments. Such projects generate long term benefits not captured in the period of analysis. This is reflected in the benefit cost estimates as compared to benchmarks developed for infrastructure and economic growth investment projects.

**Construction Job Years (Direct): 62**  
**Construction Job Years (Indirect): 29**

<b>Evaluation Statistics</b>	<b>Project Result NYS Govt.</b>	<b>NYS Govt. Benchmarks for ESD Projects2</b>	<b>Project Results State &amp; Local Governments</b>	<b>State &amp; Local Government Benchmarks for ESD Projects</b>
<b>Fiscal Costs3</b>	\$5,000,000	\$794,250	\$5,000,000	\$1,020,500
<b>Fiscal Benefits(Taxes)4</b>	\$325,198	\$2,085,600	\$556,589	\$4,271,980
<b>Fiscal B/C Ratio</b>	0.07	3.00	0.11	10.60
	<b>Project Results</b>	<b>Benchmarks for ESD Projects</b>		
<b>Economic Benefits5</b>	\$3,995,903	\$119,468,000		
<b>Economic B/C Ratio</b>	0.80	30.00		

1 Dollar values are present value calculated over a 7-year period. Separate evaluations are made and reported for New York State government assistance alone and for State and Local government.

2 The current project evaluation results (both fiscal and economic) are compared to performance measure benchmarks based on results of a sample of ESD non-retail projects.

3 Fiscal cost includes the value of grants, loans and associated default risks, and discretionary subsidies (such as tax exemptions or abatements on sales, property, and interest income).

4 Fiscal benefits are the loan repayments and tax revenues to New York State and local governments generated by project activity. This includes estimated taxes on personal incomes from project direct and indirect construction employment, corporate and business incomes, excise and user taxes, property taxes, and other taxes.

5 Economic benefits are estimated project benefits measuring loan repayments and all tax revenues generated by the project and collected by state and local governments.









**FOR CONSIDERATION**

June 23, 2016

**TO:** The Directors

**FROM:** Howard A. Zemsky

**SUBJECT:** Regional Council Award – Utica (Mohawk Valley Region – Oneida County) – MVEDGE Sewer Crossing Capital – Regional Council Capital Fund (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;  
Determination of No Significant Effect on the Environment

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**General Project Plan**

**I. Project Summary**

**Grantee:** Economic Development Growth Enterprises d/b/a Mohawk Valley EDGE (“MVEDGE” or the “Organization”)

**ESD\* Investment:** A grant of up to \$700,000 to be used for a portion of the cost of design and construction

**Project Location:** Erie Canal, Utica, Oneida County

**Proposed Project:** Construction of a new sewer crossing of the Erie Canal (“Canal”) for the Oneida County Interceptor Sewer Upgrade Project

**Project Type:** Infrastructure Development

**Regional Council:** The project is consistent with the Mohawk Valley Regional Economic Development Plan to increase the Region’s spatial efficiency by reclaiming the Region’s waterfront assets for community and economic development.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>	
Construction/Renovation	\$3,578,400	
Design/Engineering/Legal	<u>745,500</u>	
<b>Total Project Costs</b>	<b><u>\$4,323,900</u></b>	
<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$700,000	16%
Grantee Equity*	<u>3,623,900</u>	<u>84%</u>
<b>Total Project Financing</b>	<b><u>\$4,323,900</u></b>	<b><u>100%</u></b>

\*Equity consists of funding from Oneida County

III. Project Description

A. Organization

Industry: Economic Development Corporation

Organization

History: MVEDGE, formed in 1996, is a not-for-profit corporation that provides business and economic development assistance in Oneida and Herkimer counties. MVEDGE is the region's primary marketing organization and works with businesses that are considering expansion or relocation opportunities in upstate New York. MVEDGE spearheaded the redevelopment of the Griffiss Business and Technology Park in Rome, which leveraged more than \$580 million in public and private investment. MVEDGE is also the designated developer for the Marcy Nanocenter.

Ownership: MVEDGE is a not-for-profit organization.

Size: All facilities located in Rome, NY.

ESD Involvement: In order to address the need for critically redundant service and improved sewer capacity, a second crossing is proposed to be constructed adjacent to the existing crossing at the Canal. The new crossing is vital for both sustaining critical infrastructure needs and supporting regional economic development and growth. This project will benefit communities north of the Canal while providing necessary capacity to convey the projected sanitary flow from the Marcy Nanocenter site. Furthermore, because foreign competitors and existing U.S. campuses can accommodate rapid development, the Marcy

Nanocenter Site is at a disadvantage and this infrastructure upgrade would provide Mohawk Valley the opportunity to compete on a global scale. As a result of the Governor's Regional Economic Development Council Initiative, MVEDGE was awarded \$750,000 through Round 3 of the Consolidated Funding Application to assist with this project.

Competition: Worldwide

Past ESD Support: Funding for the past five years to the Grantee is summarized in the following chart:

Program	Project #	Amount	Date Start (ESD Directors' Approval date)	Date End (Project Completion: Contract Expiration)	Purpose
Empire State Economic Development Fund	U148	\$2,200,000	April 19, 2007	May 6, 2011	Working Capital – Funds for 31 companies to retain and upgrade the skills of 2,900 employees.
Local Assistance (S)	V062	\$4,000,000	May 17, 2007	May 2, 2011	Working Capital – Funds for the marketing and development of the West Campus site at the SUNY Institute of Technology, the Marcy Nanocenter.
Economic Transformation Project – RC 1	X623	\$5,000,000	August 18, 2011	December 31, 2014	Capital Grant –Funds for the construction of a two-lane heavy duty industrial access road.
Local Assistance Base Retention 12-13	Y069	\$300,000	January 17, 2013	March 31, 2015	Capital Grant - Funds for a technical study, website development, and other cyber security research-related start up activities.
Economic Transformation Project - RC1	X624	\$5,000,000	February 21, 2013	December 31, 2014	Capital Grant – funds for Site development of the Marcy Nanocenter at SUNYIT for the manufacturing of 300/450 MM

					semiconductor wafers and related uses.
Local Assistance Base Retention 2012-2013	Y568	\$600,000	October 17, 2013	June 30, 2014	Working Capital – Funds to create a linkage between the Air Force Research Laboratory (“AFRL”) and key New York State public and private universities on cyber security.
Economic Development Purposes Fund 2012-2013	Y685	\$55,000	December 19, 2013	December 31, 2013	Capital Grant – Funds to retain an outside consultant to perform a regional high technology workforce assessment.
Regional Council Capital Fund - RC4	Z800	\$1,000,000	May 18, 2015	December 31, 2019	Capital Grant – funds for site development at the Marcy Nanocenter.
Regional Council Capital Fund - RC3	Z427	\$3,250,000	May 18, 2015	December 31, 2019	Capital Grant – funds for site development at the Marcy Nanocenter.

**B. The Project**

**Completion:** December 2016

**Activity:** The Organization will construct a new sewer crossing of the Canal for the Oneida County Interceptor Sewer Upgrade Project. The upgrade consists of twin 24-inch cast iron pipe encased in concrete which convey all sanitary flow from communities north of the Canal to the Oneida County Department of Water Quality and Water Pollution Control wastewater treatment plant. The maximum capacity of the existing sewer crossing is

7.8 million gallons per day (MGD). Projected flows from the communities north of the Canal are approximately 11.2 MGD. An RFP was issued on July 10, 2015 for design services associated with the Project. The firm O'Brien and Gere was selected. The engagement will be broken into four phases: 1) feasibility, coordination, permitting, and geo-technical surveying; 2) design, bidding, construction phase services; 3) early construction contract for clearing and access road construction; and 4) construction of the sewer crossing of the Canal.

**Results:**

The project will enable the existing sewer crossing to be taken out of service, cleaned, inspected, and lined. The enhanced sewer line will serve the Marcy Nanocenter and regions of northern Oneida County.

**Infrastructure  
Investment  
Project:**

Benefit-Costs Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment, and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits not captured in the period of analysis and may involve no permanent job commitments, the estimated benefits typically reflect only construction-related activity.

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 \$260,995;
- Fiscal cost to NYS government is estimated at \$700,000;
- Ratio of project fiscal benefits to costs to NYS government is 0.37:1;
- Fiscal benefits to all governments (state and local) are estimated at \$446,704;
- Fiscal cost to all governments is \$700,000;
- The ratio of project fiscal benefit to cost ratio to all governments is 0.64:1;
- Economic benefits (total fiscal plus total net resident disposable income from project construction employment) are estimated at \$3,207,008;
- The economic benefit to cost ratio is 4.58:1;

- Project construction cost is \$4,323,900 which is expected to generate 49 direct job years and 23 indirect job years of employment;
- The payback period for NYS costs is not calculated.

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

Grantee Contact: Steve DiMeo, President  
584 Phoenix Drive  
Rome, NY 13441  
Phone: (315) 338-0393

ESD Project No.: Y907

Project Team:	Origination	Jane Thelen
	Project Management	Arturo Rodriguez
	Contractor & Supplier Diversity	Denise Ross
	Finance	Jonevan Hornsby
	Design & Construction	Scott Renzi
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Grantee shall pay a commitment fee of 1% of the \$700,000 capital grant (\$7,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Grantee will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed. Equity is defined as cash injected into the project by the Grantee or by investors, and should be auditable through Grantee financial statements or Grantee accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
4. Funds will be disbursed as reimbursement for eligible expenses during the course of design and/or construction no more frequently than quarterly, in compliance with Design and Construction Requirements and in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon completion of the facility, as evidenced by a certificate of completion. 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 February 24, 2014, to be considered eligible project costs. All disbursements must be requested by April 1, 2018.

5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$700,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee 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.

#### IV. Statutory Basis – Regional Council Capital Fund

The funding was authorized in the 2013-2014 New York State budget and reappropriated in the 2014-2015, 2015-2016, and 2016-2017 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

#### V. Design and Construction

The Design and Construction Department (“D&C”) will review the plans and cost estimates for conformity to the scope of work. D&C will inspect the work and will approve and recommend reimbursement for invoices paid based upon the inspections and conformity to all applicable D&C requirements.

#### VI. Environmental Review

Oneida County, 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 an Unlisted Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on April 13, 2016. 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.

#### VII. Non-Discrimination and Contractor & Supplier Diversity

ESD’s Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Organization shall be required to: (i) include minorities and women in any job opportunities created, (ii) solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project and (iii) use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall Minority and Women Business Enterprise (“MWBE”) Participation Goal of 23%. The overall goal shall include a Minority Business Enterprise (“MBE”) Participation Goal of 12% and a Women Business Enterprise (“WBE”) Participation Goal of 11% related to the total value of ESD’s funding.

VIII. Smart Growth Public Infrastructure Review

Pursuant to the requirements of the State Smart Growth Public Infrastructure Policy Act (the "SG Act"), and in connection with the grant for the Marcy Nanocenter Loop Road project approved by the Directors in November 2012, ESD's Smart Growth Advisory Committee previously reviewed a Smart Growth Impact Statement ("SGIS") for the Marcy Nanocenter project. This review found it is impracticable for the project to be developed in a manner consistent with the relevant State Smart Growth Public Infrastructure Criteria ("Smart Growth Criteria") due to the project's site requirements, but that the project is justified by the site's access to existing infrastructure, location adjacent to SUNYIT and the public benefits that would result from the project including increase in high quality jobs. The designee of the Chief Executive Officer of the Corporation attested it is impracticable for the project to meet the relevant Smart Growth Criteria set forth in the SG Act and that the project is justified for the reasons stated in the SGIS. This attestation addressed all aspects of the proposed project. Therefore, no further smart growth public infrastructure review is required in connection with this action.

IX. ESD Employment Enforcement Policy

ESD's Employment Enforcement Policy will not apply since the project will not directly create or retain jobs.

X. 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.

XI. Additional Submissions to Directors

Resolutions  
New York State Map  
Benefit-Cost Analysis  
Project Finance Memorandum

June 23, 2016

Regional Council Award – Utica (Mohawk Valley Region – Oneida County) – MVEDGE Sewer Crossing Capital – Regional Council Capital Fund (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

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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 MVEDGE Sewer Crossing Capital - Regional Council Capital Fund (Capital Grant) (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 President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Economic Development Growth Enterprises d/b/a Mohawk Valley EDGE a grant for a total amount not to exceed Seven Hundred Thousand Dollars (\$700,000) from the Regional Council Capital Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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.

\* \* \*

June 23, 2016

Regional Council Award – Utica (Mohawk Valley Region – Oneida County) – MVEDGE  
Sewer Crossing Capital – Regional Council Capital Fund (Capital Grant) – Determination  
of No Significant Effect on the Environment

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RESOLVED, that based on the material submitted to the Directors with respect to the MVEDGE Sewer Crossing Capital Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

\* \* \*



**Project Summary  
Benefit-Cost Evaluation<sup>1</sup>**

**Infrastructure Investment Project  
MVEDGE Sewer Crossing**

The benefits reported in the table reflect only the impact of construction-related activity. Unlike typical ESD projects, infrastructure and economic growth investment projects may involve no permanent job commitments. Such projects generate long term benefits not captured in the period of analysis. This is reflected in the benefit cost estimates as compared to benchmarks developed for infrastructure and economic growth investment projects.

**Construction Job Years (Direct): 49**  
**Construction Job Years (Indirect): 23**

<b>Evaluation Statistics</b>	<b>Project Result NYS Govt.</b>	<b>NYS Govt. Benchmarks for ESD Projects<sup>2</sup></b>	<b>Project Results State &amp; Local Governments</b>	<b>State &amp; Local Government Benchmarks for ESD Projects</b>
<b>Fiscal Costs<sup>3</sup></b>	\$700,000	\$794,250	\$700,000	\$1,020,500
<b>Fiscal Benefits(Taxes)<sup>4</sup></b>	\$260,995	\$2,085,600	\$446,704	\$4,271,980
<b>Fiscal B/C Ratio</b>	0.37	3.00	0.64	10.60
		<b>Benchmarks for ESD Projects</b>		
<b>Economic Benefits<sup>5</sup></b>	\$3,207,008	\$119,468,000		
<b>Economic B/C Ratio</b>	4.58	30.00		

1 Dollar values are present value calculated over a 7-year period. Separate evaluations are made and reported for New York State government assistance alone and for State and Local government.

2 The current project evaluation results (both fiscal and economic) are compared to performance measure benchmarks based on results of a sample of ESD non-retail projects.

3 Fiscal cost includes the value of grants, loans and associated default risks, and discretionary subsidies (such as tax exemptions or abatements on sales, property, and interest income).

4 Fiscal benefits are the loan repayments and tax revenues to New York State and local governments generated by project activity. This includes estimated taxes on personal incomes from project direct and indirect construction employment, corporate and business incomes, excise and user taxes, property taxes, and other taxes.

5 Economic benefits are estimated project benefits measuring loan repayments and all tax revenues generated by the project and collected by state and local governments.



**FOR CONSIDERATION**

June 23, 2016

**TO:** The Directors

**FROM:** Howard A. Zemsky

**SUBJECT:** Regional Council Award – Priority Project – Rome (Mohawk Valley Region – Oneida County) – Griffiss Institute Capital – Regional Council Capital Fund (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;  
Determination of No Significant Effect on the Environment

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**General Project Plan**

**I. Project Summary**

**Grantee:** Griffis Local Development Corporation (“GLDC” or the “Organization”)

**ESD\* Investment:** A grant of up to \$1,100,000 to be used for a portion of the cost of construction, and the purchase and installation of furniture, fixtures and equipment

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

**Project Location:** 725 Daedalian Drive, Rome, Oneida County

**Proposed Project:** Design and construction of a 20,000-square-foot expansion at the Griffiss Institute to provide office and laboratory space

**Project Type:** Capital facility expansion

**Regional Council:** The project is consistent with the Mohawk Valley Regional Economic Development Council’s Plan to enhance the region’s innovation growing connections and nurturing ideas that will prompt new business activity and invigorate the region’s economy.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Sitework	\$500,000
Construction	2,880,000
Plumbing, Fire Protection	300,000
HVAC	970,000
Electrical	825,000
Soft Costs	150,000
Contingency	<u>275,000</u>

Total Project Costs \$5,900,000

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD-Grant (#Z059)	\$1,100,000	19%	
ESD Grant (#AA306)*	200,000	3.4%	
ESD Grant (#Y626)**	200,000	3.4%	
Mohawk Valley Economic Development Growth Enterprises ("EDGE")	500,000	8.4%	
Regional Industrial Development Corporation of Southwestern Pennsylvania - Loan	200,000	3.4%	4.5%/20 yrs/co-equal 1st
Mohawk Valley Rehabilitation Corporation - Loan	200,000	3.4%	4.5%/20 yrs/ co-equal 2nd
Bank Financing***	2,900,000	49%	
Grantee Equity	<u>600,000</u>	<u>10%</u>	
Total Project Financing	<u>\$5,900,000</u>	<u>100%</u>	

\* Grant #AA306 for \$500,000 is being presented separately to the Directors at the June 23<sup>rd</sup> Board Meeting. \$200,000 of AA236 funding is being used for this project.

\*\*\$1,050,000 was approved by the Directors on 11/21/2013. A\$200,000 of Y626 is being used for this project.

\*\*\*GLDC competitively bids their loans. Once the Organization has received board approval on the grant they will send out the RFP

III. Project Description

A. Grantee

Industry: The GLDC was created to stimulate development at the Griffiss Local Airforce Base and to stimulate the local economy through the attraction of new businesses and jobs.

**Grantee History:** Incorporated in 1994, the Griffiss Local Development Corporation's mission is to promote, facilitate and oversee the redevelopment of the former Griffiss Air Force Base in Rome, NY through the implementation of a comprehensive redevelopment strategy (which includes the development of the Griffiss Business and Technology Park ("GBTP"). The Organization maintains, strengthens, and expands the viability of the remaining Air Force and other federal assets, including the Research Laboratory, the Defense Finance and Accounting Service, and the Eastern Air Defense Sector. Since its creation, GLDC has been successful in attracting several technology-based businesses, including Premier Aviation Overhaul Center, BAE Systems and ITT Systems, to the former base which is now known as Griffiss Business and Technology Park.

**Ownership:** GLDC is a not-for-profit, local development corporation

**Size:** All facilities are located in Rome, NY.

**Market:** GLDC oversees redevelopment of the former Griffiss AFB and focuses on redevelopment opportunities that attract defense contractors who work with AFRL- Rome (C4I Information Directorate), aviation and aerospace industries, manufacturing, distribution and commercial and institutional uses that maximize the reuse of this former military installation. Additional market opportunities are being pursued in Unmanned Aerial Systems and leveraging the potential for supply chain growth associated with the development of the Marcy Nanocenter site, which is located less than 10 minutes from Griffiss.

**ESD Involvement:** In late 2012, GLDC sought to expand a building at the GBTP which served as an incubator in developing novel and affordable command, control, communications, computing, cyber, and Intelligence (C4I) technologies.

The original building measured 22,000 square feet, and had originally operated as a former United States Air Force flight training center. The building contained a computer training center, a large lecture hall, and related support infrastructure. GLDC had expanded the building several years prior, by adding a 24,000-square-foot addition which was LEED certified, and which today serves as the Rome headquarters for BAE Systems, a global defense, aerospace and security company. In 2012, GLDC proposed another 20,000-square-foot expansion to the building to provide much needed office and laboratory space, which could be leased at market rates by GLDC.

GLDC applied under Round 3 of the Consolidated Funding Application in December 2013 to bridge a funding gap for the construction, and ESD made the Organization an offer in April 2014 which the Organization

accepted in the same month. Without ESD's assistance, the project could not have moved forward.

Competition: N/A

Past ESD Support: Funding for the past five years to the Grantee is summarized in the following chart:

Upstate Regional Blueprint	X081	\$1,000,000	June 2011	November 2011	Capital Grant – Construction
Local Assistance	X641	\$125,000	May 2012	January 2013	Capital Grant – Building Rehab
Base Retention	Y068	\$300,000	January 2013	December 2014	Capital Grant – Design and Construction
	Y626	\$1,050,000	November 2013	June 2015	Capital Grant – Building Renovation
Regional Council Capital Fund - RC 1	X643	\$397,500	April 2013	December 2013	Capital Grant – Build High Speed Network
Regional Council Capital Fund - RC 1	X642	\$1,500,000	September 2013	August 2014	Capital Grant – Construction

**B. The Project**

Completion: February 2017

Activity: The project will add on a 20,000-square-foot expansion to the project building to provide much needed office and laboratory space, which can be leased at market rates by GLDC. GLDC has already identified the New York State Cyber Research Institute (the "Institute") in Rome to be located at the GBTP. The Institute, a wholly owned subsidiary of the Griffiss Institute, will collaborate with the United States Air Force Research laboratory in Rome, along with businesses, educational institutions, and not-for-profit entities. The expansion will enable cyber related companies to interface with the Cyber Research Institute and its parent organization.

**Results:** The Organization hopes to have the building designated a NYS Innovation Hot-Spot. In addition, the new space will support research and development activities and link Mohawk Valley with major global research centers.

**Economic Growth  
Investment**

**Project:** Benefit-Costs Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment, and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits not captured in the period of analysis and may involve no permanent job commitments, the estimated benefits typically reflect only construction-related activity.

- Fiscal benefits to NYS government from the project are estimated at \$366,814;
- Fiscal cost to NYS government is estimated at \$1,100,000;
- Ratio of project fiscal benefits to costs to NYS government is 0.33:1;
- Fiscal benefits to all governments (state and local) are estimated at \$627,817;
- Fiscal cost to all governments is \$1,100,000;
- The ratio of project fiscal benefit to cost ratio to all governments is 0.57:1;
- Economic benefits (total fiscal plus total net resident disposable income from project construction employment) are estimated at \$4,507,271;
- The economic benefit to cost ratio is 4.10:1;
- Project construction cost is \$5,900,000 which is expected to generate 67 direct job years and 31 indirect job years of employment;
- The payback period for NYS costs is not calculated.

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

**Grantee Contact:** Fred Arcuri, Vice President of Economic Development  
584 Phoenix Drive  
Rome, NY 13441  
Phone: (315) 338-0393

**ESD Project No.:** Z059

Project Team:	Origination	Zach Becker
	Project Management	Simone Bethune
	Contractor & Supplier Diversity	Denise Ross
	Finance	John Bozek
	Design & Construction	Scott Renzi
	Environmental	Soo Kang

**C. Financial Terms and Conditions**

1. Upon execution of the grant disbursement agreement, the Grantee shall pay a commitment fee of 1% of the \$1,100,000 capital grant (\$11,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Grantee will provide evidence of its bank financing commitments to ESD prior to execution of the Grant Disbursement Agreement.
4. The Grantee will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Grantee's acceptance of ESD's offer. Equity is defined as cash injected into the project by the Grantee or by investors, and should be auditable through Grantee financial statements or Grantee accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
5. Up to \$1,100,000 will be disbursed to the Grantee during the course of design and construction no more frequently than quarterly, in compliance with ESD's Design & Construction Requirements, and in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon completion of the facility as evidence by a Certificate of Occupancy or other document verifying project completion as ESD may reasonably require.

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 April 25, 2014, to be considered eligible project costs.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$1,100,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee 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.

IV. Statutory Basis – Regional Council Capital Fund

The funding was authorized in the 2013-2014 New York State budget and reappropriated in the 2014-2015, 2015-2016, and 2016-2017 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

V. Design and Construction

Design & Construction (“D&C”) staff will meet with the Grantee to outline D&C requirements. D&C staff will, at its option, review design and construction documents, addenda, cost estimates, bids and contract award process. D&C staff will, at its option, attend design and construction meetings, monitor all progress and review all change orders. D&C staff will review all contractor requisitions and verify that all requirements have been satisfied prior to approving the release of ESD funds, including acceptable completion of D&C requirements and forms.

VI. Environmental Review

The City of Rome 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, which was coordinated with ESD as an involved agency, found the project to be an Unlisted Action which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on April 5, 2016. 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.

VII. Non-Discrimination and Contractor & Supplier Diversity

ESD’s Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Organization shall be required to: (i) include minorities and women in any job opportunities created, (ii) solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project and (iii) use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall Minority and Women Business Enterprise (“MWBE”) Participation Goal of 26%. The overall goal shall include a Minority Business Enterprise (“MBE”) Participation Goal of 10% and a Women Business Enterprise (“WBE”) Participation Goal of 16% related to the total value of ESD’s funding.

VIII. ESD Employment Enforcement Policy

ESD's Employment Enforcement Policy will not apply since the project will not directly create or retain jobs.

IX. 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.

X. Additional Submissions to Directors

Resolutions

New York State Map

Benefit-Cost Analysis

Project Finance Memorandum

June 23, 2016

Regional Council Award – Priority Project – Rome (Mohawk Valley Region – Oneida County) – Griffiss Institute Capital – Regional Council Capital Fund (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

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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 Griffiss Institute Capital -- Regional Council Capital Fund (Capital Fund) 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Griffis Local Development Corporation a grant for a total amount not to exceed One Million One Hundred Thousand Dollars (\$1,100,000) from the Regional Council Capital Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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.

\* \* \*

June 23, 2016

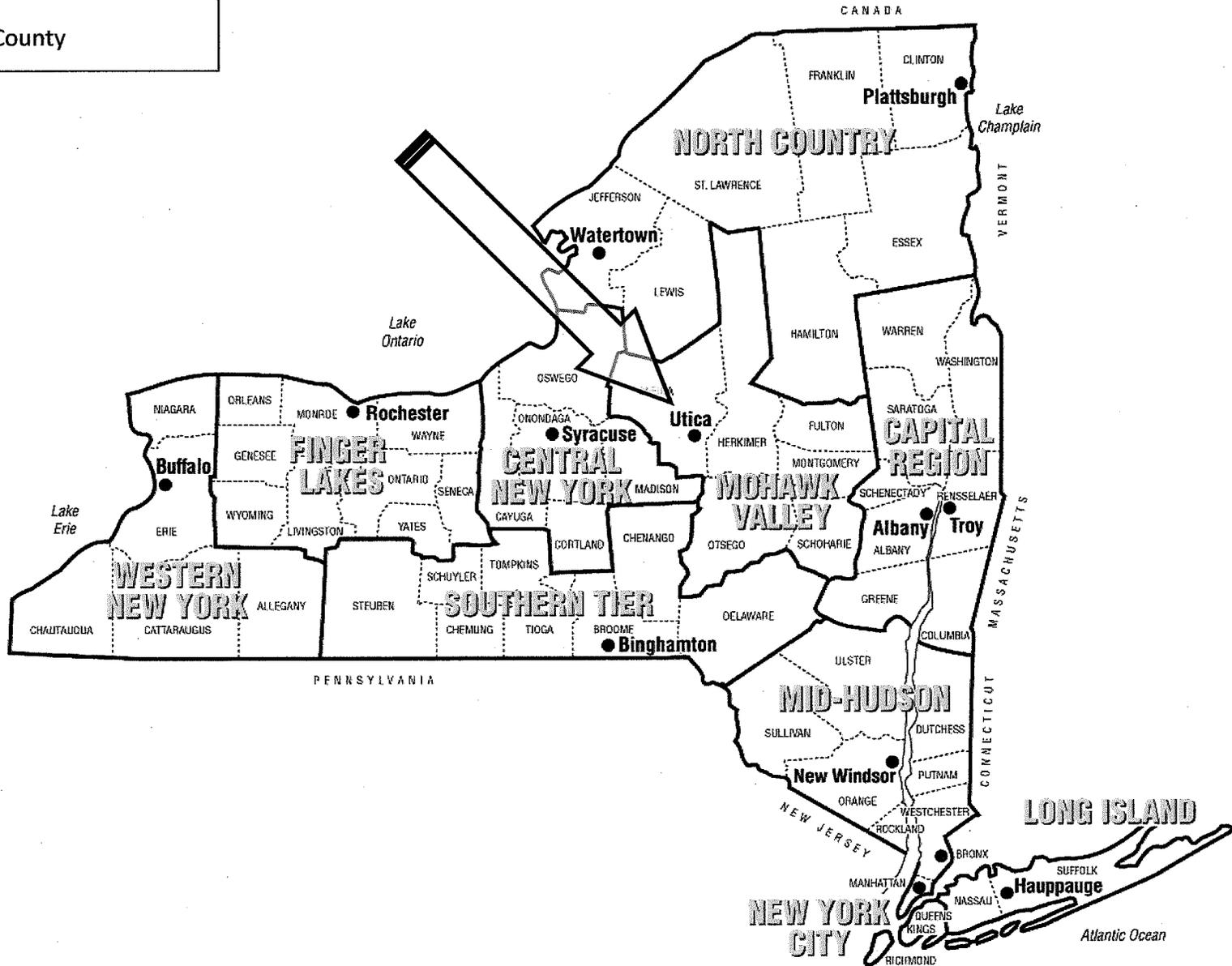
Regional Council Award – Priority Project – Rome (Mohawk Valley Region – Oneida County) – Griffiss Institute Capital – Regional Council Capital Fund (Capital Grant) – Determination of No Significant Effect on the Environment

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RESOLVED, that based on the material submitted to the Directors with respect to the Griffiss Institute Capital Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

\* \* \*

**Griffiss Institute Capital**  
Rome  
Oneida County



**Project Summary  
Benefit-Cost Evaluation<sup>1</sup>**

**Economic Growth Investment  
Griffiss Institute**

The benefits reported in the table reflect only the impact of construction-related activity. Unlike typical ESD projects, infrastructure and economic growth investment projects may involve no permanent job commitments. Such projects generate long term benefits not captured in the period of analysis. This is reflected in the benefit cost estimates as compared to benchmarks developed for infrastructure and economic growth investment projects.

**Construction Job Years (Direct): 67**  
**Construction Job Years (Indirect): 31**

<b>Evaluation Statistics</b>	<b>Project Result NYS Govt.</b>	<b>NYS Govt. Benchmarks for ESD Projects<sup>2</sup></b>	<b>Project Results State &amp; Local Governments</b>	<b>State &amp; Local Government Benchmarks for ESD Projects</b>
<b>Fiscal Costs<sup>3</sup></b>	\$1,100,000	\$794,250	\$1,100,000	\$1,020,500
<b>Fiscal Benefits<sup>4</sup></b>	\$366,814	\$2,085,600	\$627,817	\$4,271,980
<b>Fiscal B/C Ratio</b>	0.33	3.00	0.57	10.60
	<b>Project Results</b>	<b>Benchmarks for ESD Projects</b>		
<b>Economic Benefits<sup>5</sup></b>	\$4,507,271	\$119,468,000		
<b>Economic B/C Ratio</b>	4.10	30.00		

1 Dollar values are present value calculated over a 7-year period. Separate evaluations are made and reported for New York State government assistance alone and for State and Local government.

2 The current project evaluation results (both fiscal and economic) are compared to performance measure benchmarks based on results of a sample of ESD non-retail projects.

3 Fiscal cost includes the value of grants, loans and associated default risks, and discretionary subsidies (such as tax exemptions or abatements on sales, property, and interest income).

4 Fiscal benefits are the loan repayments and tax revenues to New York State and local governments generated by project activity. This includes estimated taxes on personal incomes from project direct and indirect construction employment, corporate and business incomes, excise and user taxes, property taxes, and other taxes.

5 Economic benefits are estimated project benefits measuring loan repayments and all tax revenues generated by the project and collected by state and local governments.



FOR CONSIDERATION

June 23, 2016

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – Priority Project – (North Country Region – Jefferson, Lewis, St. Lawrence, Essex, Franklin, Hamilton and Clinton Counties) – North Country Transformational Tourism Fund Capital – Regional Council Capital Fund (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

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General Project Plan

I. Project Summary

Grantee: Development Authority of the North Country (“DANC”)

Beneficiary  
Companies: Various tourism facilities located in the North Country Region

ESD\* Investment: A grant of up to \$3,000,000 to increase a revolving loan fund to develop tourism facilities in the North Country Region

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

Project Locations: Various tourism facilities in the North Country Region

Proposed Project: DANC will increase the revolving loan fund to develop tourism facilities and infrastructure in the North Country Region

Project Type: Regional revolving loan fund

Regional Council: This is a priority project of the North Country Regional Economic Development Council (“NCREDC”). A key NCREDC strategy is to put tools in place to attract private investment in tourism, which will drive

demand to revitalize and diversify communities and create a climate that will allow entrepreneurs to flourish. James Wright, Executive Director of DANC, is a member of the NCREDC. In conformance with the State's policy, this individual has recused himself on votes recommending this project. The Council includes additional, ex-officio members who are elected officials but cannot vote on individual project recommendations.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>	
Capital project loans	<u>\$3,000,000</u>	
 Total Project Costs	 <u>\$3,000,000</u>	
<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD – Grant	\$3,000,000	90%
Grantee Equity*	<u>300,000</u>	<u>10%</u>
 Total Project Financing	 <u>\$3,300,000</u>	 <u>100%</u>

\*Beneficiary entities real estate, capital improvements, equipment

III. Project Description

A. Company

Industry: Public Authority

Company History: DANC was formed in 1985 and provides management, services and financing assistance in the North Country for regional economic development. DANC owns and operates the solid waste facility, water and wastewater system, and broadband telecommunications system. DANC also helps with technical assistance, planning and financing for housing, tourism and other economic development projects and programs.

Ownership: DANC is a New York State public benefit corporation with a 13-member board of directors.

Size: DANC employs 66 people.

Market: DANC provides economic development assistance throughout the North Country Region.

**ESD Involvement:** As part of the Governor’s Regional Economic Development initiative, DANC was awarded \$3,000,000 through the Consolidated Funding Application process. DANC requested ESD assistance to help finance its transformational tourism projects in underserved North Country communities. This revolving loan fund would not be possible without ESD assistance.

**Past ESD Support:** Funding for the past five years to the Grantee is summarized in the following chart:

<b>Program</b>	<b>Project#</b>	<b>Amount</b>	<b>Date Start (ESD Directors’ Approval Date)</b>	<b>Date End (Project Completion: Contract Expiration)</b>	<b>Purpose</b>
Regional Council Capital Fund	X666	\$250,000	August 2013	December 2014	Capital Grant-Broadband Infrastructure
Regional Council Capital Fund	Y648	\$2,000,000	November 2013	December 2024	Capital Grant-Tourism Loan Fund
Regional Council Capital Fund	Y647	\$400,000	November 2013	December 2024	Capital Grant-Digital Film Conversion Loan Fund
Regional Council Capital Fund	Y585	\$2,222,000	February 2014	April 2016	Capital Grant-Public Emergency network and broadband infrastructure
Regional Council Capital Fund	Y584	\$500,000	February 2014	January 2015	Capital Grant-Telecommunications loan fund
Regional Council Capital Fund	Y854	\$1,000,000	July 2014	December 2019	Capital Grant-Value Added Agriculture loan fund
Regional Council Capital Fund	Z940	5,000,000	September 2015	December 2025	Capital Grant-Redevelopment Loan Fund

**B. The Project**

**Completion:** May 2021

**Activity:** DANC will increase and manage the North Country Transformational Tourism Fund as a regional revolving loan program. This fund is available for new and existing business entities to apply for funding to develop tourism infrastructure, including lodging, restaurants, retail, recreation, arts and cultural venues.

**Results:** The North Country Transformational Tourism Fund will advance projects that increase the quantity and quality of lodging, hospitality and tourism related facilities. This will enhance the quality of life, provide affordable recreation, attract visitors, and attract additional private investment.

**Economic Growth  
Investment**

**Project:** This project is an Economic Growth Investment project that does not involve permanent job commitments or construction spending. While such projects generate significant long term fiscal and economic benefits, such benefits are not estimated within the short-term period used in the benefit cost analysis. Therefore, no benefit cost analysis is provided.

**Grantee Contact:** James Wright, Executive Director  
317 Washington Street  
Watertown NY 13601  
Phone: (315) 661-3200

**ESD Project No.:** AA580

<b>Project Team:</b>	Origination	John Vandelloo
	Project Management	John Vandelloo
	Contractor & Supplier Diversity	Denise Ross
	Finance	Ross Freeman
	Environmental	Soo Kang

**C. Financial Terms and Conditions**

1. Upon execution of the grant disbursement agreement, the Grantee shall reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Grantee will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Grantee's acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project. Matching funds provided by program funding recipients will be counted as equity contribution.
4. Up to \$3,000,000 will be disbursed to the Grantee in four installments as follows:
  - a) an Initial Disbursement of an amount equal to 30% of the grant (\$900,000) will be

- disbursed as an advance, upon execution of a Grant Disbursement Agreement ("GDA") and receipt by ESD of required documentation.
- b) a Second Disbursement of an amount equal to 30% of the grant (\$900,000) will be disbursed upon documentation verifying disbursement by DANC of at least 80% of the first advance (\$720,000 cumulative) and Grantee's compliance with loan program reports and requirements, including the meeting of expected loan program goals.
  - c) a Third Disbursement of an amount equal to 30% of the grant (\$900,000) will be disbursed upon documentation verifying disbursement by DANC of 100% of the first advance and at least 80% of the second advance (\$1,620,000 cumulative) and Grantee's compliance with loan program reports and requirements, including the meeting of expected loan program goals.
  - d) a Fourth Disbursement of an amount equal to 10% of the grant (\$300,000) will be disbursed upon documentation verifying disbursement by DANC of 100% of the first and second advance and at least 80% of the third advance (\$2,520,000 cumulative) and Grantee's compliance with loan program reports and requirements, including the meeting of expected loan program goals.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses reimbursed by ESD's grant must be incurred on or after May 2, 2016, to be considered eligible project costs. All disbursements must be requested by April 1, 2021. ESD will be entitled to recoup any advanced funds that are not disbursed by the Grantee in a timely manner.

- 5. ESD must approve the Program's loan application, marketing material and deal sourcing strategies, due diligence process, loan approval guidelines, underwriting policy and guidelines, portfolio management and monitoring processes, and goals.
- 6. ESD, via the North Country Regional Office, will approve all funding recommendations. ESD funds should be allocated as a loan in a proportional share to the Program's other funding sources. No single investment of ESD funds may exceed \$250,000 without written consent of ESD, via the North Country Regional Office. ESD funds may not be subject to a higher risk compared with other Program funds.
- 7. ESD funds will be deposited in an account (the "Imprest Account") at a bank mutually acceptable to ESD (as set forth in writing by ESD) and the Grantee. Funds in the Imprest Account, from the time of deposit and until disbursed from such account in accordance with terms to be approved by the ESD Directors, will be invested in accordance with ESD's Investment Guidelines. ESD shall be provided with copies of all account statements, and reports in accordance with reporting requirements. All returns on ESD investments shall be kept in the same Imprest Account and shall be used exclusively for subsequent Program loans.
- 8. Grantee will report quarterly on investments and related Program activity. Such

reports will contain information on investments, current status, leveraged funds, business revenue, job creation outcomes, and other items as determined by ESD. Once the Recipient has provided documentation verifying disbursement of the entire \$3,000,000 in grant funds, the Recipient will report annually on investments and related Program activity during the term of the bonds that will be issued to provide the grant (term to be noted in final Grant Disbursement Agreement).

9. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$3,000,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee 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.

#### IV. Statutory Basis – Regional Council Capital Fund

The funding was authorized in the 2015-2016 New York State budget and reappropriated in the 2016-2017 New York State budget. 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 ministerial 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. The recipient of fund disbursements will be responsible for complying with SEQRA as applicable. No further environmental review is required in connection with this authorization.

#### VI. Non-Discrimination and Contractor & Supplier Diversity

ESD’s Non-discrimination and Contractor & Supplier Diversity policy will apply to the Project. The Company shall be required to use “good faith efforts” to achieve an overall Minority and Women Business Enterprise (“MWBE”) Participation goal of 30%, a Minority Business Enterprise (“MBE”) Participation goal related to the total value of ESD’s funding, and to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project.

#### VII. ESD Employment Enforcement Policy

ESD’s Employment Enforcement Policy will not apply since the project will not directly create or retain jobs.

#### VIII. 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.

IX. Additional Submissions to Directors

Resolutions

New York State Map

Project Finance Memorandum

June 23, 2016

Regional Council Award – Priority Project (North Country Region – Jefferson, Lewis, St. Lawrence, Essex, Franklin, Hamilton, and Clinton Counties) – North Country Transformational Tourism Fund – Regional Council Capital Fund (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

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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 North Country Transformational Community Tourism Transformation Fund – Regional Council Capital Fund (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 President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Development Authority of the North Country a grant for a total amount not to exceed Three Million Dollars (\$3,000,000) from the Regional Council Capital Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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.

\* \* \*





**FOR CONSIDERATION**

June 23, 2016

**TO:** The Directors

**FROM:** Howard A. Zemsky

**SUBJECT:** East Syracuse (Central New York Region – Onondaga County) – Inficon Capital – New York Works (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;  
Determination of No Significant Effect on the Environment

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**General Project Plan**

**I. Project Summary**

**Grantee:** Inficon, Inc. (“Inficon” or the “Company”)

**ESD\* Investment:** A grant of up to \$1,000,000 to be used for a portion of the cost of machinery and equipment

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

**Project Location:** Two Technology Place, East Syracuse, Onondaga County.

**Proposed Project:** Construct and equip an approximately 69,000-square-foot addition to its existing 140,000-square-foot manufacturing facility to expand existing operations

**Project Type:** Facility expansion including job creation and job retention

**Regional Council:** The Central New York Regional Economic Development Council has been made aware of this item. The Incentive Proposal was accepted in February 2014. The project is consistent with the Regional Plan to prioritize investments in innovation and commercialization and maximize human capital.

Employment:	Initial employment at time of ESD Incentive Proposal:	240
	Current employment level:	255
	Minimum employment on January 1, 2019:	280

\*New employees cannot be transferred from other NYS locations

## II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>	
New Construction	\$15,950,000	
Soft Costs	1,700,000	
Production Machinery & Equipment	1,600,000	
Infrastructure & Building Renovations	<u>1,030,000</u>	
<b>Total Project Costs</b>	<b><u>\$20,280,000</u></b>	
<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$1,000,000	5%
National Grid Grant	250,000	1%
Company Equity	<u>19,030,000</u>	<u>94%</u>
<b>Total Project Financing</b>	<b><u>\$20,280,000</u></b>	<b><u>100%</u></b>

## III. Project Description

### A. Company

**Industry:** Manufacturing of instrumentation, sensor technologies and process control software

**Company History:** Formed in 2000, Inficon is a leading provider of innovative instrumentation, critical sensor technologies, and advanced process control software that enhance productivity and quality in sophisticated industrial vacuum processes. The analysis, measurement and control products are essential for gas leak detection in air conditioning/refrigeration and automotive manufacturing. They are vital to equipment manufacturers and end-users in the complex fabrication of semiconductors and thin film coatings for optics, flat panel displays, solar cells and industrial vacuum coating applications. Other users of vacuum-based processes include the life sciences, research, aerospace, packaging, heat treatment, laser cutting and many other industrial processes.

**Ownership:** The Company is publicly-held and traded on the SIX Swiss Exchange.

**Size:** All facilities are located in East Syracuse, NY.

**Market:** Inficon is headquartered in Switzerland and has world-class manufacturing facilities in Europe, the United States and China, as well as subsidiaries in China, Finland, France, Germany, India, Italy, Japan, Korea, Liechtenstein, Singapore, Sweden, Switzerland, Taiwan, the United Kingdom and the United States.

**ESD Involvement:** Inficon has reached 95% capacity at their 30-year-old, 140,000-square-foot facility in Syracuse. The Company was looking to expand by adding approximately 64,000 square feet or construct a new LEED certified 220,000-square-foot building. Either option was to allow for greater flexibility, efficiency and increased competitiveness in a global marketplace. However, the costs associated with constructing the new building in New York State were high.

In 2013, Inficon applied through Round 3 of the Consolidated Funding Application and was awarded \$1,000,000. The Company also received a tax credit from the Excelsior Jobs Program for \$1,500,000. Inficon will retain 240 employees and hire 40 new employees to staff the new facility by January 2019.

**Competition:** China, Japan, South Korea, Germany, and United Kingdom

**Past ESD Support:** Funding for the past five years to the Grantee is summarized in the following chart:

Program	Project #	Amount	Date Start (ESD Directors' Approval date)	Date End (Project Completion: Contract Expiration)	Purpose
Empire State Economic Development Fund	X546	\$100,000	January 15, 2016	December 31, 2016	Capital – Machinery & Equipment

**B. The Project**

**Completion:** January 2016

**Activity:** Inficon constructed an additional 69,000 square feet to its existing facility to support critical sensor technologies, advanced process control software, gas analyzers, leak detectors, and portable chemical

identification systems. The expansion will contain advanced clean manufacturing, logistics, cleanrooms, and office areas. The Company also purchased and installed new automated equipment to improve internal efficiency and effectiveness as well as to enable Inficon to exceed the ever increasing requirements of its customers.

**Results:** Retain 240 existing jobs and create 40 new jobs. The Company has already created 20 new jobs. Other results include increased sales and exports; portfolio of new products; and critical New York State supplier base.

**Business Investment**

**Project:** 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 \$13,677,922;
- Fiscal cost to NYS government is estimated at \$2,500,000;
- Project cost to NYS government per direct job is \$17,090;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$6,685;
- Ratio of project fiscal benefits to costs to NYS government is 5.47:1;
- Fiscal benefits to all governments (state and local) are estimated at \$23,721,575;
- Fiscal cost to all governments is \$2,500,000;
- All government cost per direct job is \$17,090;
- All government cost per total job is \$6,685;
- The fiscal benefit to cost ratio for all governments is 9.49:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$163,549,038, or \$437,354 per job (direct and indirect);
- The economic benefit to cost ratio is 65.42:1;
- Project construction cost is \$18,680,000, which is expected to generate 167 direct job years and 98 indirect job year of employment;
- For every permanent direct job generated by this project, an additional 1.58 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is three years.

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

**Grantee Contact:** Stephen Chabot, Vice President of Operations  
Two Technology Place  
East Syracuse, NY 13057  
Phone: (315) 434-1161

ESD Project No.: Y923

Project Team:	Origination	Jason Chiesa
	Project Management	Charise Liggins
	Contractor & Supplier Diversity	Geraldine Ford
	Finance	Angela Pitto
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Company shall pay a commitment fee of 1% of the \$1,000,000 capital grant (\$10,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Company will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
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 \$1,000,000 will be disbursed to the Grantee in three installments as follows:
  - a) an Initial Disbursement of an amount equal to 50% of the grant (\$500,000) upon documentation of project costs totaling \$20,000,000, including \$1,000,000 in machinery and equipment, a Certificate of Occupancy or other documentation verifying project completion as ESD may require, upon completion of the project substantially as described in these materials, and documentation of the employment of at least 240 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 25% of the grant (\$250,000) will be disbursed upon documentation of the employment of at least 260 Full-time Permanent Employees at the Project Location (Employment Increment of 20), provided Grantee is otherwise in compliance with program requirements;
- c) a Third Disbursement of an amount equal to 25% of the grant (\$250,000) will be disbursed upon documentation of the employment of at least 280 Full-time Permanent Employees at the Project Location (Employment Increment of 20), provided Grantee is otherwise in compliance with program requirements.

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 February 12, 2014, to be considered eligible project costs. All disbursements must be requested by April 1, 2019.

- 6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$1,000,000, 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 eighty-five percent (85%) 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	240
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A	B
Reporting Date	Employment Goals
February 1, 2017	240+X+Y
February 1, 2018	240+X+Y
February 1, 2019	240+X+Y
February 1, 2020	240+X+Y
February 1, 2021	240+X+Y

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=20, and Employment Goals shall equal  $[240 + X = 260]$  if the Second Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Second Disbursement has not yet been made then X=0.

Y = Grantee's Employment Increment that will be the basis of the Third Disbursement of the Grant as described in section C.5 above (i.e. Y=20, and Employment Goals shall equal  $[240 + X + Y = 280]$  if the Third Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Third Disbursement has not yet been made then Y=0.

#### IV. Statutory Basis – NY Works Program

The funding was authorized in the 2012-2013 New York State budget and reappropriated in the 2013-2014, 2014-2015, 2015-2016, and 2016-2017 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

#### V. Environmental Review

The Town of DeWitt 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 May 22, 2014. 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.

#### VI. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise (MWBES)

for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 23%. The overall goal shall include a Minority Business Enterprise Participation Goal of 13% and a Women Business Enterprise Participation Goal of 10% related to the total value of ESD's funding.

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
- Benefit-Cost Analysis
- Project Finance Memorandum
- Project Photographs

June 23, 2016

East Syracuse (Central New York Region – Onondaga County) – Inficon Capital – New York Works (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

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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 Inficon Capital -- New York Works (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 President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Inficon, Inc. a grant for a total amount not to exceed One Million Dollars (\$1,000,000) from the New York Works, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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.

\* \* \*

June 23, 2016

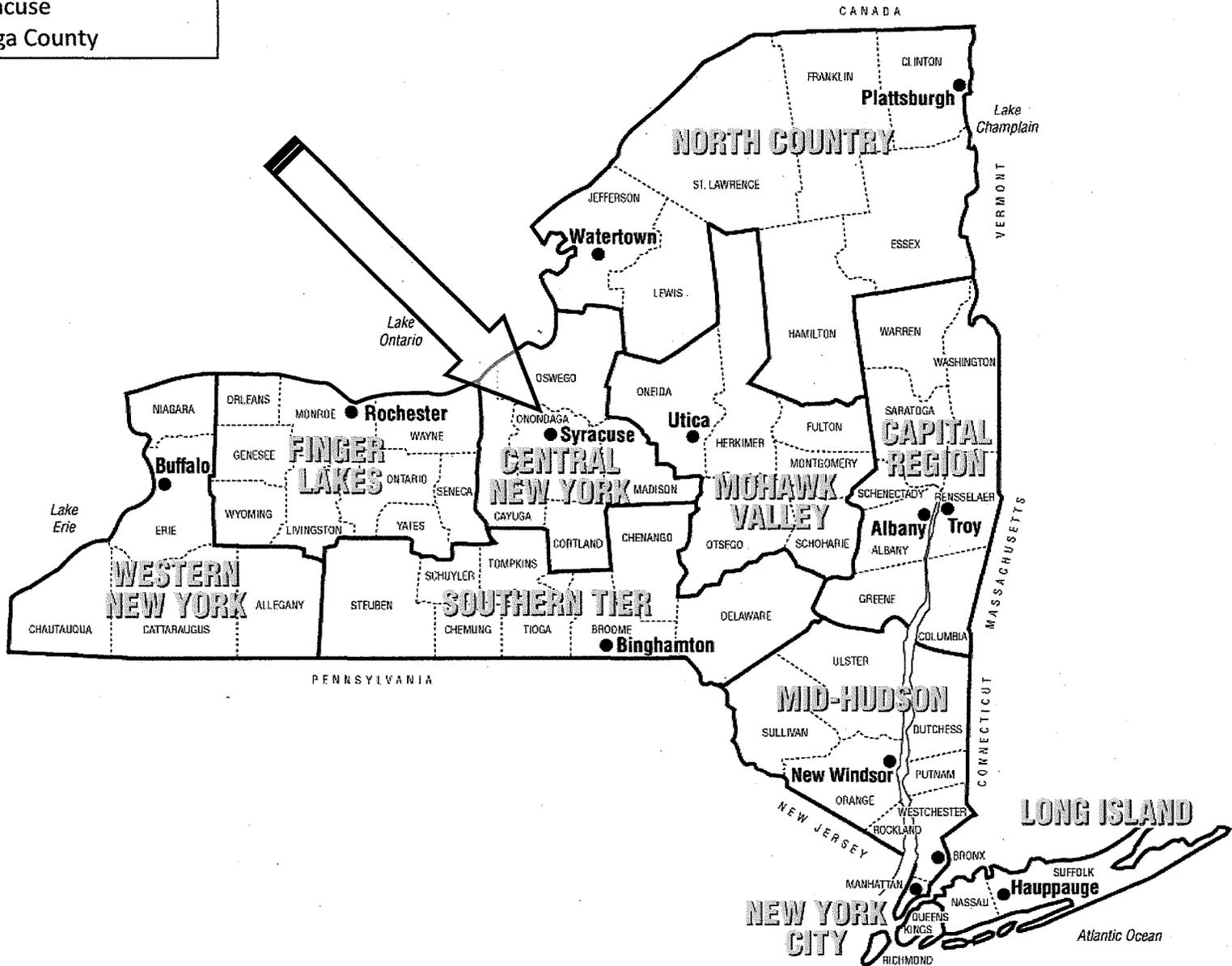
East Syracuse (Central New York Region – Onondaga County) – Inficon Capital – New York Works (Capital Grant) – Determination of No Significant Effect on the Environment

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RESOLVED, that based on the material submitted to the Directors with respect to the Inficon Capital Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

\* \* \*

**Inficon Capital**  
East Syracuse  
Onondaga County









INFICON





**FOR CONSIDERATION**

June 23, 2016

**TO:** The Directors

**FROM:** Howard A. Zemsky

**SUBJECT:** Clyde (Finger Lakes Region – Wayne County) – Advanced Atomization Capital – Economic Transformation 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;  
Determination of No Significant Effect on the Environment

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**General Project Plan**

**I. Project Summary**

**Grantee:** Advanced Atomization Technologies LLC (“AA Tech” or the “Company”)

**ESD\* Investment:** A grant of up to \$500,000 to be used for a portion of the cost of construction

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

**Project Location:** 124 Columbia Street, Clyde, Wayne County

**Proposed Project:** Construction of a 25,000-square-foot addition to an existing facility for the addition of new conference rooms and office space, along with the purchase of machinery and equipment

**Project Type:** Business expansion

**Regional Council:** The Finger Lakes Regional Economic Development Council has been made aware of this item. The Incentive Proposal was accepted in September 2014. The project is consistent with the Regional Plan to leverage strategic advantages in workforce talent to become a nationally recognized leader in next generation technology.

## II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction of new building	\$5,316,247
Machinery & Equipment	5,269,316
Soft Costs	<u>129,114</u>
<b>Total Project Costs</b>	<b><u>\$10,714,677</u></b>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$500,000	5%
Company Equity	<u>10,214,677</u>	<u>95%</u>
<b>Total Project Financing</b>	<b><u>\$10,714,677</u></b>	<b><u>100%</u></b>

## III. Project Description

### A. Company

**Industry:** Aviation and aerospace

**Company History:** Founded in 2013, Advanced Atomization Technologies LLC is a joint venture between Parker Aerospace and GE Aviation, created to produce and support advanced fuel nozzles and related products for current and future GE Aviation commercial engine platforms, including aerospace and aero-derivative engines.

AA Tech designs and produces advanced fuel atomization nozzles for some of the most powerful and efficient gas turbine engines in the world produced by GE Aviation. These engines include the LEAP, being developed for the Boeing 737 MAX, Airbus A320neo, and COMAC C919; the GE9X, manufactured for the Boeing 777X; and the GENx, designed for the Boeing 787 and 747-8.

AA Tech is headquartered and performs all manufacturing in Clyde, New York. The Company's fuel nozzles are installed on almost every commercial aviation and industrial engine manufactured by GE Aviation. Aftermarket support for the nozzles is performed in Glendale, Arizona; Kuala Lumpur, Malaysia; and Petropolis, Brazil.

**Ownership:** Privately owned

**Size:** All facilities are located in Clyde, NY.

**Market:** The Company serves the aerospace and aviation industries

**ESD Involvement:** AA Tech sought to expand its manufacturing facility to improve production and create more efficient space. The plan included construction of a 25,000-square-foot addition to an existing facility for the addition of new conference rooms, offices and manufacturing space, along with the purchase of machinery and equipment. The Company encountered a funding gap in its budget and applied for assistance with ESD in 2014. In September 2014, ESD made the Company an offer of funding assistance which the Company accepted in the same month. ESD's funds were critical to the completion of the project.

The Company was also awarded Excelsior tax credits of up to \$900,000 to retain 317 jobs and create 87 new jobs. The Company currently employs 326 and has created 9 new jobs.

**Competition:** The Company considered moving operations to Ohio, Alabama and Michigan, in addition to outsourcing as potential solutions if ESD funds had not been available.

**Past ESD Support:** This is the Company's first project with ESD.

**B. The Project**

**Completion:** February 2016

**Activity:** The project included construction of a 25,000-square-foot addition to an existing facility for the addition of new conference rooms, offices and manufacturing space, along with the purchase of machinery and equipment. Machinery and equipment purchases will include fluid test stands, air test stands, CNC Grinder, Mills, and electrical discharge machining, an X-Ray booth and other relevant manufacturing equipment.

**Results:** The project will allow the Company to expand its manufacturing facility to support significant product growth. The project supported the purchase of equipment needed to support that product growth and implement more efficient manufacturing processes. The project also allowed the company to add much needed space for conference rooms to support employee growth.

**Business Investment Project:** Benefit-Costs Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment, and

Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits not captured in the period of analysis and may involve no permanent job commitments, the estimated benefits typically reflect only construction-related activity.

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 \$13,745,656;
- Fiscal cost to NYS government is estimated at \$1,148,777;
- Project cost to NYS government per direct job is \$5,558;
- Project cost to NYS government per job (direct plus indirect ) is estimated at \$3,167;
- Ratio of project fiscal benefits to costs to NYS government is 11.97:1;
- Fiscal benefits to all governments (state and local) are estimated at \$23,660,174;
- Fiscal cost to all governments is \$1,148,777;
- All government cost per direct job is \$5,558;
- All government cost per total job is \$3,167;
- The fiscal benefit to cost ratio for all governments is 20.60:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$141,096,031, or \$388,941 per job (direct and indirect);
- The economic benefit to cost ratio is 122.82:1;
- Project construction cost is \$5,445,361, which is expected to generate 45 direct job years and 28 indirect job year of employment;
- For every permanent direct job generated by this project, an additional 0.76 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is two years.

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

Grantee Contact: Michael Portela, General Manager  
124 Columbia Street  
Clyde, NY 14433-1049  
Phone: (603) 860-3031

ESD Project No.: Z452

Project Team:	Origination	Helen Blum
	Project Management	Simone Bethune
	Contractor & Supplier Diversity	Geraldine Ford
	Finance	Angela Pitto
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Company shall pay a commitment fee of 1% of the \$500,000 capital grant (\$5,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Company will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Company's acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
4. Up to \$500,000 will be disbursed in a lump sum to Grantee upon completion of the project as evidenced by a Certificate of Occupancy or other such documentation as ESD may reasonably require to verify project completion, and documentation of construction, renovation and machinery and equipment project costs totaling 10,714,677, 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, including program reports documenting information including but not limited to services and programs provided, number of clients served, number of direct jobs created by the Grantee, and number of clients placed in jobs. Reports must be provided for five calendar years following final disbursement. Expenses must be incurred on or after September 30, 2014, to be considered eligible project costs. All disbursements must be requested by April 1, 2017.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$500,000, 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.

6. Grant funds will be subject to pro rata recapture if the property at the Project Location is sold within five years of disbursement of funds. 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.

#### IV. Statutory Basis – Economic Transformation Program

The funding was authorized in the 2014-2015 New York State budget and reappropriated in the 2015-2016 and 2016-2017 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

#### V. Environmental Review

The Wayne County Industrial Development Agency, 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 would not have a significant effect on the environment. ESD staff reviewed the supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

#### VI. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise (MWBEs) for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 40% related to the total value of ESD's funding.

VII. ESD Employment Enforcement Policy

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

Benefit-Cost Analysis

Project Finance Memorandum

Project Photographs

June 23, 2016

Clyde (Finger Lakes Region – Wayne County) – Advanced Atomization Capital – Economic Transformation 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

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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 Advanced Atomization Capital – Economic Transformation 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Advanced Atomization Technologies LLC a grant for a total amount not to exceed Five Hundred Thousand Dollars (\$500,000) from the Economic Transformation 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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.

\* \* \*

June 23, 2016

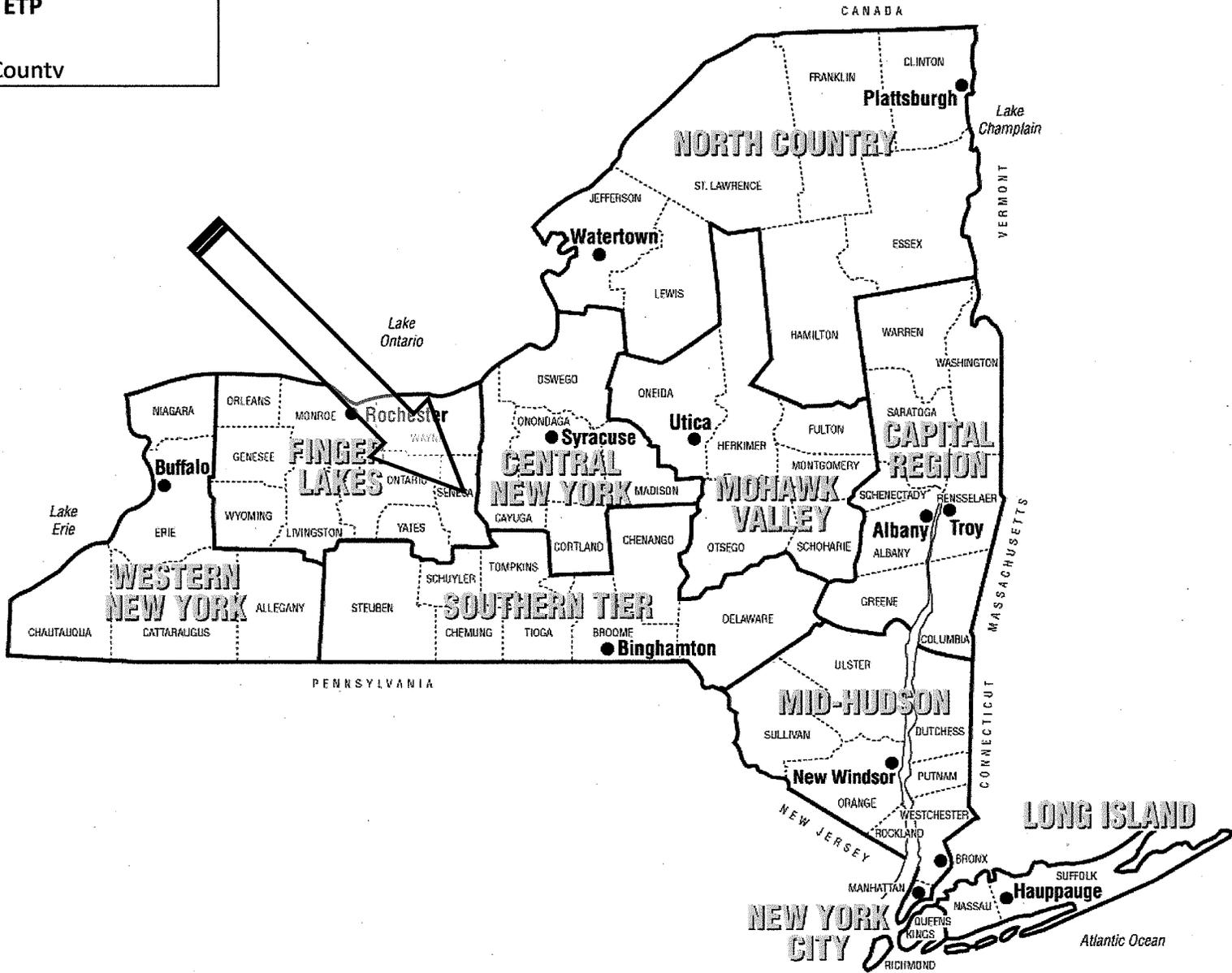
Clyde (Finger Lakes Region – Wayne County) – Advanced Atomization Capital –  
Economic Transformation Program (Capital Grant) – Determination of No Significant  
Effect on the Environment

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RESOLVED, that based on the material submitted to the Directors with respect to the Advanced Atomization Capital Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

\* \* \*

**Advanced Atomization**  
**Capital - ETP**  
Clyde  
Seneca County











FOR CONSIDERATION

June 23, 2016

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – (Finger Lakes Region – Livingston County) –  
Once Again Nut Butter Capital – Empire State Economic Development  
Fund – General Development Financing (Capital Grant)

REQUEST FOR: Findings and Determinations Pursuant to Sections 16-m and 10(g) of the  
Act; Authorization to Adopt the Proposed General Project Plan;  
Authorization to Make a Grant and to Take Related Actions;  
Determination of No Significant Effect on the Environment

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General Project Plan

I. Project Summary

Grantee: Once Again Nut Butter Collective, Inc. (“OANB” or the “Company”)

ESD\* Investment: A grant of up to \$300,000 to be used for a portion of the cost of land  
acquisition, construction, renovations and the purchase of machinery  
and equipment

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

Project Locations: 9365 State Route 408, Nunda, Livingston County\*  
12 South State Street, Nunda, Livingston County  
200 North Main Street, Perry, Livingston County

\*Project activity site; others are job-retention sites

Proposed Project: Land acquisition, construction, renovations and the purchase of  
machinery and equipment for peanut butter manufacturing facility

Project Type: Business expansion involving job retention and creation

Regional Council: The project is consistent with the Finger Lakes Regional Economic

Development Plan to support food processing, a key industry sector, and strengthen industry and jobs in a rural county.

Employment: Initial employment at time of ESD Incentive Proposal: 37  
 Current employment level: 67  
 Minimum employment on January 1, 2019: 90

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Real Estate Acquisition	\$300,000
Infrastructure/Site Work	100,000
Construction/Renovation	1,600,000
Machinery & Equipment	<u>1,500,000</u>
<b>Total Project Costs</b>	<b><u>\$3,500,000</u></b>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD-Grant	\$300,000	9%	
Federal Home Loan Bank	2,600,000	74%	Prime + 2.5%/10 years/1 <sup>st</sup> on all Company real estate
Company Equity	<u>600,000</u>	<u>17%</u>	
<b>Total Project Financing</b>	<b><u>\$3,500,000</u></b>	<b><u>100%</u></b>	

III. Project Description

A. Company

Industry: Food processing

Company History: Once Again Nut Butter Collective, Inc. was founded in 1976 as a worker's collective, with the goal of providing a natural, tasty, healthy, and nutritious peanut butter. OANB's product lines expanded over the years to include almond butter, cashew butter, sunflower butter, and sesame tahini. The Company was the first in the U.S. to introduce organic Valencia peanut butter in 1989. OANB's organic peanut butter has the consistency of "regular" peanut butter (i.e., the oil does not separate to the top), in both creamy and crunchy forms, for which the Company received a U.S. patent in 2012. OANB also offers whole cashews, almonds, and Tamari almonds in either dry roasted, salted, or unsalted varieties. OANB acquired Dawes Hill Honey in 1993, whose products include primarily traditional honeys, such as wildflower and clover.

**Ownership:** The Company is privately owned and is a 100% employee-owned company ("ESOP").

**Size:** Company has headquarters and manufacturing facilities in Nunda, NY, plus the new peanut butter factory nearby in Nunda. OANB also leases a storage warehouse in Perry, NY.

**Market:** The Company sells most of its products in the Continental U.S. Products are sold in glass consumer packs, bulk plastic, bulk boxes, and drums. All roasted nuts, nut and seed butters, and honeys produced by the Company are certified kosher. Due to the demand for organic foods, the Company's products are increasingly being used by industrial food manufacturers as ingredients. OANB also does private label packaging and custom nut roasting and nut butter processing. Main competitors in the natural foods industry are privately-held Justin's Nut Butter (Colorado); Golden Boy (owned by Post Inc.); J.M. Smucker; and Hain Celestial Group (Maranatha brand). Outside of New York, the Company has sales personnel in Illinois, Minnesota, and North Carolina, to cover the entire US, as it seeks to expand its customer base. OANB's marketing includes consumer-based advertising and sales promotions.

**ESD Involvement:** In 2012 as its business grew, OANB needed a peanut-only manufacturing facility to reduce the risk of cross contamination of nuts due to allergen requirements of its customers, and to open up new markets that the Company was unable to enter. The Company considered New York and two West Coast states that were close to major customers, but OANB needed to lower the costs of the project to make it feasible in New York. As a result of the Governor's Regional Economic Development Council initiative, in 2012 the Company was awarded a \$300,000 capital grant through Round 2 of the Consolidated Funding Application process, which allowed the project to proceed.

**Competition:** California and Oregon

**Past ESD Support:** This is the Company's first project with ESD.

## **B. The Project**

**Completion:** April 2016

**Activity:** The Company completed construction of a 40,000-square-foot facility that includes the most up-to-date manufacturing equipment in the nut butter industry and will give the Company many strategic advantages to sustain growth.

**Results:** Retain 37 existing jobs and create 53 new jobs. The Company has already created 30 new jobs. The project will also help retain 10 jobs that would have been lost if this initiative had not moved forward.

**Grantee Contact:** Robert Gelser, CEO  
12 South State Street  
Nunda, NY 14517  
Phone: (585) 468-2535

**ESD Project No.:** Y108

<b>Project Team:</b>	Origination	Helen Blum
	Project Management	Edward Muszynski
	Contractor & Supplier Diversity	Geraldine Ford
	Finance	Jonevan Hornsby
	Environmental	Soo Kang

**C. Financial Terms and Conditions**

1. Upon execution of the grant disbursement agreement, the Company shall pay a commitment fee of 1% of the \$300,000 capital grant (\$3,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Company will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Company's acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
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 \$300,000 will be disbursed to the Grantee in three installments as follows:
  - a) an Initial Disbursement of an amount equal to 50% of the grant (\$150,000) upon real estate acquisition, construction and machinery and equipment project costs totaling \$3,500,000, completion of the project substantially as described in these materials, and documentation of the employment of at least 37 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 25% of the grant (\$75,000) will be disbursed upon documentation of the employment of at least 64 Full-time Permanent Employees at the Project Location (Employment Increment of 27), provided Grantee is otherwise in compliance with program requirements;
  - c) a Third Disbursement of an amount equal to 25% of the grant (\$75,000) will be disbursed upon documentation of the employment of at least 90 Full-time Permanent Employees at the Project Location (Employment Increment of 26), provided Grantee is otherwise in compliance with program requirements.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses reimbursed by ESD's grant must be incurred on or after December 19, 2012, to be considered eligible project costs. All disbursements must be requested by April 1, 2017.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$300,000, 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 eighty-five percent (85%) 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	37
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A	B
Reporting Date	Employment Goals
February 1, 2017	37+X+Y
February 1, 2018	37+X+Y
February 1, 2019	37+X+Y
February 1, 2020	37+X+Y
February 1, 2021	37+X+Y

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=27, and Employment Goals shall equal  $[37 + X = 64]$  if the Second Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Second Disbursement has not yet been made then X=0.

Y = Grantee's Employment Increment that will be the basis of the Third Disbursement of the Grant as described in section C.5 above (i.e. Y=26, and Employment Goals shall equal  $[37 + X + Y = 90]$  if the Third Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Third Disbursement has not yet been made then Y=0.

#### IV. Statutory Basis

1. The project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the State or would enhance or help to maintain the economic viability of family farms.  
As a result of this project, the Company will maintain its employment level of 37 and create 53 new jobs.
2. The project would be unlikely to take place in New York State without the requested assistance.  
Without ESD assistance to lower costs and make the Company's facility competitive with

those in California and Oregon, the cost would have been too high to make the project feasible in New York.

3. The project is reasonably likely to accomplish its stated objectives and the likely benefits of the project exceed costs.

Benefit-Costs Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment, and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits not captured in the period of analysis and may involve no permanent job commitments, the estimated benefits typically reflect only construction-related activity.

Business Investment

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 \$3,442,920;
- Fiscal cost to NYS government is estimated at \$300,000;
- Project cost to NYS government per direct job is \$5,374;
- Project cost to NYS government per job (direct plus indirect ) is estimated at \$2,483;
- Ratio of project fiscal benefits to costs to NYS government is 11.48:1;
- Fiscal benefits to all governments (state and local) are estimated at \$5,794,542;
- Fiscal cost to all governments is \$300,000;
- All government cost per direct job is \$5,374;
- All government cost per total job is \$2,483;
- The fiscal benefit to cost ratio for all governments is 19.32:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$29,365,266, or \$243,002 per job (direct and indirect);
- The economic benefit to cost ratio is 97.88:1;
- Project construction cost is \$1,700,000, which is expected to generate 14 direct job years and 10 indirect job year of employment;
- For every permanent direct job generated by this project, an additional 1.17 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is one year.

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

4. 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.

V. Environmental Review

The Town of Nunda, 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 an Unlisted Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on February 18, 2014. 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.

VI. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise (MWBEs) for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 25% related to the total value of ESD's funding.

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  
Benefit-Cost Analysis  
Project Finance Memorandum  
Project Photographs

June 23, 2016

Regional Council Award – (Finger Lakes Region – Livingston County) – Once Again Nut Butter Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) – Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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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 Once Again Nut Butter Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) Project (the “Project”), the Corporation hereby determines pursuant to Sections 16-m and 10(g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms;
2. The project would be unlikely to take place in New York State without the requested assistance;
3. The project is reasonably likely to accomplish its stated objectives and that the likely benefits of the project exceed costs;
4. 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Once Again Nut Butter Collective, Inc. a grant for a total amount not to exceed Three Hundred Thousand Dollars (\$300,000) from the Empire State Economic Development Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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 President and Chief Executive Officer 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 President and Chief Executive Officer 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.

\* \* \*

June 23, 2016

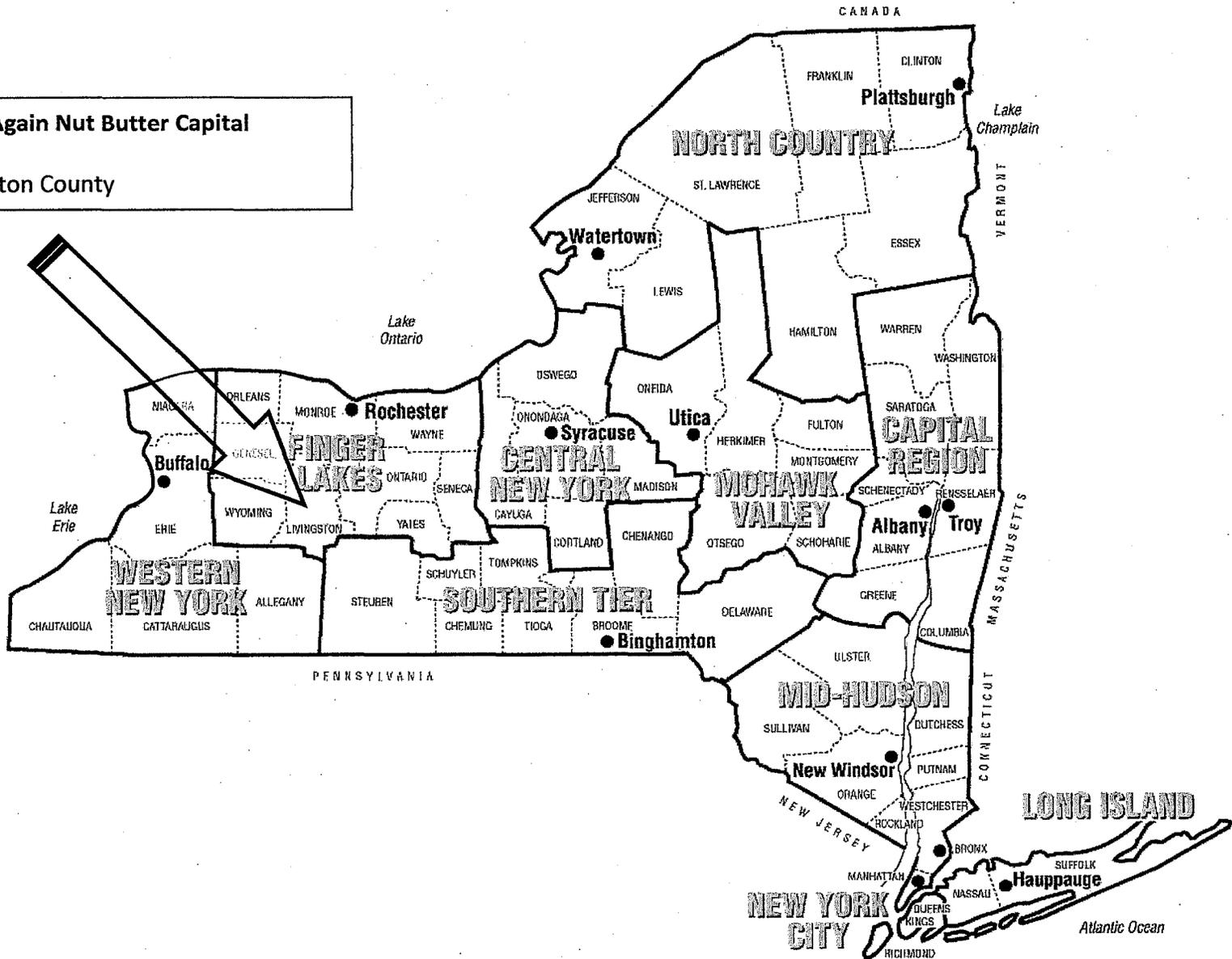
Regional Council Award – (Finger Lakes Region – Livingston County) – Once Again Nut Butter Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) – Determination of No Significant Effect on the Environment

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RESOLVED, that based on the material submitted to the Directors with respect to the Once Again Nut Butter Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

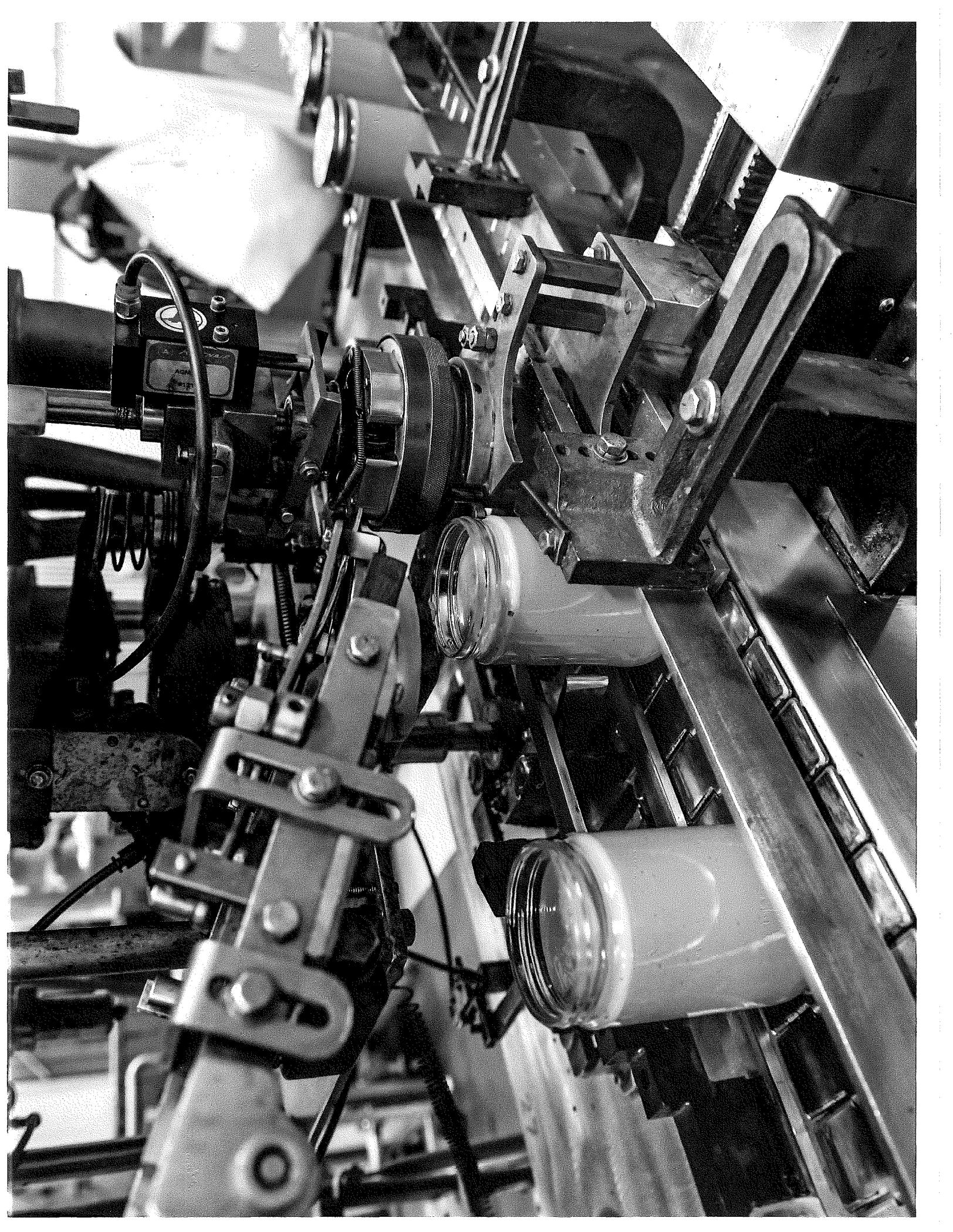
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Once Again Nut Butter Capital  
Nunda  
Livingston County









# Product Categories

Once Again Nut butter offers a variety of gourmet nut butters, all of which are vegan and most are also organic. What does that mean? It means you can feel good about the products you consume. If you do not have good health, what do you have? Fuel your body the right way, all natural. We pride ourselves on our high quality and wide variety of natural products.

## Vegan, Organic Nut Butter

- Almond Butter
- Cashew Butter
- Peanut Butter
- Seed Butter

## Packaged Nuts

- Dry Roasted Almonds
- Whole Roasted Cashews

## Dawes Hill Honey

- Killer Bee Honey
- Clover Honey
- Wildflower Honey



We invite you to browse and shop with confidence

[Log in](#) if you are a returning customer or [Create an Account](#) with us.

## Ordering Options

Most of our products are sold in cases of 12 or 6 jars. Shop here with us or be redirected to [MonksBread.com](#) where they also offer jars individually.

Please allow 7-10 days for order delivery.



[Almond Butter \(13\)](#)



[Cashew \(4\)](#)



[Peanut Butter \(18\)](#)



[Seed Butters \(8\)](#)



Once Again Nut Butter | Home of all things organic, vegan & natural nut butter

[Consumers](#)

[For Businesses](#)

[Products](#)

[Contact](#)

[Shop](#)

<https://www.onceagainnutbutter.com/shop>



**FOR CONSIDERATION**

June 23, 2016

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Non-Discretionary Projects

REQUEST FOR: Findings and Determinations Pursuant to Section 10(g) of the Act; Adoption of General Project Plans; Authorization to Make Grants and to Take Related Actions

Attached is the summary of the projects sponsored by the New York State Executive and Legislative branches:

	Project Name	Proj #	Grantee	Assistance up to
	<b>Senate (Local Assistance-Base Retention)</b>			
A	Griffiss Air Force Base LDC Capital	AA306	Griffiss Local Development Corporation	\$500,000
	<b>Executive (Special Appropriation-SUNY Poly CNSE Clinton County)</b>			
B	North Country Hub for Innovative Manufacturing Nanotechnology Capital	AA926	Fort Schuyler Management Corporation	4,050,000
	<b>TOTAL NON-DISCRETIONARY – 2 PROJECTS</b>		<b>TOTAL</b>	<b>\$4,550,000</b>

I. Statutory Basis

The project was sponsored by the Executive, Assembly or Senate, and was authorized or reappropriated in the 2016-2017 New York State budget. No residential relocation is required as there are no families or individuals residing on the site(s).

II. Environmental Review

Unless otherwise noted on a project summary, ESD\* staff has determined that the projects constitute Type II actions as defined by the New York State Environmental Quality Review Act and the implementing regulations for the New York State Department of Environmental Conservation. No further environmental review is required in connection with the projects.

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

### III. Non-Discrimination and Contractor & Supplier Diversity

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority and women-owned businesses in the performance of ESD contracts. Accordingly, ESD's Non-discrimination and Contractor & Supplier Diversity policy will apply to the projects. Unless otherwise specified in the project summary, Grantees shall use their Good Faith Efforts to achieve an overall Minority and Women Business Enterprise ("MWBE") Participation Goal of 30% related to the total value of ESD's funding. This shall include a Minority Business Enterprise ("MBE") Participation goal of 15% and a Women Business Enterprise ("WBE") Participation goal of 15%. Grantees shall use Good Faith Efforts to solicit and utilize MWBEs for any contractual opportunities generated in connection with the projects and to include minorities and women in any job opportunities created by the projects.

### IV. ESD Employment Enforcement Policy

Unless otherwise noted on a project summary, the ESD Employment Enforcement Policy will not apply since the projects will not directly create or retain jobs.

### V. 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.

### VI. Additional Requirements

Pursuant to direction received from the New York State Office of the Attorney General ("OAG"), individual project summaries may be subject to comment and approval by the OAG.

Due diligence has been exercised by ESD staff in reviewing information and documentation received from grantees/borrowers and other sources, in preparation for bringing projects to the ESD Directors for approval. The due diligence process also involves coordination with a number of external constituents, including the OAG, and grantees/borrowers have provided ESD with the required Disclosure and Accountability Certifications.

Also, pursuant to s.2879-a of the Public Authorities Law, the Office of the State Comptroller ("OSC") has notified the Corporation that it will review all grant disbursement agreements ("GDAs") of more than one million dollars (\$1 million) that are supported with funds from the Community Projects Fund ("007"). Such GDAs, therefore, will not become valid and enforceable unless approved by the OSC. A clause providing for OSC review will be included in all GDAs that are subject to such approval.

VII. Additional Submissions to Directors

Resolutions  
Project Summary  
New York State Map

June 23, 2016

Local Assistance-Base Retention – Findings and Determinations Pursuant to Section 10(g) of the Act; Adoption of the Proposed General Project Plans; Authorization to Make Grants and to Take Related Actions

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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 Local Assistance-Base Retention 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(s); and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make a grant to the party and for the amount listed below from Local Assistance-Base Retention, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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 Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plans (the "Plans") for the applicable Projects included in these materials, together with such changes therein as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, copies of which Plans, together with such changes, shall be maintained with the records of the Corporation; and be it further

RESOLVED, if applicable, that upon further written finding that no substantive negative testimony or comment has been received at the public hearings held on the Plans, such Plans shall be effective at the conclusion of such hearings, and that upon such written findings being made, staff is authorized to make a grant to the parties and for the amounts listed below from Local Assistance-Base Retention, for the purposes, and substantially on the terms and conditions, set forth in these materials; and be it further

RESOLVED, that the President and Chief Executive Officer 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;

Local Assistance-Base Retention – Executive – Project Summary Table

	<b>Project Name</b>	<b>Proj #</b>	<b>Grantee</b>	<b>Assistance up to</b>
	<b>Local Assistance-Base Retention</b>			
A	Griffiss Air Force Base LDC Capital	AA306	Griffiss Local Development Corporation	\$500,000
			<b>TOTAL</b>	<b>\$500,000</b>

and be it further

RESOLVED, that the President and Chief Executive Officer 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.

\* \* \*

June 23, 2016

Special Appropriation-SUNY Poly CNSE Clinton County – Findings and Determinations Pursuant to Section 10(g) of the Act; Adoption of the Proposed General Project Plans; Authorization to Make Grants and to Take Related Actions

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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 Special Appropriation-SUNY Poly CNSE Clinton County 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(s); and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to a make grant to the party and for the amount listed below from Special Appropriation-SUNY Poly CNSE Clinton County, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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 Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plans (the "Plans") for the applicable Projects included in these materials, together with such changes therein as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, copies of which Plans, together with such changes, shall be maintained with the records of the Corporation; and be it further

RESOLVED, if applicable, that upon further written finding that no substantive negative testimony or comment has been received at the public hearings held on the Plans, such Plans shall be effective at the conclusion of such hearings, and that upon such written findings being made, staff is authorized to make a grant to the parties and for the amounts listed below from Special Appropriation-SUNY Poly CNSE Clinton County, for the purposes, and substantially on the terms and conditions, set forth in these materials; and be it further

RESOLVED, that the President and Chief Executive Officer 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;

**Special Appropriation-SUNY Poly CNSE Clinton County -Executive – Project Summary Table**

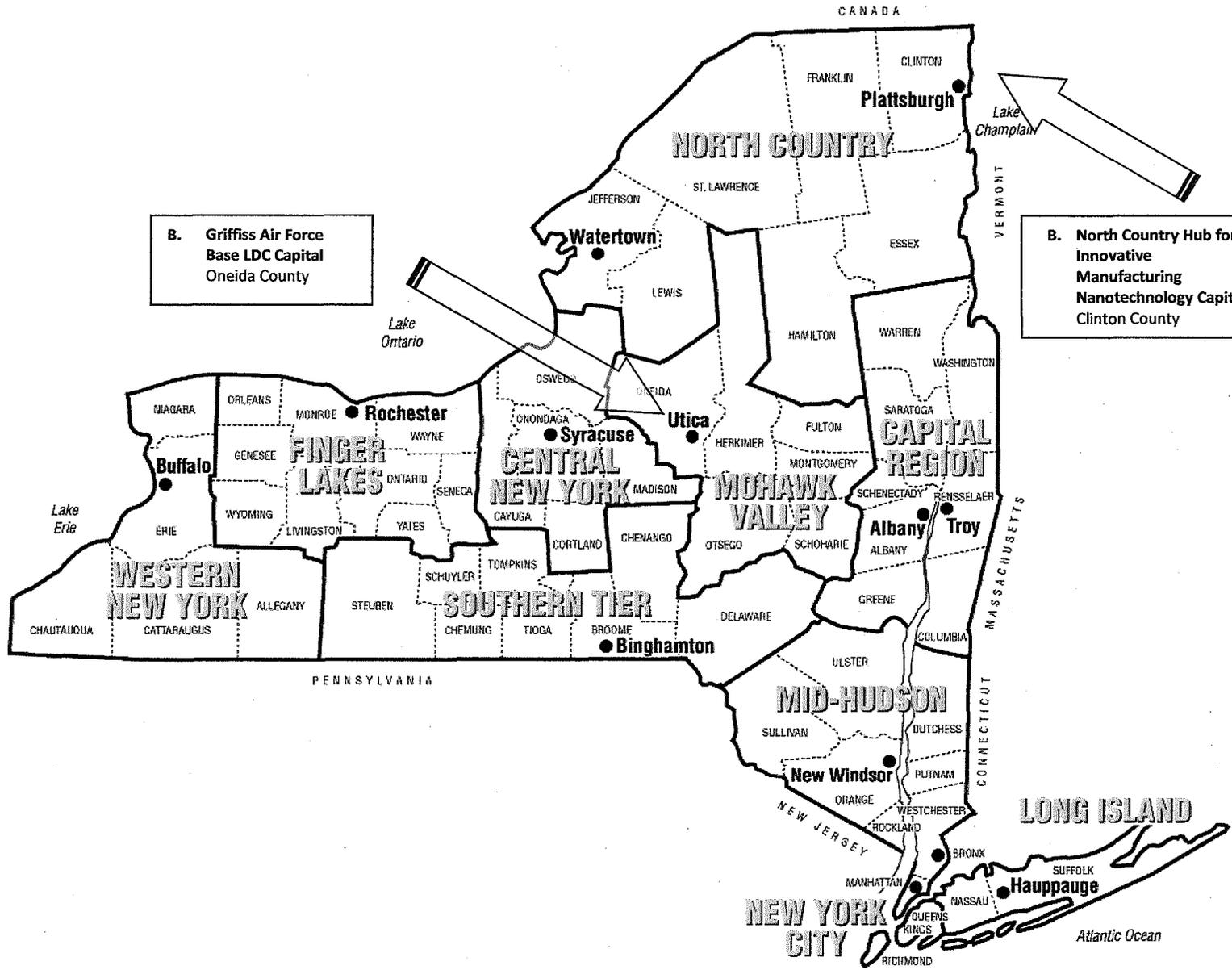
	<b>Project Name</b>	<b>Proj #</b>	<b>Grantee</b>	<b>Assistance up to</b>
	<b>Special Appropriation-SUNY Poly CNSE Clinton County</b>			
B	North Country Hub for Innovative Manufacturing Nanotechnology Capital	AA926	Fort Schuyler Management Corporation	\$4,050,000
			<b>TOTAL</b>	<b>\$4,050,000</b>

and be it further

RESOLVED, that the President and Chief Executive Officer 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.

\* \* \*

**Non-Discretionary Project Map**



**B. Griffiss Air Force Base LDC Capital Oneida County**

**B. North Country Hub for Innovative Manufacturing Nanotechnology Capital Clinton County**

**A. Griffiss Air Force Base LDC Capital (AA306)**

June 23, 2016

General Project Plan

- Grantee:** Griffiss Local Development Corporation ("GLDC")
- ESD Investment:** A grant of up to \$500,000 to be used for a portion of the cost of infrastructure construction and building expansion
- Project Location:** Griffiss Air Force Base, 584 Phoenix Drive, Rome, Oneida County
- Proposed Project:** Construction, demolition and renovations at the former Air Force site to include road and infrastructure improvements as well as building expansion for the product commercialization center known at the Griffiss Institute. The project advances the redevelopment strategy associated with the portion of the base vacated by the Air Force.
- Project Type:** Infrastructure and expansion of commercialization center
- Regional Council:** The Mohawk Valley Regional Economic Development Council has been made aware of this item.

**Background:**

Industry - Economic Development

Organizational History - Griffiss Local Development Corporation promotes, facilitates and oversees the redevelopment of the former Griffiss Air Force Base, in Rome, NY, through the implementation of a comprehensive redevelopment strategy (which includes the development of the Griffiss Business and Technology Park) and maintains, strengthens, and expands the viability of the remaining Air Force and other Federal assets including the Air Force Research Laboratory, the Defense Finance and Accounting Service, and the Eastern Air Defense Sector.

Ownership - The Grantee is a not-for-profit organization.

ESD Involvement - A \$500,000 appropriation was included in the 2015-2016 New York State budget.

Past ESD Support - Funding for the past five years to the Grantee is summarized in the following chart:

**Griffiss Air Force Base LDC - Capital (AA306)**

June 23, 2016

<b>Program</b>	<b>Project #</b>	<b>Amount</b>	<b>Date Start (ESD Directors' Approval date)</b>	<b>Date End (Project Completion: Contract Expiration)</b>	<b>Purpose</b>
Base Redevelopment	W674	\$1,053,000	October 22, 2009	March 3, 2011	Capital Grant – Funds for the redevelopment of Griffiss Air Force Base.
Base Redevelopment	W394	\$1,053,000	October 15, 2008	May 16, 2011	Capital Grant – Funds for the renovation of Building B101 and architectural and engineering fees.
Upstate Regional Blueprint	X081	\$1,000,000	June 28, 2011	November 9, 2012	Capital Grant – Construction of a new facility to house the expanding Assured Information Security, Inc.
Local Assistance (S)	X641	\$125,000	May 17, 2012	March 26, 2015	Capital Grant – Funding to be used for infrastructure of the old Air Base and for projects relating to securing existing jobs at the base.
Regional Council Capital Fund	X643	\$397,500	July 18, 2013	May 9, 2015	Capital Grant – Funds granted to establish an advanced fiber connectivity HUB at the Griffiss Institute.
Empire State Economic Development Fund	W789	\$6,350,000	August 18, 2011	December 31, 2021	Working Capital - Provide in-house employee training.

**Griffiss Air Force Base LDC - Capital (AA306)**

June 23, 2016

**The Project:**

Completion – April 2017

Activity - The Grantee will undertake infrastructure improvements at the Air Force's former B240 site (NW corner of Floyd Avenue and NYS Route 825) that will include the construction of a bypass road through the site, and the relocation of existing water, sewer and telecommunications infrastructure. Additionally, the Grantee will construct a LEED-certified 20,000-square-foot building addition to the Griffiss Institute, whose function is the commercialization of intellectual property developed at the U.S. Air Force Information Directorate at Griffiss. This 20,000 square-foot expansion will be presented separately to the ESD Directors at the June 23<sup>rd</sup> Board meeting.

Results - The proposed expansion would provide much needed office and laboratory space at Griffiss, and would be leased at market rates by GLDC. It will also provide the Griffiss Institute with the ability to support research and development activities linking the Mohawk Valley with major research centers globally.

Financing Uses	Amount	Financing Sources	Amount	Percent
Site Work	\$785,000	ESD Grant (AA306)	\$500,000	7%
Building Construction*	5,900,000	ESD Grant (Z059)*	1,100,000	16%
Architecture and Engineering	67,500	ESD Grant (Y626)**	200,000	3%
		Bank Financing***	3,197,500	47%
		Mohawk Valley Rehabilitation Corporation	200,000	3%
		Rome Industrial Development Corporation	425,000	6%
		Mohawk Valley Economic Development Growth Enterprises Corporation ("EDGE")	500,000	7%
		Grantee Equity	630,000	9%
Total Project Costs	\$6,752,500	Total Project Financing	\$6,752,500	100%

\*Building construction portion is being presented to the Directors separately as #Z059, and utilizes grant funds from Z059 and a portion of this grant (AA306).

\*\*Approved by the Directors on 11/21/2013.

\*\*\*GLDC competitively bids its loans and will send out an RFP to banks once it has received Directors' approval.

**Griffiss Air Force Base LDC - Capital (AA306)**

June 23, 2016

Grantee Contact - Shawna Papale, Vice President, EDGE  
584 Phoenix Drive  
Rome, NY 13441  
Phone: (315) 338-0393

<u>Project Team</u> -	Project Management	Wilfredo Florentino
	Contractor & Supplier Diversity	Denise Ross
	Design & Construction	Scott Renzi
	Environmental	Soo Kang

**Financial Terms and Conditions:**

1. Upon execution of the grant disbursement agreement, the Grantee shall reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
3. The Grantee will provide evidence of its bank financing commitments to ESD prior to execution of the Grant Disbursement Agreement.
4. Up to \$500,000 will be disbursed to Grantee no more frequently than monthly, and in proportion to ESD funding share, for activities as described in these materials, assuming that all project approvals have been completed, all Design & Construction Requirements have been met and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. All project expenditures must have been incurred after April 1, 2015, the date that the New York State budget, in which the project is authorized, was passed. The final ten percent (10%) of the Grant shall not be disbursed by ESD until all of the tasks and reports required have been completed to ESD's satisfaction.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$500,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee 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:**

ESD's Design & Construction ("D & C") staff will review the plans and cost estimates for conformity to the scope of work. D & C will inspect the work, attend design/construction meetings as required, and review payment requisitions/recommend payment when its requirements have been met per the Grant Disbursement Agreement.

## **Griffiss Air Force Base LDC - Capital (AA306)**

June 23, 2016

### **Environmental Review:**

ESD staff has completed an environmental review 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 determined the project to be an Unlisted Action, which would not have a significant effect on the environment. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

### **Smart Growth Public Infrastructure Review:**

Pursuant to the requirements of the State Smart Growth Public Infrastructure Policy Act (the "SG Act"), ESD's Smart Growth Advisory Committee has reviewed a Smart Growth Impact Statement for the project and found that the project is consistent with the State Smart Growth Public Infrastructure Criteria ("Smart Growth Criteria"). The designee of the Chief Executive Officer of the Corporation has attested that the project, to the extent practicable, meets the relevant Smart Growth Criteria set forth in the SG Act.

### **Non-Discrimination and Contractor & Supplier Diversity:**

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority and women-owned businesses in the performance of ESD contracts. Accordingly, ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to the projects. In the case of training, global export market service and productivity improvement projects, the grantees and/or the beneficiary companies, as applicable, shall use their Good Faith Efforts (pursuant to 5 NYCRR §142.8) to provide for the meaningful participation of minorities and women in any job or training opportunities created by the projects and to solicit and utilize minority and women-owned businesses for any contractual opportunities generated in connection with the projects.

For all other projects, unless otherwise specified in the project summary, grantees shall use their Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall Minority and Women Business Enterprise ("MWBE") Participation Goal of 30% related to the total value of ESD's funding. Grantee shall use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project and to include minorities and women in any job opportunities created by the projects.

### **Statutory Basis – Local Assistance:**

The funding was authorized in the 2015-2016 New York State budget and reappropriated in the 2016-2017 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

**Griffiss Air Force Base LDC - Capital (AA306)**

June 23, 2016

**Disclosure and Accountability Certifications:**

The Grantee has provided ESD with the required Disclosure and Accountability Certifications. Grantee's certifications indicate that Grantee has no conflict of interest or good standing violations and, therefore, staff recommends that the Corporation authorize the grant to the Grantee as described in these materials.

June 23, 2016

Rome (Mohawk Valley Region – Oneida County) – Griffiss Air Force Base LDC Capital –  
Local Assistance-Base Retention (Capital Grant) – Determination of No Significant Effect  
on the Environment

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RESOLVED, that based on the material submitted to the Directors with respect to the Griffiss Air Force Base LDC Capital – Local Assistance-Base Retention (Capital Grant) Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

\* \* \*



## B. North Country Hub for Innovative Manufacturing Nanotechnology Capital (AA926)

June 23, 2016

### General Project Plan

- Grantee:** Fort Schuyler Management Corporation (“FSMC”) on behalf of SUNY Polytechnic Institute’s College of Nanoscale Science and Engineering (“SUNY Poly”)
- Beneficiary:** Norsk Titanium US, Inc. (“NTi”)
- ESD Investment:** A grant of up to \$4,050,000 to be used for a portion of the costs associated with the facility design and engineering costs for the creation of a state-of-the-art facility operated by SUNY Poly and NTi
- Project Location:** Plattsburgh, Clinton County
- Proposed Project:** Planning, design and engineering for the world’s first industrial-scale 3D printing manufacturing facility.
- Project Type:** Capital investment in research, development and advanced manufacturing
- Regional Council:** The North Country Regional Economic Development Council has been made aware of this item.
- Background:**

Industry – Announced by Governor Cuomo in the 2016-2017 New York State budget, NTi, an innovative titanium component producer currently based in Norway, will establish a US subsidiary in Plattsburgh, New York. NTi will establish its headquarters, business operations and a production facility using its patented Rapid Plasma Deposition (“RPD”) technology at a new North Country Hub for Innovative Manufacturing Nanotechnology in Plattsburgh, significantly expanding New York’s high-tech corridor from Western New York to the North Country.

Organizational History – FSMC was formed by the State University of New York Research Foundation, in partnership with the State University of New York Polytechnic Institute (“SUNY Polytechnic”) to facilitate nanotechnology and semiconductor development. FSMC is authorized to purchase, construct, develop and manage facilities co-located with the SUNY Polytechnic educational campus at the SUNY Polytechnic Marcy Technology Complex as well as ground sub-lease the property west of Edic Road constituting the Marcy Nanocenter project to Mohawk Valley Economic Development Growth Enterprises (“EDGE”) to attract nanomanufacturing operations by a commercial partner.

## North Country Hub for Innovative Manufacturing Nanotechnology Capital (AA926)

June 23, 2016

SUNY Poly is New York's globally recognized, high-tech educational institution, formed from the merger of the SUNY College of Nanoscale Science and Engineering ("CNSE") and SUNY Institute of Technology. SUNY Poly offers undergraduate and graduate degrees in the emerging disciplines of nanoscience and nanoengineering, as well as cutting-edge nanobioscience and nanoeconomics programs at its Albany location, and undergraduate and graduate degrees in engineering, cybersecurity, computer science, and engineering technologies. As one of the world's most advanced, university-driven research enterprises, SUNY Poly has attracted more than \$20 billion in high-tech investments, over 300 corporate partners, and maintains a statewide footprint. The 1.3 million-square-foot Albany NanoTech complex is home to more than 3,500 scientists, researchers, engineers, students, faculty, and staff, in addition to Tech Valley High School.

NTi was founded in 2007 by Dr. Alf Bjorseth and Peter Gjovard, with a focus on developing and commercializing technologies that reduce the cost of producing titanium components. In 2013, the 15,000 square-foot Norsk Titanium site located in Hønefoss, Norway achieved AS9100c certification, an international standard of quality universally accepted, which was followed by another period of very rapid advancement in the next two years including achieving Technology Readiness Level 8 and construction, implementation, and testing of an efficient and robust fourth generation machine (G4) capable of producing in excess of 20 metric tons of titanium parts annually. Norsk Titanium is on the Boeing Approved Supplier List and Qualified Producer List. There are three Generation 4 production machines operating in the Eggemoen Aviation & Technology Park in Hønefoss, Norway. These machines are running demonstration and qualification lots for Alcoa, Boeing, Airbus, Gulfstream and several aircraft part suppliers that supply the major OEMs. A fourth production machine is in the final stage of construction and will be placed in a newly developed U.S. Demonstration and Qualification Center in Plattsburgh, N.Y. in Q3 2016.

ESD Involvement - A \$125,000,000 appropriation was included in the FY 2016-2017 New York State budget. The facility planning, design and engineering costs totaling \$4,050,000 are being presented to ESD Directors at this time. The balance of the appropriation will be presented to the ESD Directors at a later date.

Past ESD Support - Funding for the past five years to the Grantee is summarized in the following chart:

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<b>Program</b>	<b>Project #</b>	<b>Amount</b>	<b>Date Start (ESD Directors' Approval date)</b>	<b>Date End (Project Completion: Contract Expiration)</b>	<b>Purpose</b>
Special Appropriation Capital Projects Fund (Nanotech) - (E)	X772	\$250,000,000	03/27/12	09/11/15	Capital – Supported expenses related to the Semiconductor Transition Program.
Urban and Community Development Program	X228	\$96,700	03/23/11	06/15/13	Working Capital – Developed character-based, University-sponsored micro lending program.
Urban and Community Development Program	X877	\$99,924	07/18/12	08/22/14	Working Capital - Lent and supported entrepreneurs to start and sustain businesses.
Capital Projects Fund	U447	\$75,000,000	12/18/06	09/19/13	Capital – Supported expenses related to the Institute for Nanoelectronics Discovery and Exploration (“INDEX”) facility.
Local Assistance	V174	\$1,415,000	02/15/07	02/14/11	Working Capital - Support commercialization projects in nanomedicine and clean energy technology.

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Local Assistance	W875	\$1,179,166	10/21/10	10/31/13	Working Capital - Expansion of Nanofabrication Clean Energy Technologies and Nanomedicine.
Local Assistance	W877	\$1,155,666	10/21/10	01/09/14	Working Capital - Expansion of Nanofabrication Clean Energy Technologies and Nanomedicine.
Local Assistance	W883	\$815,666	10/21/10	01/09/14	Working Capital - Expansion of Nanofabrication Clean Energy Technologies and Nanomedicine.
Local Assistance	W885	\$940,000	04/26/11	01/15/15	Working Capital – Support costs associated with SUNY INDEX.
Local Assistance	W886	\$980,000	04/26/11	01/15/15	Working Capital – Support costs associated with SUNY INDEX.

**The Project:**

Completion – December 2017

Activity – The grantee will select a consultant team to undertake planning, design and engineering for a 170,000-square-foot, state-of-the-art facility in Clinton County.

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**Results** – When complete, the project will create approximately 520 new advanced manufacturing and other high-tech jobs in Plattsburgh and the surrounding area, and create 383 (231 direct/152 indirect) new high tech jobs elsewhere in New York State. A possible phase II of the project would secure an additional 137 (75 direct/62 indirect) jobs, if implemented.

Financing Uses	Amount	Financing Sources	Amount	Percent
Facility Planning, Design and Engineering Costs	\$4,050,000	ESD Grant	\$4,050,000	100%
Total Project Costs	\$4,050,000	Total Project Financing	\$4,050,000	100%

**Grantee Contact** - Scott Bateman, Assistant Treasurer  
257 Fuller Road  
Albany, NY 12203  
Phone: (518) 437-8689  
E-mail: sbateman@sunypoly.edu

**Project Team** - Project Management Wilfredo Florentino  
Contractor & Supplier Diversity Denise Ross  
Environmental Soo Kang

**Financial Terms and Conditions:**

1. Upon execution of the grant disbursement agreement, the Grantee shall reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
3. Up to \$4,050,000 will be disbursed to the Grantee for facility planning, design and engineering project costs, 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. All project expenditures must have been incurred after April 1, 2016, the date that the New York State budget, in which the project is authorized, was passed.
4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$4,050,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee 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.

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**Environmental Review:**

ESD staff has determined that the approval of funding to be used for the cost of facility design and engineering constitutes a Type II action as defined in the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. Therefore, no further environmental review is required in connection with this authorization. The construction of the proposed new facility, however, will be subject to further review pursuant to SEQRA.

**Non-Discrimination and Contractor & Supplier Diversity:**

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of NYS certified Minority and Women-owned Business Enterprises ("MWBES") in the performance of the Corporation's contracts. ESD's Non-Discrimination and Contractor & Supplier Diversity policy will apply to this initiative.

**Statutory Basis – Special Appropriation SUNY Poly CNSE Clinton County:**

The funding was authorized in the 2016-2017 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

**Disclosure and Accountability Certifications:**

The Grantee has provided ESD with the required Disclosure and Accountability Certifications. The Grantee has no conflict of interest or good standing violations and, therefore, staff recommends that the Corporation authorize the grant to the Grantee as described in these materials.

**FOR CONSIDERATION**

June 23, 2016

**TO:** The Directors

**FROM:** Howard A. Zemsky

**SUBJECT:** New York City (New York County) – The Women’s Building Civic and Land Use Improvement Project

**REQUEST FOR:** Adoption of Civic Project and Land Use Improvement Project Findings Pursuant to Section 10 of the UDC Act and Other Applicable Law; Adoption of the Proposed General Project Plan (“GPP”); Authorization to Hold a Public Hearing on the Proposed GPP and the Essential Terms of the Transaction Pursuant to the UDC Act, Determination of No Significant Effect on the Environment; and Authorization to Take All Related Actions

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**I. Project Summary**

**Developer/Lessee:** NoVo Foundation

**Developer Contact:** Kelly Merryman  
NoVo Foundation  
535 Fifth Avenue, New York, NY 10017  
212.808.5400  
kmerryman@novofoundation.com

**Development Partner:** Goren Group, LLC

**Developer Contact:** M. Tatiana Eck  
Goren Group, LLC (WBE)  
115 West 18th Street  
917.589.2646  
Tatiana@thegorengroup.com

**ESD Investment:** No ESD financing or grants. Developer is to pay all ESD third party costs associated with the Project.

**Project Location:** 550 West 20<sup>th</sup> St.  
New York, NY 10011

a/k/a New York County Block 691, Lot 1

**Proposed Project  
("Project"):**

The long-term lease and redevelopment of the former Bayview Women's Correctional and Work-Release Facility.

The Project involves the adaptive reuse of the 8-story, West Section of the Building (Main Building), and the demolition of the 6-story, East Section of the Building (Laundry Facility).

Under the Project, the Main Building will be rehabilitated and the Laundry Facility will be replaced with a new, approximately 16-story, approximately 65,000 gross square feet (gsf) building. In total, the Project will result in approximately 130,175 gsf of space on the project site, composed of approximately 51,000 gsf of office space, approximately 73,175 gsf of community facility space, including gallery/event space, wellness center, childcare facility, health clinic, and other community facility uses, and an approximately 6,000 gsf restaurant/café space in what will be called the "Women's Building."

The Women's Building is expected to unite more than a dozen women-focused organizations in one Project, empowering generations of women to come. When constructed, the Women's Building will offer social justice leaders the resources and support they need to drive critical change, offering co-located office space and shared infrastructure along with public lectures, conferences, performances and art.

**Project Type:** Civic Project and Land Use Improvement Project

**Regional Council:** The Regional Council has been made aware of the Project.

**Anticipated Completion Date:** 2019

**Employment:**

Existing:	None
Project Construction:	191 jobs
Permanent:	317 full-time jobs

**Project Team:**

Real Estate:	Kevin Hansen
Environmental:	Soo Kang
Supplier Diversity:	Tawanda Mitchell
Design & Construction:	Barbara Helm

Legal:

Antovk Pidedjian, Eunice Jackson  
and Jonathan Beyer

## **II. Estimated Project Costs and Financing Sources**

See the Project's proposed GPP, attached hereto, at Section III.E.

## **III. Background**

### **A. Bayview Correctional Facility**

As described further in the GPP, Bayview Correctional Facility (the "Site" or "Bayview") is an approximately 0.4-acre, 15,800 square foot lot, with two building sections: the eight-story, Main Building and the six-story Laundry Facility. It is owned by the New York State Urban Development Corporation, doing business as Empire State Development (ESD), and is currently vacant.

The Site comprises a portion of a manufactured gas plant site that was operated by a predecessor of Consolidated Edison, Inc. ("Con Edison"), in the 19<sup>th</sup> and early 20<sup>th</sup> centuries. That use of the Site ceased by 1909, and the Site was redeveloped with a structure between 1909 and 1930. The Bayview building was then constructed between 1930 and 1931 as the Seamen's House YMCA for the welfare of domestic and international members of the merchant marine. Later, from 1967 through 1974, the Site was utilized as a residential treatment center operated by the Narcotic Addiction Control Commission (NACC). In 1974, Bayview was transferred to the New York State Department of Corrections and Community Supervision (DOCCS) and was reclassified as a correctional facility. Bayview ceased housing inmates in October 2012 when, in advance of the approaching Hurricane Sandy, inmates were evacuated and relocated to other nearby correctional facilities around the state. Bayview has been vacant and deteriorating since Hurricane Sandy, which damaged the building. In the fall of 2013, the Site was then formally decommissioned as part of Governor Andrew M. Cuomo's efforts to save taxpayer dollars by closing costly, underutilized facilities throughout New York State, and as part of DOCCS' plans to improve the efficiency of its real estate footprint following the substantial reduction in state crime rates and drug offenses, which has caused the inmate population to shrink dramatically.

### **B. Property Marketing and Developer Selection Process**

After Bayview's formal decommissioning in the fall of 2013, on May 19, 2014, ESD issued a Request for Proposals (RFP) for the Purchase or Long-Term Lease and Adaptive Re-Use of Bayview Correctional Facility. The RFP replaced a prior RFP for the Purchase and Adaptive Re-Use of Bayview Correctional Facility, dated December 23, 2013, which was cancelled after ESD staff determined that it was in ESD and the State's best interest to also consider long-term lease offers for the Site.

The RFP invited Respondents to submit proposals that maximized benefits to the New York State and New York City economies through the adaptive re-use of the Site. Based on an analysis of Site conditions, Site context, and community input, ESD imposed the following conditions on responses submitted to the new RFP:

- Complete demolition of the entire site was not allowed, with a preference for preserving and/or adaptively reusing the Site to the extent practicable.
- Residential uses were restricted.
- Proposals were required to include some community facility component.
- Proposals were encouraged to meet various development goals such as sustainable design, meaningful participation of minority- and women-owned business enterprises (MWBEs), and achieving architectural distinction and design excellence.

In advertising the new RFP, ESD utilized a variety of methods to communicate the opportunity and attract interest from developers. These methods included:

- Posting an ad in the New York State Contract Reporter from May 19, 2014 until July 1, 2014.
- Displaying an ad on ESD's "Properties.esd.ny.gov" website;
- Emailing notice of the RFP announcement to a list of real estate developers who have requested to be added to ESD's real estate RFP distribution list;
- Sharing the news of the RFP announcement with media sources, producing coverage in publications such as *Crain's New York*, *The Real Deal*, and other publications with an emphasis on real estate;
- Leading media outlets on tours of the site, including *Curbed*, *The Wall Street Journal* and *NY1*; and
- Sharing the RFP announcement on ESD's social media accounts.

In response to the RFP, eleven submissions were received. After a rigorous selection process, on April 6, 2015, ESD signed a Memorandum of Understanding with NoVo Foundation ("NoVo"), a New York-based organization that dedicates itself to advancing several community issues including women's progress, thereby designating NoVo as the conditionally-selected developer based on its Proposal, subject to a legally required public approval process. Peter and Jennifer Buffett, son and daughter-in-law of investor and philanthropist Warren Buffett, serve as chairs for the NoVo Foundation. The Goren Group, a women-owned development firm led by Lela Goren, has partnered with the NoVo Foundation in the development of the Project.

NoVo was selected by ESD based on the selection criteria contained in the RFP, which included: 1) Consistency with Development Goals [of the RFP]; 2) Financial Feasibility; 3) Employment Impact; 4) Economic Impact; 5) Financial Offer; 6) Development Team Qualifications; and 7) Schedule and Timing.

Among other factors influencing its selection, NoVo proposed a leading financial offer, demonstrated the greatest level of financial feasibility (including a leading equity share,

capital reserve and operating reserve commitment), and the best overall satisfaction of other development goals such as the provision of opportunities for community facility uses, the meaningful participation of New York State-certified Minority and Women-Owned Business Enterprises (MWBES) in the project team, incorporating sustainable building practices and appropriate levels of LEED or Energy Star certification, and committing to achieving architectural distinction and design excellence.

### **C. The Project**

NoVo or its wholly owned subsidiary ("Nonprofit") will enter into a long-term lease of the Site, inclusive of land and improvements for up to 99 years with ESD as landlord, in order to develop and operate Bayview as the Women's Building.

Nonprofit will be required to rehabilitate the Main Building and replace the Laundry Facility with a new, approximately 16-story, approximately 65,000 gross square feet (gsf) building. In total, the Project will result in approximately 130,175 gsf of space on the project site, comprised of approximately 51,000 gsf of office space, approximately 73,175 gsf of community facility space, including gallery/event space, wellness center, childcare facility, health clinic, and other community facility uses, and an approximately 6,000 gsf restaurant/café space.

The Bayview building has been determined to be eligible for listing on the State and National Registers of Historic Places. As further specified in the GPP, the Project, which will be implemented in conformity with an agreement with the State Historic Preservation Office ("SHPO"), will include measures to assure that the rehabilitation of the exterior of the Main Building and certain significant interior spaces, such as the pool and chapel, will be repaired and/or rehabilitated in a manner that is compatible with and respectful of the architectural and historical significance of the historic resource. The ornamental features of the Laundry Facility will be salvaged and reused to the extent feasible, and the structure that is built to replace that section will be designed, in consultation with SHPO, to be compatible with the Main Building.

In addition, because the Project Site is covered by a Voluntary Cleanup Agreement between the New York State Department of Environmental Conservation ("NYSDEC") and Con Edison, due to its historic use as a manufactured gas plant site, all subsurface development work will be conducted in accordance with plans reviewed and approved by NYSDEC and implemented in coordination with Con Edison.

### **IV. Essential Terms of the Proposed Transaction**

See GPP, Section VI.

**V. Project Schedule**

See GPP, Section III.D.

**VI. Financial Terms**

Nonprofit will pay ESD rent throughout the term of the lease. ESD currently holds a \$586,200.74 deposit from Nonprofit which will be applied to an initial, \$5,862,007.37 prepayment of rent at lease execution. Nonprofit will also fund all out-of-pocket, third-party expenses incurred by ESD in connection with the Project, including but not limited to counsel, architectural and environmental consultant expenses. Further financial terms are set forth at GPP Section VI.C.

**VII. Basis for Statutory Findings**

**Civic Project Findings**

ESD staff recommends that the Directors find that the proposed Project is consistent with the requirements of the UDC Act for civic projects and satisfies the findings required under the UDC Act as follows:

Section 10(d) of the UDC Act requires that for a civic project the Corporation make a finding:

1. That there exists in the area in which the project is to be located, a need for the educational, cultural, recreational, community, municipal, public service or other civic facility to be included in the project;
2. That the project shall consist of a building or buildings or other facilities which are suitable for educational, cultural, recreational, community, municipal, public service or other civic purposes;
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; [and]
4. That the plans and specifications assure or will assure adequate light, air, sanitation and fire protection.

The Project will consist of facilities that are suitable for educational, cultural, recreational, community and other civic purposes. Specifically, among other features, the Project is expected to include a rooftop garden, wellness center, atrium, gallery, and event spaces. As currently envisioned, the atrium and gallery will be open to the public. In addition, the Nonprofit is exploring the possibility of allowing limited public access to other parts of the building such as the pool, chapel and the rooftop garden. The preferred use for the Site's redevelopment, which includes office, community facility and retail uses, was defined by

ESD in coordination with local officials and Community Board 4 ("CB4"). Community uses, which CB4 requested that Bayview be redeveloped in part for, are an essential part of Nonprofit's plan for the Project.

As described further in GPP Section VI, Essential Terms of the Transaction, the Project is and will continue to be owned by the New York State Urban Development Corporation, doing business as ESD, a public benefit corporation of the State of New York. Further, as also noted in Section VI, provision has been made by Nonprofit for Nonprofit's construction, operation, maintenance and upkeep of the Project and its community and other civic purposes.

As described in GPP Section VII, Code Requirements, with respect to assuring adequate light, air, sanitation and fire protection, the construction of the Project, inclusive of all buildings and improvements, shall conform to the New York City Building Code and the New York City Noise Code. The Zoning Resolution overrides are provided in the Design Guidelines attached to the GPP in Section X.D.

#### **Land Use Improvement Project Findings**

ESD staff recommends that the Directors find that the proposed Project is consistent with the requirements of the UDC Act for land use improvement projects and satisfies the findings required under the UDC Act as follows:

Section 10(c) of the UDC Act requires that for a land use improvement project the Corporation make a finding:

1. That 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 the sound growth and development of the municipality;
2. That 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; [and]
3. That the plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.

The Site, in its current vacant and deteriorating condition, is in danger of becoming a substandard or insanitary area and tends to impair or arrest the sound growth and development of New York City and in particular the West Chelsea neighborhood of Manhattan. ESD does not have the need or resources to improve the Site.

DOCCS also does not have the need to improve the Site, having ended its use of the Site and operation of Bayview. As a result, the Site has now been vacant and largely unused for nearly four years since October 2012. Accordingly, without the Project, the Site would be in danger of becoming an abandoned, substandard area that would impair the sound growth and development of New York City.

In contrast, the Project will result in the replacement of the Laundry Facility with a new building, the rehabilitation of the Main Building, and the addition of activity associated with more than 300 new full-time jobs and other community facility uses.

The Project also includes the replanning of the Site, the replacement of the Laundry Facility with a modern, new section, the rehabilitation of the Main Building, and the incorporation of community facility and commercial uses within the Site, which is located in an increasingly mixed-use residential and commercial neighborhood with a demand for community facility uses. In addition the Project would provide much needed working, exhibition and event space for organizations in New York City involved with women's issues, as well as a health clinic and wellness center for women. The Project would introduce new uses to the building which is currently vacant and deteriorating, activating the streetscape around the Site and extending the commercial corridor and pedestrian activity along the Site. Further, the Project is consistent with the goal of revitalizing the waterfront area by encouraging commercial development of appropriately located vacant and underutilized land as set forth in the New York City Waterfront Revitalization Program ("WRP").

The Project will utilize the maximum allowable 7.5 Floor Area Ratio ("FAR") under the C6-3 zoning in Subarea D of the Special West Chelsea District, which covers the majority of the site, in order to maximize economic impact and provide opportunities for community facility uses.

The Project will include measures to assure that the rehabilitation of the exterior of the Main Building and certain significant interior spaces will be repaired and/or rehabilitated in a manner that is compatible with and respectful of the architectural and historical significance of the historic resource. The ornamental features of the Laundry Facility will be salvaged and reused to the extent feasible, and the structure that is built to replace that section will be designed to be compatible with the Main Building. In addition, all subsurface development work for the Project will be conducted in accordance with plans reviewed and approved by NYSDEC and implemented in coordination with Con Edison.

By leasing the entire Site to a Nonprofit, ESD is allowing for maximum opportunity for participation by private enterprise on the Site, and has consulted with municipal and other local elected officials in connection with the Project, ensuring that it is consistent with the sound needs of the municipality as a whole.

#### **VIII. Design Guidelines and Zoning**

The Project calls for the redevelopment of the Development Site to include approximately 130,175 gross square feet of development composed of commercial, retail and community facility space. The GPP includes Design Guidelines in Section X.D.

Because it would not be economically feasible or practical for the Project to comply with the New York City Zoning Resolution, ESD will override certain aspects of local zoning pursuant to the UDC Act. In addition, the override will allow the Project to be constructed consistent

with the Design Guidelines. These zoning overrides will permit development that approximately conforms to a C6-3, West Chelsea Special District, Subarea D, with respect to permitted FAR (maximum, with increases) and height and setback, with modifications. The resulting development will be consistent with potential developments for sites within the surrounding area. Such overrides will allow for achievement of the economic and community benefits of the Project while preserving the historic character of the Main Building. The City has been advised and has provided input on the proposed overrides, pursuant to UDC Act Section 16(1).

Construction is tentatively scheduled to begin in 2017. ESD staff will review the design/construction documents for compliance with the Design Guidelines and monitor construction progress.

**IX. Environmental Review**

ESD, as lead agency, has completed an environmental review of the proposed Project, pursuant to the requirements of the State Environmental Quality Review Act and the implementing regulations of the New York State Department of Environmental Conservation. This review determined the Project to be an Unlisted Action, which would not have a significant effect on the environment. Therefore, staff recommends that the Directors make a Determination of No Significant Effect on the Environment.

Due to the Site's eligibility for inclusion in the New York State and National Registers of Historic Places, ESD has consulted with the New York State Office of Parks, Recreation and Historic Preservation ("OPRHP") pursuant to the requirements of Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law. ESD, OPRHP and the Nonprofit have agreed that the Project will be implemented in accordance with a Letter of Resolution ("LOR"). The provisions of the LOR will be incorporated into the Lease as part of the Project.

**X. Non-Discrimination and Contractor and Supplier Diversity Requirements**

Under New York State Executive Law Article 15-A, ESD recognizes its obligation to promote opportunities for maximum feasible participation of certified Minority- and Women-owned Business Enterprises ("MWBEs") in the performance of ESD projects. Accordingly, ESD's Non-Discrimination and Contractor and Supplier Diversity policies will apply to the Project.

Pursuant to a Memorandum of Understanding and Conditional Designation entered into between NoVo and ESD on April 6, 2015, Nonprofit and its affiliates and/or partners shall be required to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project and to use Good Faith Efforts (pursuant to 5 NYCRR § 142.8) to achieve an overall MWBE Participation Goal of 23% in relation to the total value of the Project. The aforementioned goal shall include a Minority-owned Business Enterprise Participation Goal of 13% and a Women-owned Business Enterprise Participation Goal of 10%, both related to the total value of the Project.

**XI. Requested Actions**

The Directors are being asked to: (a) adopt land use improvement project and civic project findings pursuant to Section 10 of the UDC Act; (b) adopt the proposed GPP; (c) authorize a public hearing on the proposed GPP and the essential terms of the transaction with NoVo Foundation or an affiliate pursuant to the UDC Act; (d) make a Determination of No Significant Effect on the Environment; and (e) authorize all related actions.

**XII. RECOMMENDATION**

Based on the foregoing, I recommend approval of the requested actions.

**XIII. ATTACHMENTS**

Resolutions  
Proposed General Project Plan Adopted June 23, 2016  
Design Guidelines dated June 15, 2016

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT – Adoption of Land Use Improvement Project and Civic Project Findings Pursuant to Section 10 of the UDC Act; Adoption of the proposed General Project Plan (“GPP”); Authorization to Hold a Public Hearing on the proposed GPP, the Essential Terms of the Transaction Pursuant to the UDC Act and Other Applicable Law; Determination of No Significant Effect on the Environment; and Authorization to Take All Related Actions

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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 (the “Materials”), relating to the Women’s Building Civic and Land Use Improvement Project (the “Project”), the Corporation hereby finds pursuant to Section 10 of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”):

- (1) That 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 the sound growth and development of the municipality;
- (2) That the Project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for community facility, commercial uses and other facilities incidental or appurtenant thereto;
- (3) That the plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.
- (4) That there exists in the area in which the Project is to be located, a need for the educational, cultural, recreational, community, municipal, public service or other civic facility to be included in the Project;
- (5) That the Project shall consist of a building or buildings or other facilities which are suitable for educational, cultural, recreational, community, municipal, public service or other civic purposes;
- (6) 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; [and]
- (7) That the plans and specifications assure or will assure adequate light, air, sanitation and fire protection.

RESOLVED, that on the basis of the Materials relating to the Project, indicating that there are no families or individuals to be displaced from the Project area, the Corporation hereby finds that the requirements of Section 10(g) of the Act are satisfied; and be it further

RESOLVED, that on the basis of the Materials, and substantially on the terms and conditions described in the Materials, the Corporation does hereby adopt, subject to and pursuant to, and for the purposes of a public hearing required by, Sections 6 and 16 of the UDC Act, and as may be appropriate pursuant to other applicable laws:

- (1) the proposed General Project Plan (the "GPP") for the Project submitted to this meeting, together with such changes therein as the Chairman and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which GPP, together with such changes, is hereby ordered filed with the record of the Corporation; and
- (2) the essential terms of the proposed transaction between ESD as Lessor and NoVo Foundation or its affiliate as Lessee and Developer; and be it further

RESOLVED, that the GPP shall not be final until action is taken by the Directors as provided in the UDC Act and until such time as all requirements of the UDC Act and other applicable law in connection therewith have been satisfied; and be it further

RESOLVED, that the Chairman and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized in the name of and on behalf of the Corporation to take such actions as may be considered necessary or appropriate in connection with the holding of the public hearing required pursuant to Sections 6 and 16 of the UDC Act and other applicable law (which hearing may held simultaneously with one or more hearings which may be held pursuant to other applicable law), including without limitation, the providing, filing or making available of copies of the GPP or a digest thereof and the findings required by Section 10 of the UDC Act relating to the Project, the fixing of a date for such hearing, the publication of a notice relating to the GPP and such hearing in accordance with the UDC Act, other applicable law, and the procedures heretofore approved by the Corporation with respect to similar hearing, and the making of a report or reports to the Directors on such hearing, written comments received, and any local governmental recommendations respecting the Plan; and be it further

RESOLVED, that based on the Materials and assessment by the staff of the Corporation, the Corporation hereby determines that the proposed action will not have a significant effect on the environment and that the Project is in compliance with Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law and consistent with all applicable coastal policies set forth in 19 NYCRR Part 600; and be it further

RESOLVED, that the Chairman and Chief Executive Officer, or his designee, be, and each of them hereby is, authorized in the name of and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as may be considered necessary or appropriate in connection with carrying out the public hearing(s) and to effectuate the foregoing resolutions.

\* \* \*



# Empire State Development

**New York State Urban Development Corporation  
d/b/a Empire State Development**

**General Project Plan**

For:

*The Women's Building*  
**Civic and Land Use Improvement Project**

**Adopted June 23, 2016**

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## **I. Introduction**

The Women's Building Civic and Land Use Improvement Project (the "Project") has been established as a project under the New York State Urban Development Corporation Act (the "UDC Act") by the New York State Urban Development Corporation, doing business as Empire State Development ("ESD").

The Project, which will be led by ESD and undertaken by the NoVo Foundation or its affiliate, includes the proposed long-term lease (the "Lease") and redevelopment of the former Bayview Women's Correctional and Work-Release Facility ("Bayview"), which is located in the West Chelsea neighborhood of Manhattan at 550 West 20th Street on the corner of 11th Avenue.

The Project involves the adaptive reuse of the 8-story, Main Building (West Section of the Building), and the demolition of the 6-story, Laundry Facility (East Section of the Building). The Main Building will be rehabilitated and the Laundry Facility will be replaced with a new, approximately 16-story, approximately 65,000 gross square feet (gsf) building. In total, the Project will result in approximately 130,175 gsf of space on the Project site, composed of approximately 51,000 gsf of office space, approximately 73,175 gsf of community facility space, including potentially gallery/event space, wellness center, childcare facility, health clinic, and other community facility uses, and an approximately 6,000 gsf restaurant/café space in what will be called the "Women's Building."

ESD, in consultation with the City of New York (the "City"), will override the New York City Zoning Resolution with respect to certain use and bulk regulations, including floor area. ESD is adopting and approving this General Project Plan ("GPP") to facilitate the Project.

## **II. Site Description**

### **A. Site Context**

The Project Site (the "Site") is located at 550 West 20th Street (Block 691, Lot 1) on the southeast corner of 11th Avenue and West 20th Street. The Site is part of the West Chelsea neighborhood of Manhattan's Community District 4, an area which features a notable mix of cultural and entertainment destinations, the High Line and Hudson River Parks, luxury residential condominiums, premier commercial space, and some of the City's most architecturally distinctive buildings.

### **B. Site History**

The Site comprises a portion of a manufactured gas plant site that was operated by a predecessor of Consolidated Edison, Inc. ("Con Edison") in the 19<sup>th</sup> and early 20<sup>th</sup> centuries. That use of the Site ceased by 1909 and the Site was

redeveloped with a structure between 1909 and 1930. The Bayview building was then constructed at the Site between 1930 and 1931 as the Seamen's House YMCA for the welfare of domestic and international members of the merchant marine serving on the estimated 10,000 passenger and freight ships that docked in the Port of New York annually. From 1967 through 1974, the facility was utilized as a residential treatment center operated by the Narcotic Addiction Control Commission. In 1974, operation of the building was transferred to the New York State Department of Corrections and Community Supervision ("DOCCS") and the facility was reclassified a correctional facility.

Bayview was originally constructed with two sections: the eight-story, Main Building and the six-story Laundry Facility. For the Seamen's House YMCA, the Main Building served as the public and social center of the building, while the Laundry Facility served as the central laundry facility for the YMCA and contained mechanical space for the building. When built, the two sections had very limited connections. Subsequently, as a correctional facility, additional connections were made, and wrap-around chain-link enclosures were added on the roofs, which were used for outdoor recreation and related activities.

Bayview ceased housing inmates in October 2012 when, in advance of the approaching Hurricane Sandy, the inmates of Bayview were evacuated for their safety and were relocated to other correctional facilities in the State. Bayview has been vacant and deteriorating since Hurricane Sandy, which heavily damaged the building. Bayview Correctional Facility was formally decommissioned in the fall of 2013 as part of Governor Andrew M. Cuomo's efforts to save taxpayer dollars by closing costly, underutilized facilities throughout the State. Additionally, the closure is part of the DOCCS' plans to improve the efficiency of its real estate footprint following the substantial reduction in State crime rates and drug offenses, which has caused the inmate population to shrink dramatically.

The Bayview building has been determined to be eligible for listing on the State and National Registers of Historic Places.

### **III. Project Description**

#### **A. Development Program**

The Project involves the adaptive reuse of the eight-story Main Building and the demolition of the six-story Laundry Facility. The Main Building will be rehabilitated and the Laundry Facility will be replaced with a new, approximately 16-story, approximately 65,000 gross square feet (gsf) section. In total, the Project would result in approximately 130,175 gsf of space on the Site, comprised of approximately 51,000 gsf of office space, approximately 73,175 gsf of community facility space, including potentially gallery/event space, wellness center, childcare facility, health clinic, and other community facility uses, and an approximately 6,000 gsf restaurant/café space in what will be called the "Women's Building."

The Project, which will be implemented in conformity with an agreement with the State Historic Preservation Office (“SHPO”), will include measures to assure that the exterior of the Main Building and certain significant interior spaces, such as the Pool and Chapel, will be repaired and/or rehabilitated in a manner that is compatible with and respectful of the architectural and historical significance of the historic resource. The ornamental features of the Laundry Facility will be salvaged and reused to the extent feasible, and the structure that is built to replace that section will be designed, in consultation with SHPO, to be compatible with the Main Building. For all purposes in this GPP, the rehabilitation, demolition and reuse measures will be subject to ongoing discussion and review by ESD, SHPO and Nonprofit to best achieve the objectives of Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law and also assure compliance with laws applicable to ESD’s disposition of its property.

In addition, because the Site is covered by a Voluntary Cleanup Agreement between the New York State Department of Environmental Conservation (“NYSDEC”) and Con Edison, due to its historic use as a manufactured gas plant site, all subsurface development work will be conducted in accordance with plans reviewed and approved by NYSDEC and implemented in coordination with Con Edison.

The Women’s Building will transform the Main Building and replace the Laundry Facility with a new 16-story structure to create an integrated structure that is expected to unite a dozen or more women-focused organizations, empowering generations of women to come. When constructed, the Women’s Building will offer social justice leaders the resources and support they need to drive critical change, offering co-located office space and shared infrastructure along with public lectures, conferences, performances and art. Examples of Project features include:

- Office space for women-focused activists, organizations, events and programs;
- Anticipated community spaces such as a wellness clinic and public atrium;
- A ground-floor “International Women’s Art Gallery” and restaurant; and
- Commercial tenants in technology and creative-focused industries, further strengthening Chelsea’s creative economy and cross-subsidizing non-profit rents.

## **B. Tenant and Developer**

In developing the Project, ESD will enter into a long-term lease for the Site, inclusive of land and improvements, with NoVo Foundation or its affiliate (“Nonprofit”), a New York-based organization that dedicates itself to advancing several community issues including women’s progress. Peter and Jennifer Buffett, son and daughter-in-law of investor and philanthropist Warren Buffett,

serve as chairs for the NoVo Foundation. The Goren Group, a women-owned development firm led by Lela Goren, is working with the NoVo Foundation to develop the Project.

### **C. Design Guidelines and Zoning**

In order to construct the Project consistent with the Design Guidelines (Exhibit D), ESD will override certain local zoning regulations pursuant to the UDC Act. These zoning overrides will permit development that approximately conforms to a C6-3, West Chelsea Special District, Subarea D, with respect to permitted FAR (maximum, with increases) and height and setback, with modifications. The resulting development will be consistent with potential developments for sites within the surrounding area. The City has been advised and has provided input on the proposed overrides, pursuant to UDC Act Section 16(1).

### **D. Project Schedule**

Construction of the Project is expected to begin in 2017 and conclude in 2019.

### **E. Estimated Project Costs and Financing Sources**

Nonprofit projects a construction budget of approximately \$50,000,000 for (a) Site improvements, repairs, rehabilitation, and construction and (b) additional rent associated with demolition. The budget may be updated from time to time by Nonprofit as plans progress.

Nonprofit has provided ESD with evidence that it has identified \$62,500,000 for its initial leasing and construction costs, including demolition and initial construction, and it is expected that Nonprofit will invest in the Project an amount of equity equal to 100% of the construction budget.

## **IV. Project Goals and Benefits**

After Bayview's formal decommissioning in the fall of 2013, on May 19, 2014, ESD issued a Request for Proposals ("RFP") for the Purchase or Long-Term Lease and Adaptive Re-Use of Bayview Correctional Facility. The following goals were addressed in the winning Proposal by NoVo Foundation and Goren Group:

### **Goal 1. Redeveloping a vacant State-owned site**

By redeveloping a vacant State-owned site, the State will utilize a surplus State-owned property, avoiding the continued carrying costs associated with maintaining the Site and the risks that the Site would become an abandoned, substandard area; and enliven the area in the vicinity of the Site with a development of a mix of dynamic uses, activating the streetscape and enhancing the pedestrian experience along the Site.

### **Goal 2. Maximizing economic impact.**

The preliminary construction budget for the Project is approximately \$50 million. On an annual basis, it is estimated that the Project will create more than 300 new permanent, full-time jobs and result in \$43 million in annual economic activity.

**Goal 3. Providing opportunities for community facility use.**

The Project will consist of facilities that are suitable for educational, cultural, recreational, community and other civic purposes. Specifically, among other features, the Project may include a rooftop garden, wellness center, atrium, gallery, and event spaces. As currently envisioned, the atrium and gallery will be open to the public. In addition, the Nonprofit is exploring the possibility of allowing limited public access to other parts of the building such as the pool, chapel and the rooftop garden.

**Goal 4. Preserving and/or adaptively reusing the Site to the extent practicable.**

The Project will restore the exterior and certain significant interior spaces of the Main Building, such as the Pool and Chapel, which will be repaired and/or rehabilitated in a manner that is compatible with and respectful of the architectural and historical significance of the historic resource, in accordance with the Secretary of Interior's Standards for the Treatment of Historic Properties. The ornamental features of the Laundry Facility will be salvaged and reused to the extent feasible, and the structure that is built to replace that section will be designed to be compatible with the Main Building.

**Goal 5. Achieving architectural distinction and design excellence in any proposed Site enhancements.**

Bayview was originally designed by Shreve, Lamb and Harmon, one of the premier architectural firms active in the 1930's, which designed many prominent buildings in the City, but is most widely associated with the Empire State Building. At present, Bayview is situated near several of the City's most distinct architectural elements, including the Frank Gehry-designed IAC Building at 555 West 18<sup>th</sup> Street and the Jean Nouvel-designed 100 Eleventh Avenue building, along with the High Line public park and many others. As part of its Proposal to rehabilitate the Main Building and construct a new section at the site of the current Laundry Facility, NoVo Foundation and Goren Group launched The Women's Building International Design Competition to identify an architect or team of architects to lead the Project. The design of the proposed new section will be carefully developed and detailed, in consultation with SHPO, to establish an appropriate relationship with the Main Building, with special attention given to the juncture between the historic Main Building and proposed new section.

**Goal 6. Featuring meaningful participation of New York State-certified Minority and Woman-Owned Business Enterprises (MWBES) in the Project team.**

Nonprofit and its affiliates and/or partners shall be required to solicit and utilize MWBES for any contractual opportunities generated in connection with the Project and to use Good Faith Efforts (5 NYCRR §142.8) to achieve an overall

MWBE Participation Goal of 23% in relation to the total value of the Project. The aforementioned goal shall be divided to include a Minority Business Enterprise ("MBE") Participation Goal of 13% and a Women Business Enterprise ("WBE") Participation Goal of 10%, both related to the total value of the Project.

**Goal 7: Incorporating sustainable building practices and appropriate levels of LEED or Energy Star Certification.**

Nonprofit is committed to incorporating sustainable construction practices and building to the highest level of LEED certification as is reasonably possible, potentially including: High efficiency building systems/glazing, Energy recovery systems, Low flow water fixtures, Green roof/Street level landscaping to mitigate heat island/rainwater discharge. Climate Change Resilience, including: all MEP systems above Base Flood Elevation, Pervious street level paving, Dual backup generators for life safety/IT resilience. Social sustainability, including: Mission-based equality and partnership, Health/wellness support, Catalyst of societal transformation to a caring and balanced world.

## **V. Environmental Review**

ESD, acting as lead agency 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, has prepared an Environmental Assessment Form ("EAF") and supplemental analyses for the Project. ESD's review under SEQRA has concluded that the Project, implemented in accordance with the GPP, will result in no significant adverse impacts to the environment.

## **VI. Essential Terms of the Transaction**

### **A. Overview**

Nonprofit will enter into the Lease for the Site, inclusive of land and improvements, with ESD as landlord, in order to develop and operate Bayview as the Women's Building.

### **B. Lease Term**

The Lease will be for 50 years, with, at Nonprofit's option, a twenty-five (25) year first renewal option and a twenty-four (24) year second renewal option.

Nonprofit will possess a one-time right of first refusal, which will be exercisable if ESD, at any time during the term of the Lease, elects to sell the Site to a non-governmental entity.

During the term of the Lease, ESD will also possess a put right and may elect to require Nonprofit to acquire the Site (or to lease the Site for 99 years, inclusive of the period already elapsed under the lease) for a lump sum payment equal to the difference between \$50 million (in the case of a fee acquisition) or \$45 million (in the case of a 99-year lease) and certain deductions calculated for rent already paid, to be described in the Lease. ESD shall have no obligation whatsoever to exercise the put right.

#### **C. Financial Terms; Commencement Date**

Nonprofit will commence paying Base Rent on the Commencement Date of the Lease. The Commencement Date will be the date the Demolition Work (described below) is completed.

Base Rent paid by Nonprofit will begin at \$3,500,000 per year. Base Rent may increase periodically according to formulae for base rent step-ups and resets as further specified in the Lease.

Nonprofit will make a prepayment of the Base Rent at execution of the Lease in the amount of \$5,862,007.37. The prepaid Base Rent will be applied as a credit, at the rate of \$97,700.12 per month, against the first payments of Base Rent becoming due under the lease until the prepaid Base Rent is fully applied (the prepaid Base Rent will also serve as security).

When the prepaid Base Rent is fully applied, Nonprofit will be required to fund a security deposit equal to one (1) year's Base Rent. The security deposit will increase as Base Rent increases.

In addition to the Base Rent, Nonprofit will pay "Special Rent" that will be calculated based on the value of certain benefits that Nonprofit may receive in conjunction with ESD's ownership of the property.

#### **D. Construction and Demolition**

Upon execution of the Lease, Nonprofit and ESD will enter into an Agency Agreement under which Nonprofit, as ESD's agent, will demolish the Laundry Facility and all improvements and repairs to the Site since January 1, 1974. Nonprofit will advance the funds to pay for the demolition work on behalf of ESD as ESD's agent, and, upon commencement of the Lease term, will pay ESD such amount as supplemental rent, the net result being that the Nonprofit will fund the demolition. Upon completion of demolition, the term of the Lease will commence.

Upon commencement of the Lease, Nonprofit will commence renovation of the Main Building and construction of the new 16 story (approximate) building.

Because the Project Site is covered by a Voluntary Cleanup Agreement between the NYSDEC and Con Edison, due to its historic use as a manufactured gas plant site, all subsurface development work will be conducted in accordance with

plans reviewed and approved by NYSDEC and implemented in coordination with Con Edison.

#### **E. Historic Preservation**

The New York State Office of Parks, Recreation and Historic Preservation ("OPRHP") has determined that Bayview is eligible for listing on the State and National Registers of Historic Places. Due to the Site's eligibility for inclusion in the New York State and National Registers of Historic Places, ESD has consulted with OPRHP pursuant to the requirements of Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law. ESD, OPRHP and the Nonprofit have agreed that the Project will be implemented in accordance with a Letter of Resolution ("LOR"). The provisions of the LOR will be incorporated into the Lease as part of the Project. The Project will include certain historic preservation measures such as the retention and restoration of the Main Building including restoration of the exterior and certain significant interior spaces such as the Pool and Chapel; repairing the brick and terra cotta ornament and existing iron balconies; and restoring/replicating missing iron balconies, front entrance doors, and metal and glass windows. Nonprofit and its architect, in consultation with ESD and SHPO, will identify historic ornamental features of the Laundry Facility, which is to be demolished, that can be salvaged and reused in the Project as well as include the installation of educational exhibits and interpretive materials/displays concerning the history of Bayview and its development context. In addition, Nonprofit and its architect will consult with ESD and SHPO on the design for the new section in order to ensure the compatibility and appropriateness of the design of the new section with the remaining historic Main Building.

#### **F. Operation and Use**

The aggregate square footage of the Project will be allocated approximately 80% to not-for-profit and community facility uses, and 20% to for-profit uses. Any increase in the for-profit uses to more than 25% of the aggregate square footage at the Site shall require ESD's written consent.

#### **G. Financial Contingencies, Reserves and Securities**

The Lease will require Nonprofit to establish a segregated reserve account in the initial amount of \$10,000,000, with the account to be replenished to the full \$10,000,000 each time the balance falls below \$5,000,000.00. Reserve funds may only be used for such purposes as maintaining, repairing, altering, and operating the Premises (but not to pay the cost of the initial construction). The Lease will also require Nonprofit to provide security for the completion of the initial construction work in accordance with the terms of the Lease.

#### **H. Other Terms**

In addition to those stipulated in the Lease, other Project terms include:

1. As stipulated under applicable agreements, Nonprofit will fund and pay all out-of-pocket, third-party expenses incurred by ESD in connection with

the Project, including consultant, counsel, architectural and environmental expenses. Nonprofit has executed a Cost Agreement with ESD committing to fund these expenses, and Nonprofit has deposited funds with ESD which ESD is holding in an imprest account as security for payment of these expenses.

2. Nonprofit shall be responsible for all costs of due diligence and other preliminary work by Nonprofit.
3. Nonprofit shall be responsible for any and all Development Site preparation costs.
4. Nonprofit is currently paying a Site Maintenance Fee to cover certain operational costs (such as utility and security services) incurred through the date the Lease is executed. Upon execution of the lease and the Agency Agreement, Nonprofit will pay the costs of operating the site during the demolition period as ESD's agent and will provide the funds for such operations.
5. During the term of the Lease, Nonprofit will pay all costs of operating and insuring the site so that the base rent will be "net" to ESD.

## **VII. Code Requirements**

The construction of the Project, inclusive of all buildings and improvements, shall conform to the New York City Building Code and the New York City Noise Code.

## **VIII. Non-Discrimination and Contractor and Supplier Diversity**

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified Minority- and Women-owned businesses ("MWBEs") in the performance of ESD projects. Accordingly, ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to the Project. Nonprofit and its affiliates and/or partners shall be required to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project and to use Good Faith Efforts (5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 23% in relation to the total value of the Project. The aforementioned goal shall be divided to include a Minority Business Enterprise ("MBE") Participation Goal of 13% and a Women Business Enterprise ("WBE") Participation Goal of 10%, both related to the total value of the Project.

## IX. Project Findings

Pursuant to the UDC Act, ESD was created to implement the “policy of the state to promote a vigorous and growing economy, to prevent economic stagnation and to encourage the creation of new job opportunities...”. UDC Act, Section 2. To that end, ESD is empowered, pursuant to UDC Act Section 10(c), to undertake a “Land Use Improvement Project” upon finding:

- (1) That 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 the sound growth and development of the municipality;
- (2) That 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; [and]
- (3) That the plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.

The Site, which was heavily damaged by Hurricane Sandy and has been deteriorating since then, is in danger of becoming a substandard or insanitary area and tends to impair or arrest the sound growth and development of the City and in particular the West Chelsea neighborhood of Manhattan. ESD does not have the need or resources to improve the Site.

DOCCS also does not have the need to improve the Site, having ended its use of the Site and operation of Bayview. As a result, the Site has now been vacant and largely unused for nearly four years since October 2012.

In contrast, the Project will result in the replacement of the Laundry Facility with a new building, the rehabilitation of the Main Building, and the expected addition of activity associated with more than 300 new full-time jobs and other community facility uses. Accordingly, the Project will address the risks that the Site would be in danger of becoming an abandoned, substandard area that would impair the sound growth and development of the City.

The Project also includes the replanning of the Site, the replacement of the Laundry Facility with a modern, new section, the rehabilitation of the Main Building, and the incorporation of community facility and commercial uses within the Site, which is located in an increasingly mixed-use residential and commercial neighborhood with a demand for community facility uses. In addition the Project would provide much needed working, exhibition and event space for organizations in New York City involved with women’s issues, as well as a health clinic and wellness center for women. The Project would introduce new uses to

the building which is currently vacant and deteriorating, activating the streetscape around the Site and extending the commercial corridor and pedestrian activity along the Site. Further, the Project is consistent with the goal of revitalizing the waterfront area by encouraging commercial development of appropriately located vacant and underutilized land as set forth in the New York City Waterfront Revitalization Program ("WRP").

The Project will utilize the maximum allowable 7.5 Floor Area Ratio ("FAR") under the C6-3 zoning in Subarea D of the Special West Chelsea District, which covers the majority of the site, in order to maximize economic impact and provide opportunities for community facility uses.

The Project will include measures to assure that the rehabilitation of the exterior of the Main Building and certain significant interior spaces will be repaired and/or rehabilitated in a manner that is compatible with and respectful of the architectural and historical significance of the historic resource. The ornamental features of the Laundry Facility will be salvaged and reused to the extent feasible, and the structure that is built to replace that section will be designed to be compatible with the Main Building. In addition, all subsurface development work for the Project will be conducted in accordance with plans reviewed and approved by NYSDEC and implemented in coordination with Con Edison.

By leasing the entire Site to Nonprofit, ESD is allowing for maximum opportunity for participation by private enterprise on the Site, and has consulted with municipal and other local elected officials in connection with the Project, ensuring that it is consistent with the sound needs of the municipality as a whole.

ESD is also empowered, pursuant to UDC Act Section 10(d), to undertake a "Civic Project" upon finding:

- (1) That there exists in the area in which the project is to be located, a need for the educational, cultural, recreational, community, municipal, public service or other civic facility to be included in the project;
- (2) That the project shall consist of a building or buildings or other facilities which are suitable for educational, cultural, recreational, community, municipal, public service or other civic purposes;
- (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;

- (4) That the plans and specifications assure or will assure adequate light, air, sanitation and fire protection.

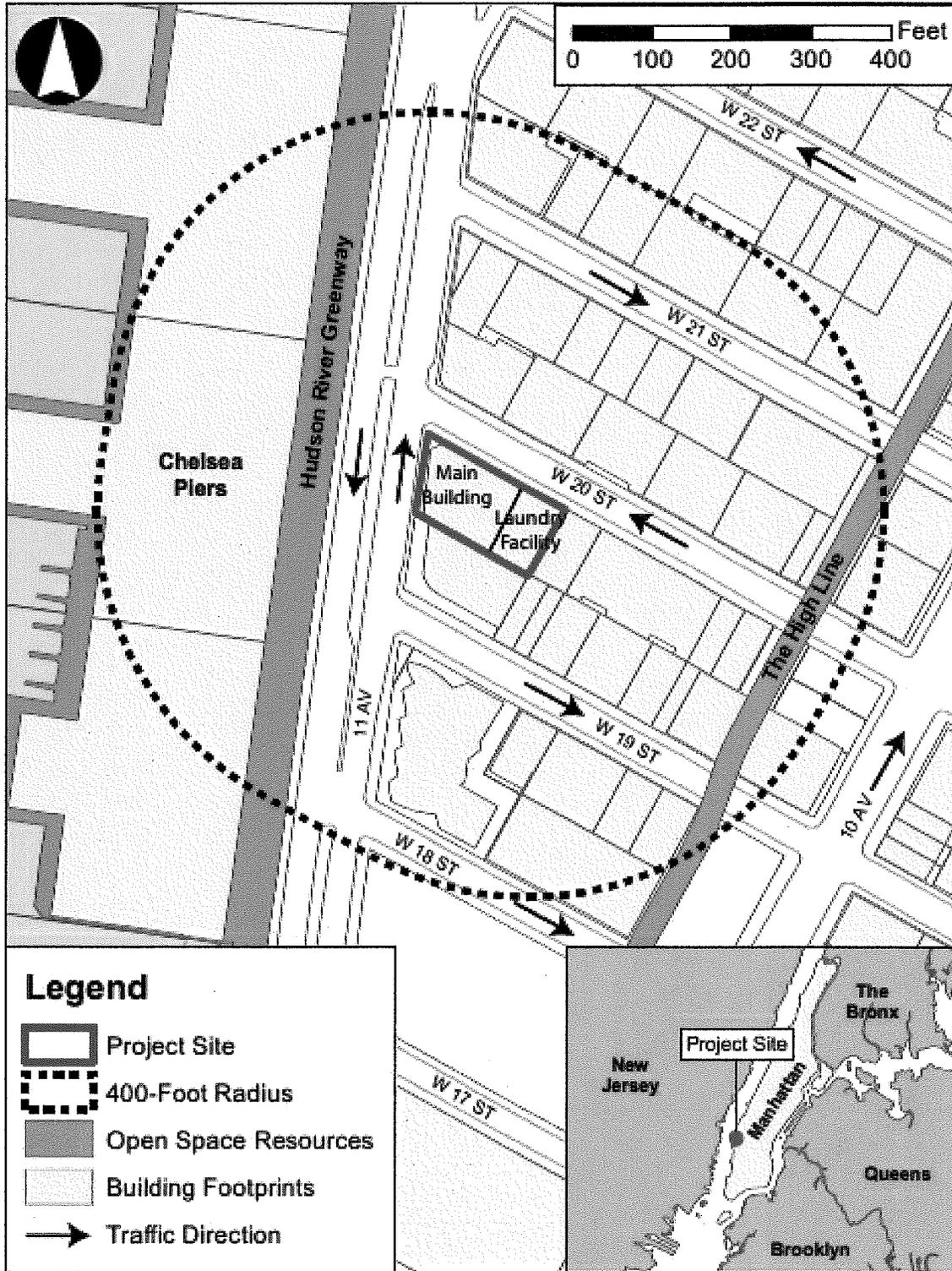
The Project will consist of facilities that are suitable for educational, cultural, recreational, community and other civic purposes. Specifically, among other features, the Project may include a rooftop garden, wellness center, atrium, gallery and event spaces. As currently envisioned, the atrium and gallery will be open to the public. In addition, the Nonprofit is exploring the possibility of allowing limited public access to other parts of the building such as the pool, chapel and the rooftop garden. The preferred use for the Site's redevelopment, which includes office, community facility and retail uses, was defined by ESD in coordination with local officials and Community Board 4 ("CB4"). Community uses, which CB4 requested that Bayview be redeveloped in part for, are an essential part of Nonprofit's plan for the Project.

As indicated in Section VI, Essential Terms of the Transaction, the Project is and will continue to be owned by ESD. Further, as also noted in Section VI, provision has been made by Nonprofit for Nonprofit's construction, operation, maintenance and upkeep of the Project and its community and other civic purposes.

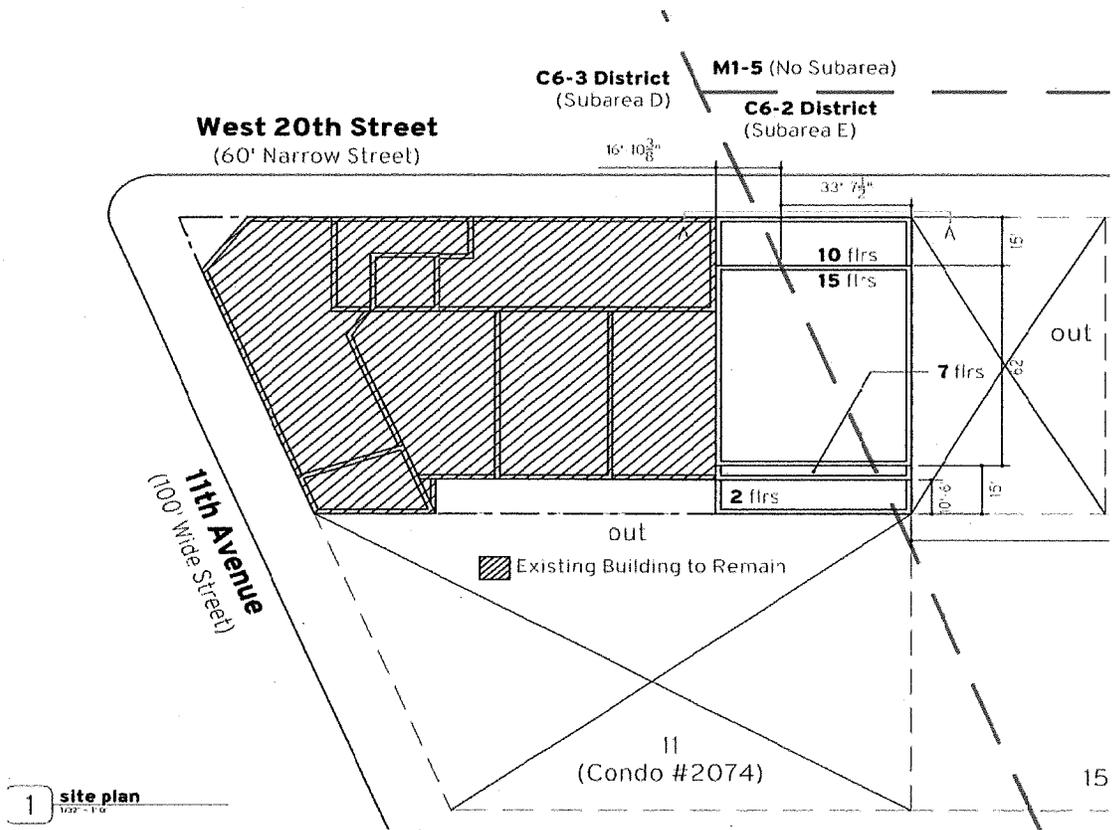
As described in Sections V (Environmental Review) and VII (Code Requirements), the construction of the Project, inclusive of all buildings and improvements, shall conform to the New York City Building Code and the New York City Noise Code, and the Project has met the requirements of the State Environmental Quality Review Act. Because it would not be economically feasible or practical for the Project to comply with the New York City Zoning Resolution, ESD will override certain aspects of local zoning pursuant to the UDC Act. The Zoning Resolution overrides are provided in the Design Guidelines.

## **X. Exhibits**

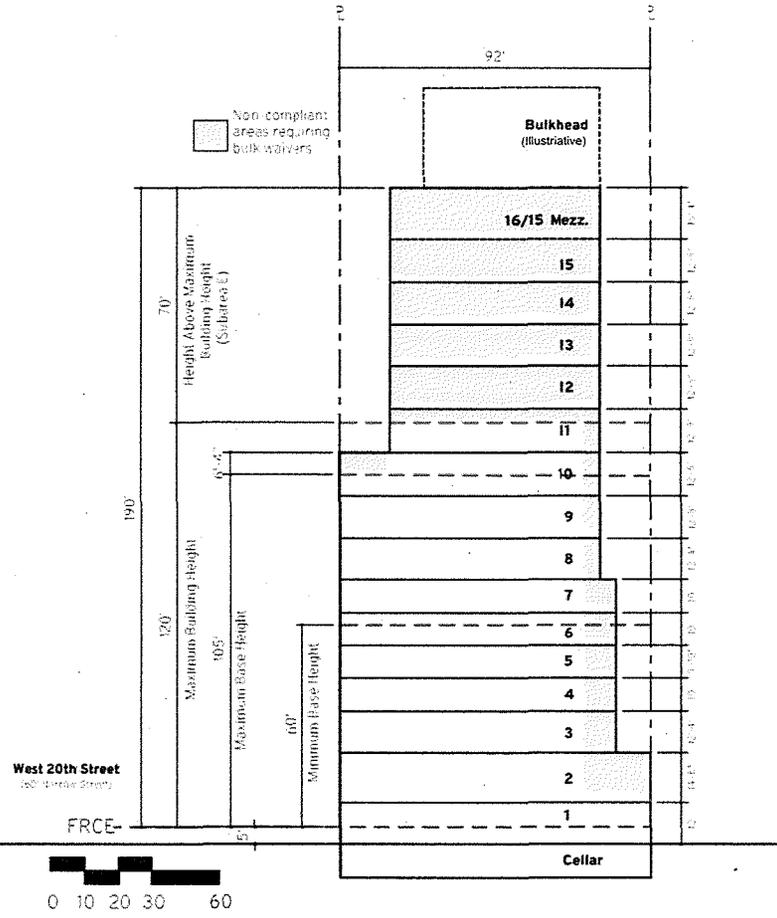
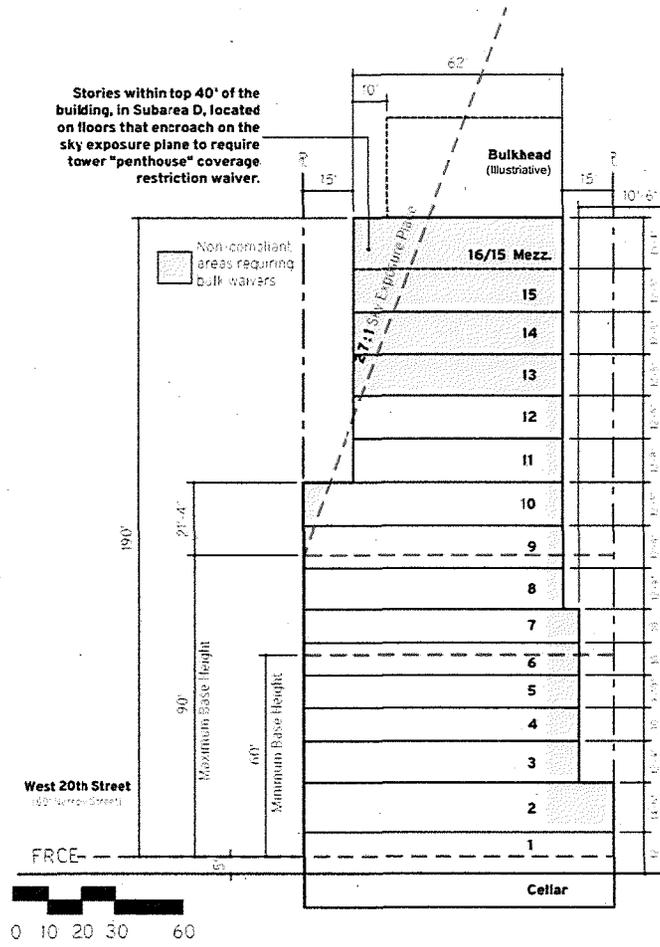
# A. Project Location Map



## B. Illustrative Site Plan



# C. Illustrative Waivers Diagram



## D. Design Guidelines





**Empire State  
Development**

**New York State Urban Development Corporation  
d/b/a Empire State Development**

**Design Guidelines**

**For:**

*The Women's Building*

**Civic and Land Use Improvement Project**

**June 15, 2016**

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- II-6 Bulk Controls, Required Setbacks – Parcel B

## 1.0 SITE WIDE DESIGN GUIDELINES

The Project shall be developed in conformance with the General Project Plan (GPP) and the Design Guidelines outlined herein, which shall apply in lieu of the New York City Zoning Resolution, unless otherwise noted. The construction, or alteration, of all buildings shall conform to all other applicable statutory or regulatory requirements, including the applicable New York City Codes at the time of the plan review of any proposed building or proposed alteration.

Certain terms and concepts used in these Design Guidelines are based upon and are intended to have the same meaning as similar terms and concepts contained in the NYC Zoning Resolution, and where so identified, those provisions of the NYC Zoning Resolution shall be incorporated by reference in these Design Guidelines.

Existing buildings, or portions thereof, to remain as part of the Project, may be altered, providing the resulting alterations do not bring any existing building, or portion thereof, in non-compliance with the Design Guidelines outlined herein.

### 1.1 DEFINITIONS

The diagrams complement the text; the diagrams are as binding as if fully described in the text.

#### 1.1a Rules for Construction of Language

The word "shall" or "required" is always mandatory and not discretionary. The word "may" or "permitted" is discretionary.

#### 1.1b Definitions

All *italicized* terms herein as defined in the Zoning Resolution shall apply, except those underlined terms listed and defined below:

"Accessory Use" or "Accessory": An "accessory use":

- (a) is a *use* conducted on the same *zoning lot* as the principal *use* to which it is related (whether located within the same or an *accessory building or other structure*; and
- (b) is a *use* which is clearly incidental to, and customarily found in connection with, such principal *use*; and
- (c) is either in the same ownership as such principal *use*, or is operated and maintained on the same *zoning lot* substantially for the benefit or convenience of the owners, occupants, employees, customers, or visitors of the principal *use*.

When "accessory" is used in the text, it shall have the same meaning as "accessory use."

An "accessory use" is a use conducted on the same zoning lot as the principal use to which it is related; and it is a use which is clearly incidental to, and customarily found in connection with, such principal use.

"Floor area": the sum of the gross areas of the several floors of a building measured from the exterior faces of exterior walls or from the center lines of walls separating two buildings. In particular, "floor area" includes:

- (a) *basement* space;
- (b) elevator shafts or stairwells at each floor;
- (c) floor space in penthouses;
- (d) attic space providing structural headroom of 8'-0" or more;
- (e) floor space in interior mezzanines or bridges;
- (f) floor space in accessory buildings, except for floor space used for accessory off-street parking;
- (g) floor space used for accessory off-street parking spaces provided in any *story* after June 30, 1989, which is located more than 23 feet above *base plane* in any other building;
- (h) floor space used for accessory off-street loading berths in excess of 200 percent of the amount required by the applicable district regulations;

However, the "floor area" of a *building* shall not include:

- 1) *cellar* space, except that *cellar* space used for retail shall be included for the purpose of calculating requirements for accessory off-street parking spaces, accessory bicycle parking spaces and accessory off-street loading berths;
- 2) elevator or stair bulkheads, accessory water tanks, or cooling towers;
- 3) uncovered steps;
- 4) attic space providing structural headroom of less than 8'-0";
- 5) floor space in open or roofed terraces and exterior balconies;
- 6) floor space used for accessory off-street parking;
- 7) floor space used for accessory off-street loading berths;
- 8) floor space used for mechanical equipment;
- 9) exterior wall thickness in new buildings, up to eight inches, where such above-grade exterior walls of the building envelope are more energy efficient than required by the New York City Energy Conservation Code (NYCECC);
- 10) exterior wall thickness in existing buildings, up to eight inches, added to the exterior or interior of any exterior building wall, provided the added wall thickness has a thermal resistance (R-value) of at least 1.5 per inch;
- 11) floor space in a rooftop greenhouse permitted pursuant to Section 1.3b (Special requirements for Rooftop Greenhouses); and
- 12) floor space in exterior balconies or in open or roofed terraces.

## 1.2 PARCEL PLAN

The GPP establishes two Parcels within a single *zoning lot* for the Project as indicated in Figure II-2, Parcel Plan. Table I-1, Bulk and Use controls, provides a summary by parcel of: *lot area*, *floor area ratio* (FAR), total floor area, minimum base height, maximum base height, and maximum building height, required *rear yard*, and required *rear yard setbacks*. Table I-2, the Summary of Program, may be modified subject to review and approval by ESD.

## 1.3 PERMITTED USES

### 1.3a Permitted Uses for the Project

All the permitted as-of-right uses in the Zoning Resolution shall apply to the Project, except as otherwise modified or restricted by these Design Guidelines.

Within all Parcels, the following uses shall not be permitted:

- *Residential* use (UG 2); and
- *Transient Hotel Accommodations* (UG 5).

Within all Parcels, following modifications of uses permitted as-of-right, or otherwise not permitted, under the Zoning Resolution shall be permitted as-of-right and without a City Planning Commission Certification or a Board of Standards and Appeals special permit for the Project:

- Open Rooftop uses, accessory to *Community Facility uses* (UG 4B);
- Rooftop Greenhouses (UG 4B);
- Bakeries (limited up to 1,000 square foot of floor area used for production; UG 6A);
- Open Rooftop uses, accessory to Eating and Drinking Establishments, with entertainment and under 200 person capacity (UG 6C);
- Open Rooftop uses, accessory to *Commercial uses* (UG 6F);
- Physical Cultural Establishments (PCE; UG 9); and
- Catering establishments (UG 13B).

### 1.3b Special requirements for *Rooftop Greenhouses*

A rooftop greenhouse shall be excluded from the definition of *floor area* and may exceed *building* height limits as per Section 1.7a (Permitted Obstructions), providing such rooftop greenhouse complies with the following criteria:

- a) will only be used for cultivation of plants, or primarily for cultivation of plants when accessory to a *community facility use or for commercial use*;
- b) is no more than 25 feet in height;
- c) has roofs and walls consisting of at least 70 percent transparent materials, except as permitted pursuant to paragraph (f)(3) of this Section;
- d) where exceeding *building* height limits, is set back from the perimeter wall of the *story* immediately below by at least six feet on all sides; and
- e) has been represented in plans showing:
  - 1) the area and dimensions of the proposed greenhouse, the location of the existing or proposed *building* upon which the greenhouse will be located, and access to and from the *building* to the greenhouse;
  - 2) that the design of the greenhouse incorporates a rainwater collection and reuse system; and
  - 3) any portions of the greenhouse dedicated to office or storage space accessory to the greenhouse, which shall be limited to 20 percent of the floor space of the greenhouse, and shall be exempt from the transparency requirement in paragraph (d) of this Section.

#### **1.4 BULK**

The underlying bulk regulations in the Zoning Resolution shall apply, except as modified by the GPP. The GPP controls are made more specific herein by providing a summary by parcel of: *lot area, floor area ratio (FAR), total floor area, minimum base height, maximum base height, and maximum building height, required rear yard, and required rear yard setbacks* on each parcel. All heights shall be measured from the *base plane*.

#### **1.5 FLOOR AREA RATIO**

For permitted *floor area ratio (FAR)* on each parcel as established in the GPP shall not exceed 7.5 FAR. Increases in permitted floor area pursuant to bonuses in the Zoning Resolution shall not apply. The distribution of floor area may be allocated anywhere within the *zoning lot* without regard for Parcel boundary lines.

#### **1.6 REQUIRED STREET WALL**

Within Parcel B, the required *street wall* shall be provided as depicted in Figure II-3.

#### **1.7 MAXIMUM BUILDING HEIGHT AND REQUIRED SETBACKS**

For permitted maximum building heights and required setbacks on each parcel, as established in the GPP, refer to Table I-1 and Bulk Control Plans Figure II-6. The following are permitted obstructions which may penetrate the applicable *sky exposure plane* in Parcel A or the maximum height limit in Parcel B by 30 feet, unless otherwise indicated below.

##### **1.7a Permitted Obstructions**

The underlying Zoning Resolution regulations for permitted obstructions shall apply. However, the following additional obstructions shall be permitted and may thus penetrate the *sky exposure planes* in Parcel A or the maximum height limit in Parcel B, as set forth in Section 1.7b (Minimum and Maximum Building Heights):

- a) Elevator or stair bulkheads (including shafts; and vestibules not larger than 60 square feet in area providing access to a roof), roof water tanks and accessory mechanical equipment (including enclosures), other than solar or wind energy systems, provided that:
  - 1) such obstructions shall be located not less than 10 feet from the *street wall* of a *building*, except that such obstructions need not be set back more than 25 feet from West 20<sup>th</sup> Street or more than 20 feet from Eleventh Avenue. However, such restrictions on location shall not apply to elevator or stair bulkheads (including shafts or vestibules), provided the *aggregate width of street walls* of such bulkheads within 10 feet of a *street wall*, facing each *street* frontage, times their average height, in feet, does not exceed an area equal to four times the width, in feet, of the *street wall* of the *building* facing such frontage;
  - 2) all mechanical equipment shall be screened on all sides;
  - 3) such obstructions and screening are contained within a volume that complies with one of the following:
    - (i) the product, in square feet, of the *aggregate width of street walls* of such obstructions facing each *street* frontage, times their average height, shall not exceed an area equal to eight times the width, in feet, of the *street wall* of the *building* facing such frontage; or
    - (ii) the *lot coverage* of all such obstructions does not exceed 20 percent of the *lot coverage* of the *building*, such obstructions are limited to a maximum height of 30 feet.

For the purposes of this paragraph, (f), *abutting buildings* on a single *zoning lot* may be considered to be a single *building*;

- b) finished roof surface of such *building*, provided the *enlarged* portion does not exceed the maximum height limit by more than eight inches;
- c) Rooftop greenhouses, permitted pursuant to Section 1.3b (Special requirements for Rooftop Greenhouses).
- d) Skylights, clerestories or other daylighting devices, not more than four feet in height, as measured from the maximum height limit, or the finished level of the roof as it existed on April 30, 2012, whichever is higher. Such devices shall be limited to a *lot coverage* not greater than 10 percent of the *lot coverage* of the roof and be located at least eight feet from the *street wall* edge. However, such

devices shall not be permitted obstructions above a roof with a slope greater than 20 degrees;

e) Solar energy systems:

- 1) on the roof of a *building*, up to four feet in height, as measured from the maximum height limit, or the finished level of the roof, whichever is higher; and
- 2) such solar energy system design shall be reviewed and approved by ESD prior to filing with the Department of Buildings; and

f) Wire or other transparent fences.

In addition, the following shall not be permitted obstructions:

- a) Banners, Flagpoles or aerials;
- b) Rooftop signage; and
- c) Solar Energy systems, unless approved by ESD;

### **1.7b Minimum and Maximum Building Heights**

The provisions set forth in this Section shall apply to all *buildings or other structures*. Such provisions shall apply to existing buildings, except for minimum base heights, providing no alteration or enlargement of an existing building shall create a non-compliance with these Design Guidelines.

a) Parcel B – Special Regulations

1) Minimum and Maximum Base Heights

The minimum base height for any portions of *buildings or other structures* within shall be 60 feet. The maximum base height for any portions of *buildings or other structures* shall be 120 feet.

2) Required Setbacks

All portions of *buildings or other structures* that exceed the applicable maximum base height specified in this Section shall provide a setback at a height not lower than the applicable minimum base height. A setback with a depth of at least 15 feet shall be provided from any *street wall* fronting on West 20<sup>th</sup> Street, except such dimensions may include the depth of permitted recesses in the *street wall*.

3) Maximum Building Height

The maximum building height for any portion of any *buildings or other structures* shall be 190 feet.

### **1.8 YARD REGULATIONS**

For all Parcels, Front and Side Yard are not required. Rear Yards are required as set forth in Figure II-3.

On Parcel B, no portion of a *building or other structure* above a height of 75 ft shall be nearer to a rear yard line than 4.5 ft.

### **1.9 LOT COVERAGE**

There are no *lot coverage* requirements for *buildings* or other structures containing only *community facility and/or commercial uses*.

### **1.10 ROOF MECHANICAL**

Roof mechanical equipment: shall be screened; material and design to be consistent with the building architecture. Chain link fences are not permitted.

### **1.11 PERMITTED PARKING AND LOADING REQUIREMENTS**

Permitted accessory parking and permitted loading berths shall be permitted as per the Zoning Resolution. There shall be no required accessory parking space or required loading berths pursuant for the Project.

### **1.12 CURB CUT REGULATIONS**

The maximum width of a *curb cut* zone shall be 15 ft for one-way traffic and 25 ft for two way traffic. A maximum of 2 curb cuts are permitted per *curb cut* zone. These *curb cut* requirements shall be in addition to any other applicable City rules or regulations concerning driveway curb cuts. When permitted, *curb cuts* are to be kept to a minimum size and number. For all Parcels, no curb cuts shall be permitted within 50 ft of the intersection of two *street lines*. For specific locational requirements refer to Figure II-2.

### **1.13 STREETScape**

Developer is required to provide streetscape work including sidewalk paving, trees, and other items and to prepare final Builder's Pavers Plans to ESD and to NYC DOT and other agencies as required, for approval.

### **1.14 SIGN GUIDELINES**

Permitted *signs* shall be permitted as per the Zoning Resolution, unless otherwise modified herein. *Advertising signs* shall not be permitted.

#### **1.14a Non-illuminated signs**

The maximum surface area for non-illuminated signs along West 20<sup>th</sup> Street shall be 3 times the length of the *zoning lot street frontage*.

The maximum surface area for non-illuminated signs along Eleventh Avenue shall be 5 times the length of the *zoning lot street frontage*.

The maximum surface area for non-illuminated signs along a street wall articulation, at the intersection of 20<sup>th</sup> Street and 11<sup>th</sup> Avenue, for existing buildings shall be 8 times the length of such articulated wall length.

#### **1.14b Illuminated signs**

The maximum surface area for illuminated signs shall be 300 square feet for each street frontage of the zoning lot, providing that no illuminated signs directly face any existing building with *residences*, including loft dwellings and *joint live work quarters for artists*. Flashing signs shall not be permitted.

#### **1.14c Multi-faceted Signs and Height of Signage**

The maximum surface area for multi-faceted signs shall be 200 square feet per facet and a maximum projection of 4 feet from the *building street wall*. The maximum height of any sign projecting from any *building street wall*, shall be 87 feet, measured above *base plane*, with a maximum length not to exceed 50 feet.

General Project Plan

Table I-1

Parcel Descriptions

Bulk and Use Controls

Parcel	Lot Area (Approx.)	FAR	Total Zoning Floor Area (1)	Building Heights (ft)			Req'd Rear Yard	Req'd Rear Yard Setback	Other Requirements
				Min. Base	Max. Base	Max. Building			
A	11,153	7.5	103,553	60.0	90.0	250.0	10.5(2)	n/a	
B	4,646	7.5	14,940	60.0	120.0	190.0	10.5(2)	+ 4.5	
Total	15,799	7.5	118,493						

(1) Zoning Floor Area can be allocated anywhere on the zoning lot without regard to Parcel boundaries (Section 1.5).

(2) Existing rear yard shall be provided in accordance with Figure II-2 (Section 1.8a).

General Project Plan  
**Table I-2**  
**Parcel Descriptions**  
**Summary of Program**

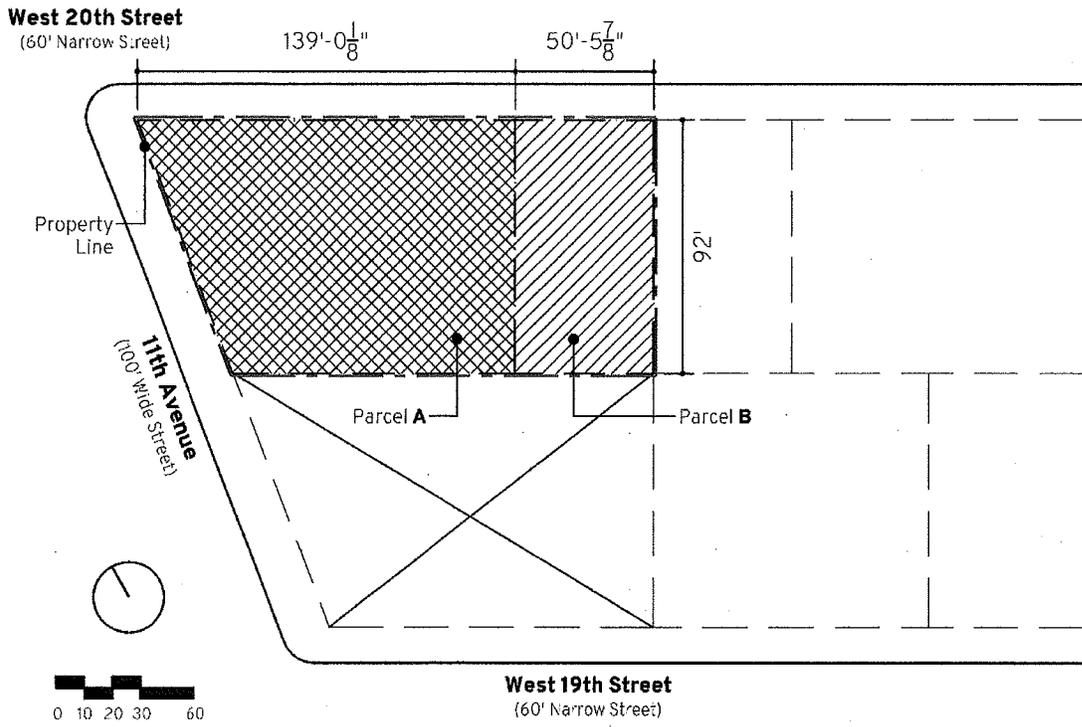
Type	Use Group	Description	Area (Gross) <sup>(2)</sup>
Office	4	Office Space Non-Profit	42,000
Office	6	Office Space For-Profit	9,000
Community	3 & 4 (1)	Operations/ Mechanical (HVAC)/ Circulation/ Storage/ BOH	35,000
Community	3 & 4 (1)	Gardens and Roof event space	8,000
Community	4	Multi-use/ Event/ Flex Space	9,000
Health Clinic	4	Health Clinic/ Wellness/ Pool/ Gym	10,000
Community	4	Childcare Facilities	5,000
Retail	6	Restaurant/ Café	6,000
Community	3 & 4 (1)	Atrium, Lobby, Lounge, Help Desk, Common Spaces	5,000
Community	4	Art Gallery	1,175
		<b>Maximum Total Project Program</b>	<b>130,175</b>

(1) Accessory use.

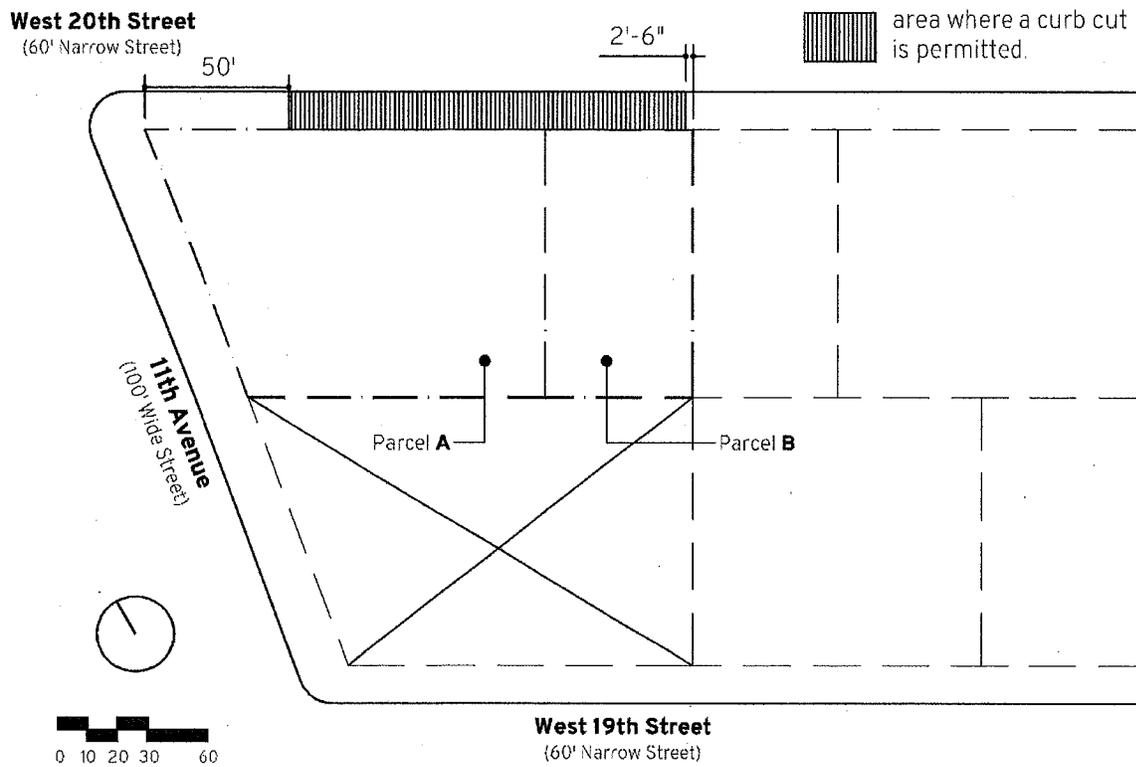
Note: The Project is not restricted to the Use Groups and program areas in this Summary of Program table. The Project is permitted to include uses, as indicated in the Design Guidelines (Section 1.3 Permitted Uses).

(2) Area (Gross). All figures are approximate and subject to change. Material changes are subject to ESD approval.

General Project Plan  
Figure II-1  
Parcel Plan



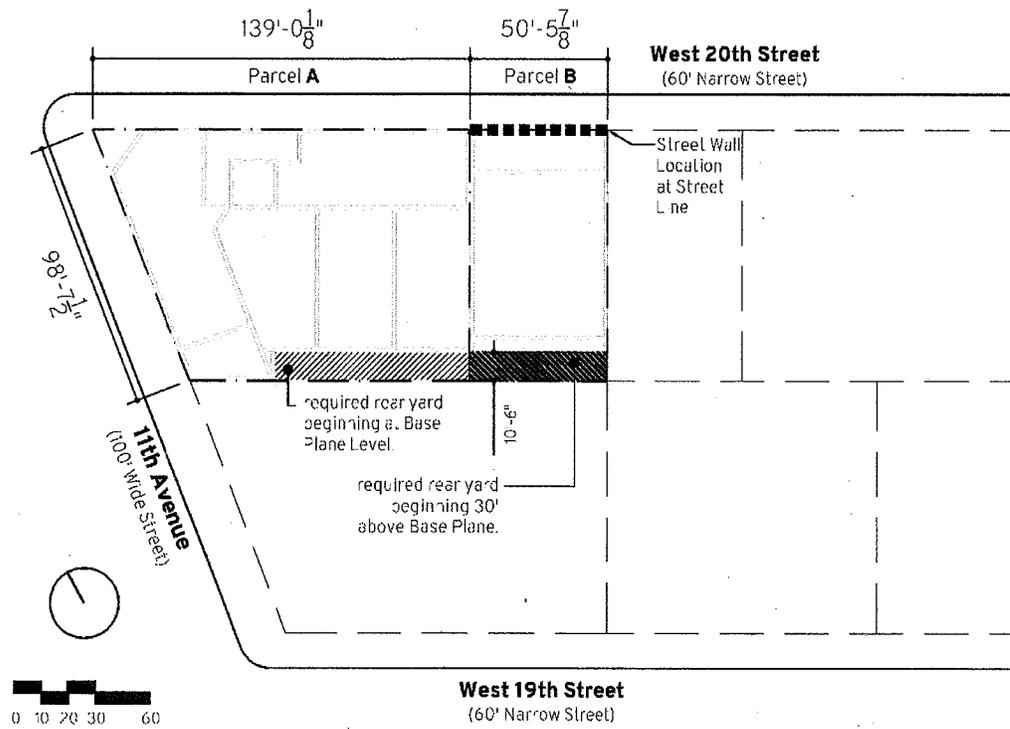
General Project Plan  
Figure II-2  
Curb Cut Zone



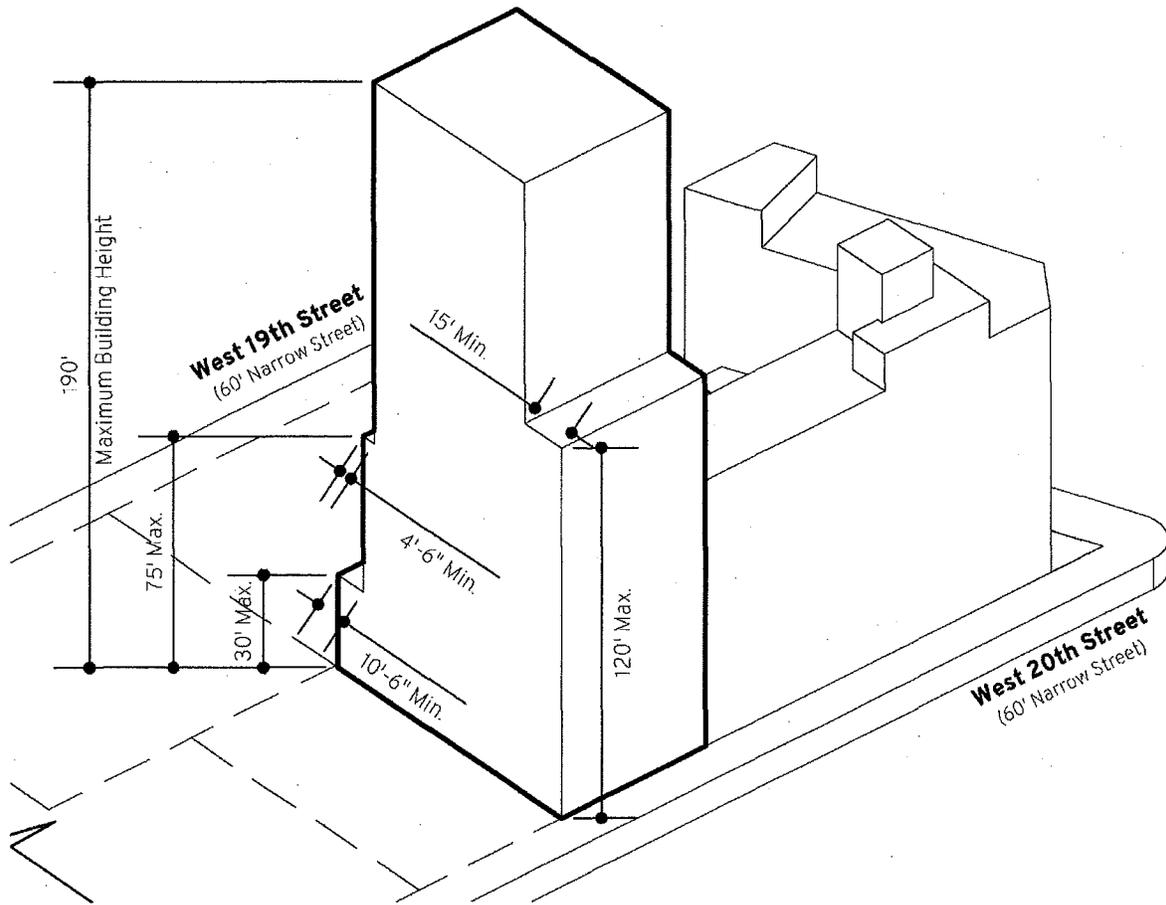
General Project Plan

Figure II-3

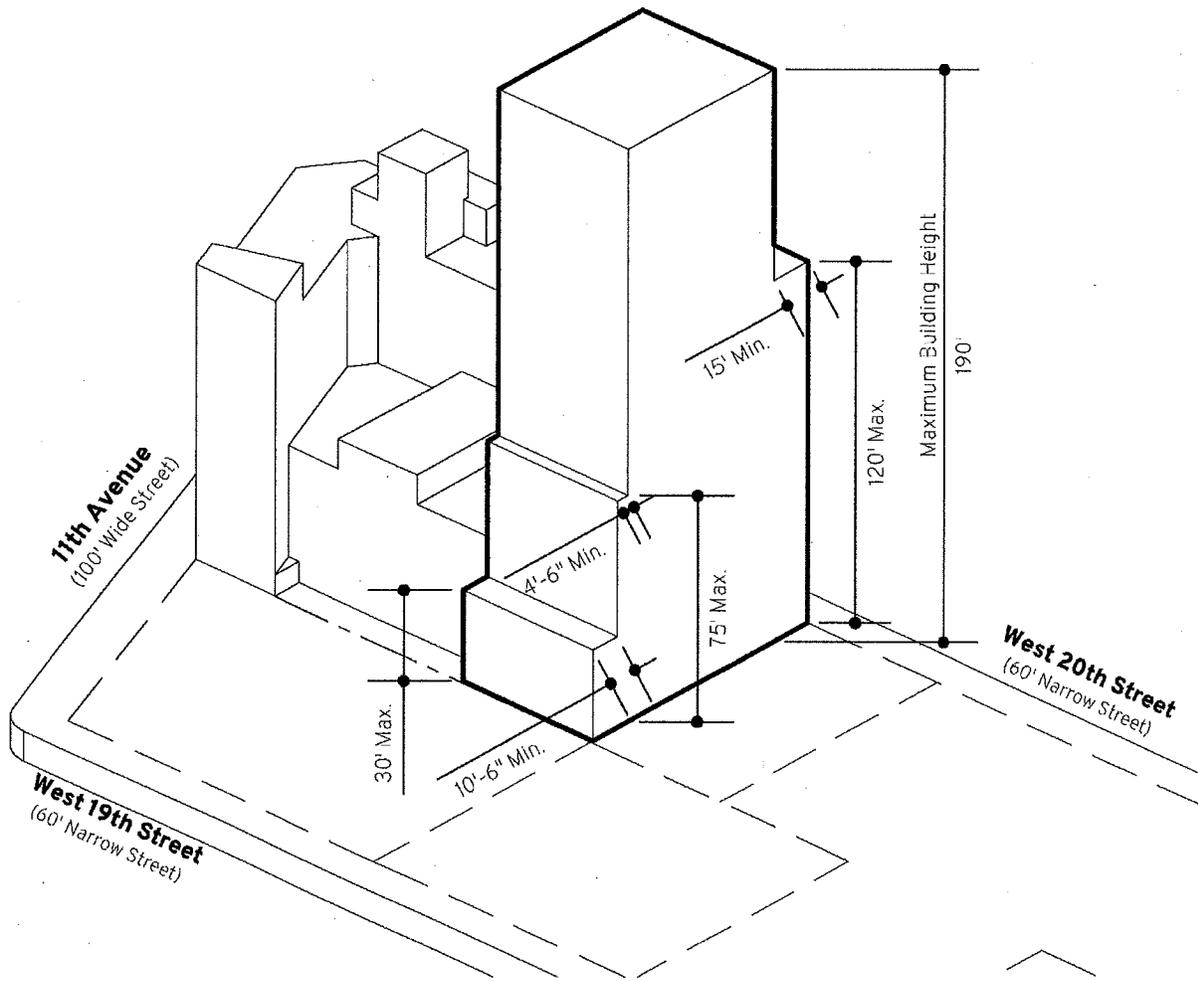
Rear Yard and Required Street Wall Diagram



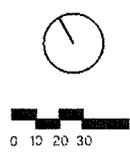
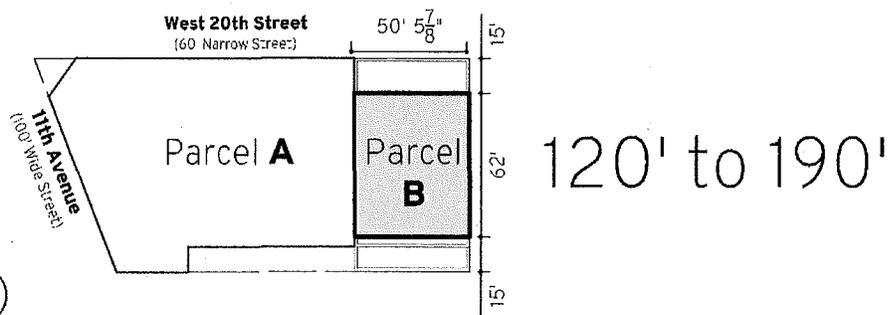
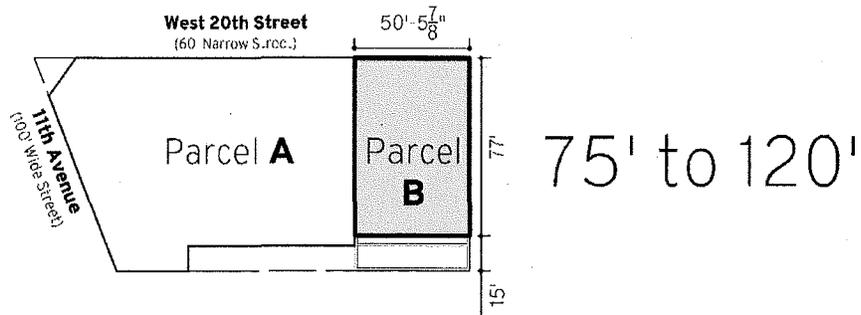
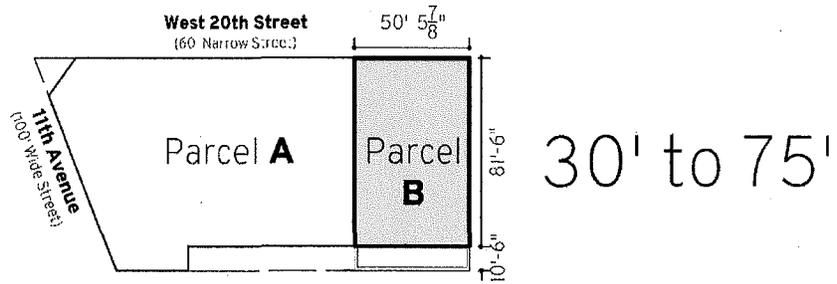
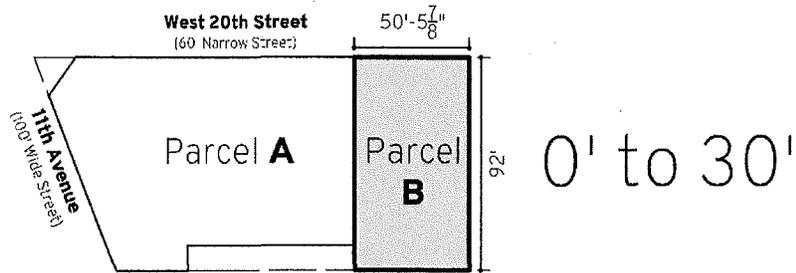
General Project Plan  
Figure II-4  
Axonometric View, North  
Parcel B



General Project Plan  
Figure II-5  
Axonometric View, South  
Parcel B



General Project Plan  
**Figure II-6**  
**Bulk Controls, Required Setbacks – Parcel B**



permitted floor plate dimensions  
 and locations at cited heights



**FOR CONSIDERATION**

June 23, 2016

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Military Base Consulting Services

REQUEST FOR: Authorization to Enter into a Contract for Military Base Consulting Services;  
Authorization to Take Related Actions

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**CONTRACT NEED AND JUSTIFICATION**

**I. CONTRACT SUMMARY**

Contractor: Baker, Donelson, Bearman, Caldwell & Berkowitz

Scope of Services: Support installation assessments; advice on the State's Retention and Development Program; inventory and analysis of State other assets; and preparation and support of State military priorities

Contract Term: One base year of nine months plus two full option years

Contract Amount: Base year (nine months): Not to exceed \$ 252,945\*  
Option year one: Not to exceed \$ 337,260\*  
Option year two: Not to exceed \$ 403,260\*  
(\* All amounts are inclusive of a 10% contingency)

Funding Source(s): Local Assistance – Military Base Retention

**II. BACKGROUND**

According to the most recent data released by the Bureau of Economic Analysis, New York State military bases account for approximately **58,000 full-time and part-time jobs**, providing **\$2.2 billion of wages and salaries** to employees. New York State's primary military installations include:

- Niagara Falls Reserve Station
- Fort Drum, Watertown
- Air Force Research Laboratory, Rome
- Eastern Area Defense Sector, Rome
- Defense Finance Accounting Service, Rome

- Stratton Air National Guard Base, Scotia
- Hancock Field, Air National Guard Base, Syracuse
- Watervliet Arsenal, Albany
- West Point
- Fort Hamilton, Brooklyn
- Stewart Air National Guard Base, Newburgh
- Gabreski Air National Guard Base, Westhampton

The economic benefits created by New York State military installations have been and continue to be threatened by the Department of Defense's ongoing budgetary constraints, force structure adjustments, and successive rounds of Base Realignment and Closure (BRAC). As a result, ESD has previously sought and retained the services of a Consultant with military base economic development experience to identify growth opportunities and retention strategies that keep New York State military installations as economic contributors and job generators for the State. Following a recent contract approved by the ESD Board, which began in September 2013 and recently expired, ESD's need for these services continue, and staff is recommending the contract described herein.

### III. SCOPE OF SERVICES

The responsibilities of the Consultant shall include, but not be limited to the following:

- A. Support Installation Assessments.**
  1. Inform iterative assessments of all New York bases and the economic and demographic analyses of areas surrounding each base in relation to the State's retention and growth strategy.
  2. Provide recommended updates to the State's strategic plan to retain installations and attract new missions.
  3. Provide analyses, reports and other information on competing installations in other states.
- B. Advise on the State's Retention and Development Program.**
  1. Inform the State's retention and development plan for each major military installation, including strategy to increase visibility of and support for the bases.
  2. Explore new mission opportunities for the bases including compatible missions from federal agencies other than the Department of Defense.
    - a. Opportunities identified for Air Force bases should give priority to missions related to air cargo, fueling or other operations utilizing the airfield, hangars and other support facilities.
  3. Provide information and support up the chain of command in each military service as bases are evaluated.
- C. Identify and Analyze other State Assets.**
  1. Prepare an inventory and analysis of State assets such as universities, private sector businesses and industries that could help position the State for new missions and defense-related investments.
- D. Prepare and Support State Military Priorities.**

Under direction of the Washington Office of the Governor ("Washington Office") and the State's top military official, The Adjutant General of the New York National Guard ("Adjutant General of NY National Guard"):

1. Provide support for tours of military bases by members of Congress and relevant federal officials.
2. Assist Washington Office in maintaining a military base priorities list.
  - a. Provide support for this list so that State bases receive available funding.
  - b. Assist the State in preparing requests to the NY congressional delegation for defense authorization bill and report language and defense appropriations program funding to support base retention / growth priorities.
3. Help the State pursue Homeland Security and other defense related funding opportunities.
4. Provide military expertise to State government officials on issues affecting State bases and on defense issues that may impact other State agencies.
5. Support event participation and Washington visits by senior officials from the State and base community leaders as identified by the State. Set up appointments with key military agency personnel and House/Senate members and staff who are decision-makers for State military bases.
6. Monitor and seek to influence the work of any BRAC or BRAC-like efforts for the benefit of New York State.

#### **IV. SELECTION PROCESS**

On May 2, 2016, ESD issued a Request for Proposals (RFP) for "Military Base Consulting Services To Assist New York State in Retaining Jobs Through the Retention and Expansion of Military Bases." The RFP for this opportunity was advertised on the ESD website and in the New York State Contract Reporter.

ESD received one proposal in response to the RFP from Baker, Donelson, Bearman, Caldwell & Berkowitz ("Baker Donelson"). The proposal was subsequently reviewed and deemed to be satisfactory by staff from ESD and the Washington Office of the Governor.

Baker Donelson has provided military base consulting services to ESD since September 2013 after winning a prior RFP issued in July 2013. Under that RFP, Baker Donelson was selected over several competing firms as being both the highest-qualified and lowest-priced provider. ESD issued the 2013 RFP following the dissolution of its former provider of military base consulting services, which potentially accounted for the greater level of market interest at the time.

Between 2013 and 2016, ESD completed a base year and two option years with Baker Donelson at a total value not to exceed \$984,480. Both ESD and the Washington Office remain pleased with the services provided by Baker Donelson and their results in identifying growth opportunities and retention strategies for New York State military installations. Due in part to such services, as one example, under a plan announced by the U.S. Army in July 2015 to reduce the size of its force by 40,000 soldiers, a reduction in force of only 28 was proposed for Fort Drum. The newest contract proposal by Baker Donelson's base year also carries a monthly base rate of \$25,000 (excluding reimbursable expenses and contingency), a \$5,000 monthly savings from the \$30,000 monthly rate in the most recent contract year.

**V. CONTRACT TERM, PRICE AND FUNDING**

The proposed term of the contract is a nine-month base year—July 2016 – March 2017 – with two options at ESD’s sole discretion to renew the contract annually for up to an additional two (2) full years. For the initial base period, the contract is not to exceed \$252,945 (inclusive of a ten percent contingency). For the option years, total contract amounts are not to exceed \$337,260 for option year one and \$403,260 for option year two (with both option years inclusive of a ten percent contingency). The total contract value, if all option years are exercised, is therefore not to exceed \$993,465.00 (inclusive of a ten percent contingency).

The contract will be funded from Local Assistance – Military Base Retention.

**VI. RESPONSIBLE PARTIES**

Pursuant to State Finance Law Section 139-j and 139-k and ESD’s policy related thereto, staff has (a) considered the ability of Baker Donelson to perform the services as set forth in these materials, and (b) consulted the list of offerers determined to be non-responsible bidders and debarred offerers maintained by the New York State Office of General Services. Based on the foregoing, staff finds Baker Donelson to be responsible.

**VII. STATUTORY BASIS – LOCAL ASSISTANCE – Military Base Retention**

The funding was authorized in the 2016-2017 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

**VIII. NON-DISCRIMINATION AND CONTRACTOR AND SUPPLIER DIVERSITY**

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority-and women-owned businesses (MWBES) in the performance of ESD projects. For purposes of this project, however, goals will not be established due to the lack of availability of certified MWBES for performance of this Contract.

**IX. ENVIRONMENTAL REVIEW**

ESD staff has determined that the requested authorization constitutes a Type II action as defined by the New York State Environmental Quality Review Act and the implementing regulations for the New York State Department of Environmental Conservation. No further environmental review is required.

**X. REQUESTED ACTIONS**

The Directors are requested to authorize the Corporation to enter into a contract with Baker Donelson. For the initial term, the contract amount is not to exceed \$252,945 (inclusive of a ten percent contingency). For the option years, total contract amounts are not to exceed: \$337,260 in option year

one, \$403,260 in option year two (with each option year inclusive of a ten percent contingency). The total contract value, if all option years are exercised, is not to exceed \$993,465 (inclusive of a ten percent contingency). The Directors are being requested to delegate to the President and Chief Executive Officer the authority to exercise option years for this contract on behalf of ESD.

**XI. RECOMMENDATION**

Based on the foregoing, I recommend approval of the requested actions.

**ATTACHMENTS**

Resolution

June 23, 2016

**EMPIRE STATE DEVELOPMENT – Military Base Consulting Services - Authorization to Enter into a Contract for Military Base Consulting Services; Authorization to Take Related Actions**

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BE IT RESOLVED, that based on the materials presented at this meeting (the "Materials"), a copy of which is hereby ordered filed with the records of the Corporation, the Corporation hereby finds Baker, Donelson, Bearman, Caldwell & Berkowitz to be responsible; and be it further

RESOLVED, that in accordance with the Materials, the Corporation is hereby authorized to enter into a contract for Military Base Consulting Services up to the amount of \$993,465 (inclusive of a ten percent contingency) for a term not to exceed one base year of nine months plus two full option years substantially on the terms and conditions, as set forth in the Materials; and be it further

RESOLVED, that the President, or his designee, be and they hereby are authorized and empowered to exercise on behalf of the Corporation one or both of the option years provided for herein and to take such other action and execute such documents as may be necessary or appropriate to carry out the foregoing Resolutions.

\* \* \*

**FOR CONSIDERATION**

June 23, 2016

**TO:** The Directors

**FROM:** Howard A. Zemsky

**SUBJECT:** Procurement for Consulting Services – Buffalo Investment Development Strategy

**REQUEST FOR:** Authorization to Enter into a Contract for Consultant Services relating to the Buffalo Strategy Implementation Support Services; and Authorization to Take Related Actions

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**CONTRACT NEED AND JUSTIFICATION**

**I. Contract Summary**

**Contractor:** The Research Foundation for SUNY on behalf of the University at Buffalo (the “Consultant”)

**Scope of Services:** Consultant to provide full-service project management services for implementation support of the critical Buffalo Billion projects and initiatives

**Contract Term:** 12 months, with option to extend/renew for an additional 12 months

**Contract Amount:** Not to exceed \$750,000

**Funding Source(s):** Buffalo Regional Innovation Cluster re-appropriation authorized pursuant to the 2016-17 State budget.

**II. Background**

In 2012, Governor Cuomo pledged a historic \$1 billion for the economic redevelopment of the Buffalo/Niagara Region. As a result of this commitment, the community came together and developed a plan for how Western New York can best use the Governor’s pledge to stimulate

private investment, create jobs, and accelerate growth. The Governor has tasked ESD's Western New York office to lead the development and implementation of the Buffalo Billion Investment Strategy. In collaboration with the Western New York Regional Economic Development Council and several metropolitan development experts, and with the expertise of an outside consultant previously retained by ESD, McKinsey & Company, Inc., the Buffalo Billion Plan has been created (the "Plan").

The Plan is simple: the region will draw upon the collective capacity of the public, private, and nonprofit sectors to make better use of Buffalo's world class assets; elevate Buffalo's relative areas of strength with investment in workforce and innovation that could transform its ability to compete; and create opportunities for new ideas and sectors to be born and to flourish in an environment designed for business development.

Implementation of the Buffalo Billion plan is well underway. In May of 2013, the ESD Board approved contracting for a "Delivery Unit" to support the implementation of the Buffalo Billion Investment Plan. The contract was with the Consultant for a one year term. Thereafter, in June of 2014, the Contractor was again selected through a competitive request for proposal process to provide support services for an additional two year period. Upon expiration of the current Delivery Unit Contract in June 2016, ESD is seeking a contractor to provide on-going implementation support of the critical Buffalo Billion projects and initiatives for one year. At the Corporation's option, the term may be extended for another year at the Consultant's same rates.

### III. Contractor Selection Process

On April 22, 2016, ESD advertised a Request for Proposal ("RFP") in the New York State Contract Reporter seeking a consultant for Buffalo Investment Strategy Implementation Support Services. A total of one (1) submission was received by the deadline submission date of May 16, 2016.

Staff from ESD reviewed the submission based on the following criteria:

- Experience (30 points). Demonstrated experience of the firm and staff assigned to this project in developing a regional business development strategy based on rigorous market analysis, best practices transformative economic strategies that include operational and financial plans for investment and implementation.
- Ability to perform the required services (30 points). Evaluation of approach proposed to accomplish the Scope of Services and ability to perform scope in given timeframe. Demonstrate that the agency has sufficient capabilities, resources and staff to deliver high quality services on a short time frame and within budget.
- Consulting Approach (20 points). How well the bidder meets the qualification requirements included in the RFP.

- Diversity Practices (5 Points). Commitment by consultant to workforce diversity.
- Cost (20 points). Evaluation of completed budget submitted with the proposal.

Based on a review of the proposal, the Research Foundation for SUNY on behalf of the University at Buffalo was determined to be qualified to provide the services requested and provides the best value to the Corporation. The Consultant is a not-for-profit corporation associated with the University at Buffalo School of Architecture and Planning. It has robust capacities in planning policy analysis, public process, communications and project implementation across relevant topics including urban design, land use and transportation, economic development, labor market/workforce, cross border trade, regional governance, education and cultural tourism.

The proposal submitted by this Consultant provided a well balanced approach to the tasks required and its staff has broad experience in supporting economic development initiatives in Western New York. Moreover, the consultant was a core member of the original working team that helped develop the Plan and has been providing support services under contract with ESD for the last three years.

Pursuant to State Finance Law Section 139-j and 139-k and the Corporation's policy related thereto, staff has: a) considered proposed consultant's ability to perform the services provided for in the proposed contract; and b) consulted the list of offerers determined to be non-responsible bidders and debarred offerers maintained by the New York State Office of General Services. Based on the foregoing, staff considers the proposed consultant to be responsible.

#### IV. Scope of Work

The Consultant will provide the following services:

1. The WNY Regional Economic Development Council
  - a. Objectives:
    - i. Ensure synergies across strategies are achieved
    - ii. Ensure the goal (transforming the economy) and total impact are achieved
  - b. Key Tasks:
    - i. Analyze performance and recommend strategy/initiative adjustments
2. Buffalo Billion Delivery Unit
  - a. Objectives:
    - i. Ensure that the right funding and infrastructure is in place for delivery of Signature Initiatives
    - ii. Support the Council by providing objective information and advice on progress

- iii. Support the execution of Signature Initiatives through advice and assistance in implementation
- iv. Communicate transformation to public
- v. Responsible for budget requests going forward

b. Key Tasks:

- i. Identify sufficient funding sources to meet Signature Initiative needs
- ii. Create and train team
- iii. Create and embed tools and routines
- iv. Commence problem solving assistance on Signature Initiatives
- v. Commence tracking and monitoring
- vi. Provide direct implementation services to initiatives as needed to augment "Signature Initiative Owners;" primarily around
  - ❖ Workforce
  - ❖ Revitalization

V. Contract Term, Price and Funding

This contract term is expected to be twelve months for an amount not to exceed \$750,000. The source of funding for the contract will be the Buffalo Regional Innovation Cluster appropriation authorized pursuant to 2016-2017 State budget.

VI. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-discrimination and Contractor Diversity policy will apply to this Project. The Consultant shall be required to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project. The Consultant shall be required to use Good Faith Efforts to achieve an overall Minority and Women Business Enterprise ("MWBE") Participation Goal of 30% related to the total value of ESD's funding.

VII. Environmental Review

ESD staff has determined that the action, which involves market analysis and planning that does not commit the Corporation to undertake any project, constitutes a Type II action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulation for New York State Department of Environmental Conservation. No further environmental review is required in connection with the project.

VIII. Requested Action

The Directors are requested to (1) make a determination of responsibility with respect to the proposed Consultant; (2) authorize the Corporation to enter into a contract with the Research Foundation for SUNY on behalf of the University at Buffalo for an amount not to exceed \$750,000; and (3) take all related actions.

IX. Recommendation

Based on the foregoing, I recommend approval of the requested actions.

Attachment

Resolution

June 23, 2016

**NEW YORK STATE URBAN DEVELOPMENT CORPORATION – Authorization to Enter into a Contract for Consultant Services relating to the Buffalo Strategy Implementation Support Services; and Authorization to Take Related Actions**

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BE IT RESOLVED, that upon the basis of the materials presented to this meeting (the "Materials"), a copy of which is hereby ordered filed with the records of the Corporation, the Corporation hereby finds the Research Foundation for SUNY on behalf of the University at Buffalo to be responsible; and be it further

RESOLVED, that the Corporation is hereby authorized to enter into a contract with the Research Foundation for SUNY on behalf of the University at Buffalo for a total contract amount not to exceed Seven Hundred and Fifty Thousand Dollars (\$750,000) for the purposes and services, and substantially on the terms and conditions, set forth in the Materials; and be it further

RESOLVED, that the Chief Executive Officer, or other officer of the Corporation, or his or her designee be, and each of them hereby is, authorized to take such action and execute such documents as may be necessary or appropriate to carry out the foregoing resolution.

\* \* \*



**FOR CONSIDERATION**

June 23, 2016

**TO:** The Directors

**FROM:** Howard A. Zemsky

**SUBJECT:** Mission Statement and Related Performance Measures

**REQUEST FOR:** Re-Examination and Re-Adoption of Mission Statement and Related Performance Measures

---

**I. Background**

In accordance with the Public Authorities Law (the "PAL"), Empire State Development ("ESD") adopted the following Mission Statement and related Performance Measures to help ESD determine how well it is carrying out its mission. Furthermore, pursuant to the PAL, ESD must re-examine its Mission Statement and related Performance Measures annually to ensure that its mission has not changed, and the performance measures continue to support its mission. To assist the Directors in their review, the Mission Statement and related Performance Measures are set forth below.

**Mission Statement**

The mission of Empire State Development is to promote a vigorous and growing state economy, encourage business investment and job creation, and support diverse, prosperous local economies across New York State through the efficient use of loans, grants, tax credits, real estate development, marketing and other forms of assistance.

**Performance Measures**

- Customers served: number and types (private, not-for-profit) | size of entity by number of employees; MWBE status
- Financing provided and leveraged: amounts of ESD support, other public support, private investment
- Jobs projected to be retained and created
- Regional and industry breakdowns of assistance, jobs retained and created, and leveraged investment
- Capital investment made in New York State (both total and private leveraged with public assistance).

II. Requested Action

The Directors are requested to confirm their re-examination of the Mission Statement and related Performance Measures in accordance with the PAL.

III. Recommendation

Based on the foregoing, I recommend the Directors confirm their re-examination and adopt the Mission Statement and Performance Measures as presented with no amendments.

Attachment  
Resolution

June 23, 2016

**NEW YORK STATE URBAN DEVELOPMENT CORPORATION d/b/a EMPIRE STATE DEVELOPMENT –  
Mission Statement and Related Performance Measures - Re-Examination and Re-Adoption of  
Mission Statement and Related Performance Measures**

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WHEREAS, New York State Public Authorities Law §2824-a requires each authority to re-examine its Mission Statement and Performance Measures annually, therefore

BE IT RESOLVED, that the Directors hereby confirm that they have re-examined the Mission Statement and Performance Measures as previously adopted and recommend no further changes.

\* \* \*

**FOR CONSIDERATION**

June 23, 2016

**TO:** The Directors

**FROM:** Howard Zemsky

**SUBJECT:** FY 2015-2016 Performance Measurement Report

**REQUEST FOR:** Acceptance of FY 2015-2016 Performance Measurement Report

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**I. Background**

In accordance with the requirements of the Public Authorities Law (the "PAL"), the New York State Urban Development Corporation, doing business as Empire State Development ("ESD"), adopted the following Mission Statement and related performance measurements to assist ESD in determining how well it is carrying out its mission. Furthermore, pursuant to the PAL, ESD must annually create a performance measurement report that is consistent with the authority's mission statement and performance measurements.

**Mission Statement**

The mission of Empire State Development is to promote a vigorous and growing state economy, encourage business investment and job creation, and support diverse, prosperous local economies across New York State through the efficient use of loans, grants, tax credits, real estate development, marketing and other forms of assistance.

**Performance Measurements**

- Customers served: number and types (private, public, not-for-profit); size of entity by number of employees; MWB status
- Financing provided and leveraged: amounts of ESD support, other public support, private investment
- Jobs projected to be retained and created
- Regional and industry breakdowns of assistance, jobs retained and created, and leveraged investment
- Capital investment made in New York State (both total and private leveraged with public assistance)

Upon these measurements, the Corporation may evaluate its performance and the achievement of its goals.

## **II. FY 2015-2016 Performance Measurement Report**

Attached is a report on the assistance provided by ESD Directors during FY 2015-2016, using the performance measurements set forth above. In summary, ESD accomplished the following:

- A total of 317 companies and organizations were assisted;
- A total of \$4.158 billion total investment was made in NYS (including ESD investment of \$981 million, other public investment of \$433 million, and private investment of \$2.74 billion);
- This assistance will result in the retention of 20,685 jobs and the creation of 10,387 jobs; and
- \$2.74 billion in private capital funds were leveraged with public assistance (ESD and non-ESD)

The attached report provides additional detail on the assistance provided by the Corporation, broken down by major program categories, regions, and industry. Please note that the job numbers that are reflected indicate the minimum amount of jobs required to access the grant or loan funding. Actual job numbers are monitored by ESD Portfolio Management after funding is disbursed and during the compliance period for each individual project. ESD administers funding for diverse types of projects. Some projects are more job-intensive while other projects, such as infrastructure projects, may not require jobs but have indirect jobs and other economic benefits associated.

## **III. Requested Action**

The Directors are requested to accept the FY 2015-2016 Performance Measurement Report in accordance with the Public Authorities Law.

## **IV. Recommendation**

Based upon the foregoing, I recommend approval of the requested action.

## **V. Attachments**

Resolution  
FY 2015-2016 Performance Measurement Report

June 23, 2016

NEW YORK STATE URBAN DEVELOPMENT CORPORATION – Acceptance of FY 2015-2016  
Performance Measurement Report

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WHEREAS, New York State Public Authorities Law § 2824-a annually requires each authority to create a performance measurement report that is consistent with the authority's mission statement and performance measurements, therefore

BE IT RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is order filed with the records of the Corporation ("the Materials), the Directors hereby accept the FY 2015-16 Performance Measurement Report.

\* \* \*



**Empire State Development (ESD) Performance Measures  
Fiscal Year 2015-16 (April 1, 2015 – March 31, 2016)  
June 23, 2016**

**Overview**

The following is a summary of Empire State Development performance measures of projects undertaken throughout New York State for the 2015-16 fiscal year. A detailed analysis of these measures can be found in the attached materials.

**2015-16 Project Summary**

- 391 Awards
- 371 Projects
- 317 Companies

**Project Breakdown by Organization Type**

- 49 public entities
- 167 not-for-profit entities
- 101 privately-held or publicly-traded business enterprises
  - 1 women-owned business enterprise
  - 68 small-sized businesses (<100 employees)
  - 22 medium-sized businesses (100 to 499 employees)
  - 11 large-sized businesses (>500 employees)
  - Note: the number of jobs for the entity receiving the financial assistance, not a larger parent company
- 279 small-sized entities (<100 employees and includes: public, privately-held and not-for profit organizations)
- 22 Community Development Financial Institutions (CDFIs), which target minority- and women-owned businesses

**Job Retention & Creation Summary**

- 20,685 jobs retained
- 10,387 jobs created
- Please note that the job numbers that are reflected indicate the minimum amount of jobs required to access the grant or loan funding. Actual job numbers are monitored by ESD Portfolio Management after funding is disbursed and during the compliance period for each individual project. ESD administers funding for diverse types of projects. Some projects are more job-intensive while other projects, such as infrastructure projects, may not require jobs but have indirect jobs and other economic benefits associated.

**Capital Investment Made In New York State for 2015-16 Fiscal Year**

- \$4.08 billion total capital investment
- \$2.74 billion private capital funds leveraged with public assistance (ESD and non-ESD)

ESD PERFORMANCE MEASURES BY REGION										
FY 2015-2016										
Region	Companies/ Organizations Assisted	FY 2015-2016			Minimum Direct Job Commitments*					
		FY 15-16 Grant Amount	FY 15-16 Loan Amount	Total Project Costs	Non-ESD Public Investment	Private Investment	Jobs Existing	Jobs Created	Jobs Retained	Total Projected Jobs
Capital	29	\$ 141,481,521	\$ 4,160,000	\$ 557,077,678	\$ 471,035	\$ 410,965,122	2,346	588	2,346	2,934
Central	26	\$ 138,642,500	\$ -	\$ 543,969,022	\$ 1,243,576	\$ 404,082,946	1,494	708	1,494	2,202
Finger Lakes	33	\$ 43,918,050	\$ -	\$ 136,456,203	\$ 16,730,000	\$ 75,808,153	440	91	440	531
Long Island	32	\$ 9,893,465	\$ -	\$ 87,111,920	\$ 6,180,491	\$ 71,037,964	1,334	28	1,334	1,362
Mid Hudson	25	\$ 17,671,250	\$ -	\$ 299,438,545	\$ 26,947,977	\$ 254,819,318	1,328	659	1,328	1,987
Mohawk Valley	26	\$ 205,367,150	\$ -	\$ 395,384,503	\$ 12,067,749	\$ 177,949,604	2,118	348	2,118	2,466
New York City	48	\$ 71,179,060	\$ 52,000,000	\$ 1,086,128,429	\$ 128,001,592	\$ 834,947,777	900	2,759	900	3,659
North Country	35	\$ 49,469,718	\$ -	\$ 112,673,542	\$ 29,008,149	\$ 34,195,675	1,461	48	1,461	1,509
Southern Tier	27	\$ 22,333,215	\$ 5,000,000	\$ 386,379,195	\$ 44,793,000	\$ 314,252,980	8,169	1,487	8,169	9,656
Western New York	36	\$ 214,509,005	\$ 5,840,000	\$ 554,229,422	\$ 167,339,613	\$ 166,540,804	1,095	3,671	1,095	4,766
<b>Grand Total</b>	<b>317</b>	<b>\$ 914,464,934</b>	<b>\$ 67,000,000</b>	<b>\$ 4,158,848,459</b>	<b>\$ 432,783,182</b>	<b>\$ 2,744,600,343</b>	<b>20,685</b>	<b>10,387</b>	<b>20,685</b>	<b>31,072</b>

ESD PERFORMANCE MEASURES BY INDUSTRY										
FY 2015-2016										
Industry	Companies/ Organizations Assisted	FY 2015-2016			Minimum Direct Job Commitments*					
		FY 15-16 Grant Amount	FY 15-16 Loan Amount	Total Project Costs	Non-ESD Public Investment	Private Investment	Jobs Existing	Jobs Created	Jobs Retained	Total Projected Jobs
Agriculture, Food Processing & Distribution	20	\$ 17,486,175	\$ 4,160,000	\$ 290,111,336	\$ 1,500,000	\$ 266,965,161	1,272	441	1,272	1,713
Base Retention & Strategic Development	12	\$ 2,588,000	\$ -	\$ 5,020,587	\$ 288,000	\$ 2,144,587	N/A	N/A	N/A	N/A
Biotechnology/Science Chemicals/Hi-tech Manufacturing/R&D/ STEM	30	\$ 604,686,000	\$ 400,000	\$ 1,056,253,495	\$ 22,195,491	\$ 428,972,004	4,484	4,581	4,484	9,065
Corporate & Professional Services	10	\$ 14,055,000	\$ -	\$ 33,166,000	\$ 10,100,000	\$ 9,011,000	742	1,822	742	2,564
Educational Services	8	\$ 3,187,320	\$ -	\$ 52,700,526	\$ 16,183,611	\$ 33,329,595	5	1	5	6
Entertainment	1	\$ 4,000,000	\$ -	\$ 49,328,428	\$ -	\$ 45,328,428	100	200	100	300
Hospital & Assisted Living	6	\$ 18,972,000	\$ -	\$ 258,636,632	\$ 148,187,888	\$ 91,476,744	1,391	69	1,391	1,460
Hospitality & Tourism	95	\$ 79,007,532	\$ 3,150,000	\$ 558,591,700	\$ 65,802,000	\$ 410,632,168	740	1,190	740	1,930
Infrastructure & Transportation	27	\$ 75,443,071	\$ -	\$ 214,632,970	\$ 57,759,967	\$ 81,435,932	N/A	N/A	N/A	N/A
Manufacturing	39	\$ 37,975,770	\$ -	\$ 799,136,590	\$ 36,556,500	\$ 724,604,320	11,389	967	11,389	12,356
Real Estate Development	25	\$ 45,883,585	\$ 58,790,000	\$ 827,502,116	\$ 73,209,725	\$ 649,618,806	562	1,116	562	1,678
Small Business Development Programs	19	\$ 2,274,000	\$ -	\$ 2,533,375	\$ -	\$ 259,375	N/A	N/A	N/A	N/A
Small Business Lending Programs	25	\$ 8,906,481	\$ 500,000	\$ 11,228,704	\$ 1,000,000	\$ 822,223	N/A	N/A	N/A	N/A
<b>Grand Total</b>	<b>317</b>	<b>\$ 914,464,934</b>	<b>\$ 67,000,000</b>	<b>\$ 4,158,848,459</b>	<b>\$ 432,783,182</b>	<b>\$ 2,744,600,343</b>	<b>20,685</b>	<b>10,387</b>	<b>20,685</b>	<b>31,072</b>

**ESD PERFORMANCE MEASURES BY FUNDING SOURCE**

Programs	Companies/ Organizations Assisted	FY 2015-2016				Minimum Direct Job Commitments*				
		FY 15-16 Grant Amount	FY 15-16 Loan Amount	Total Project Costs	Non-ESD Public Investment	Private Investment	Jobs Existing	Jobs Created	Jobs Retained	Total Projected Jobs
<b>Core Discretionary Programs &amp; Pre-Regional Council Initiatives</b>										
Core Discretionary Programs <sup>1</sup>	62	\$ 53,337,515	\$ 50,530,000	\$ 1,227,892,405	\$ 73,356,000	\$ 1,050,668,890	5,971	2,536	5,971	8,507
Restore NY Communities	2	\$ 6,170,000	\$ -	\$ 24,841,305	\$ 152,500	\$ 18,518,805	N/A	N/A	N/A	N/A
<b>Total</b>	<b>64</b>	<b>\$ 59,507,515</b>	<b>\$ 50,530,000</b>	<b>\$ 1,252,733,710</b>	<b>\$ 73,508,500</b>	<b>\$ 1,069,187,695</b>	<b>5,971</b>	<b>2,536</b>	<b>5,971</b>	<b>8,507</b>
<b>Regional Council Initiatives</b>										
RC1	11	\$ 21,128,000	\$ -	\$ 147,683,251	\$ 2,699,614	\$ 123,855,637	878	70	878	948
RC2	35	\$ 33,964,917	\$ -	\$ 569,597,671	\$ 83,202,381	\$ 452,430,373	7,992	450	7,992	8,442
RC3	55	\$ 50,713,279	\$ -	\$ 583,078,080	\$ 78,965,260	\$ 453,399,541	2,062	534	2,062	2,596
RC4	62	\$ 39,165,521	\$ -	\$ 268,005,798	\$ 19,864,977	\$ 203,975,300	935	664	935	1,599
RC5	2	\$ 2,250,000	\$ -	\$ 18,703,756	\$ -	\$ 16,453,756	N/A	N/A	N/A	N/A
<b>Total</b>	<b>165</b>	<b>\$ 147,221,717</b>	<b>\$ -</b>	<b>\$ 1,587,068,556</b>	<b>\$ 184,732,232</b>	<b>\$ 1,250,114,607</b>	<b>11,867</b>	<b>1,718</b>	<b>11,867</b>	<b>13,585</b>
<b>Other Regional/Multi-Program Projects</b>										
Buffalo Regional Innovation Cluster	6	\$ 213,000,000	\$ 1,810,000	\$ 431,174,916	\$ 151,187,888	\$ 65,177,028	N/A	3,500	N/A	3,500
Multi-Program Projects	2	\$ 11,500,000	\$ -	\$ 18,132,347	\$ 2,079,000	\$ 4,553,347	N/A	N/A	N/A	N/A
<b>Total</b>	<b>8</b>	<b>\$ 224,500,000</b>	<b>\$ 1,810,000</b>	<b>\$ 449,307,263</b>	<b>\$ 153,266,888</b>	<b>\$ 69,730,375</b>	<b>N/A</b>	<b>3,500</b>	<b>N/A</b>	<b>3,500</b>
<b>Small Business &amp; Community Development Programs</b>										
Community Development Financial Institutions	22	\$ 2,008,486	\$ -	\$ 2,008,486	\$ -	\$ -	N/A	N/A	N/A	N/A
Entrepreneurial Assistance Program	17	\$ 1,925,000	\$ -	\$ 2,002,000	\$ -	\$ 77,000	N/A	N/A	N/A	N/A
Veteran's Entrepreneurial Assistance Program	1	\$ 294,000	\$ -	\$ 294,000	\$ -	\$ -	N/A	N/A	N/A	N/A
Minority- and Women-owned Business Development and Lending Program	1	\$ -	\$ 160,000	\$ 445,000	\$ -	\$ 285,000	N/A	N/A	N/A	N/A
<b>Total</b>	<b>41</b>	<b>\$ 4,227,486</b>	<b>\$ 160,000</b>	<b>\$ 4,749,486</b>	<b>\$ -</b>	<b>\$ 362,000</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Non-ESD/Other/Non-Discretionary Programs</b>										
Non ESD/Other <sup>2</sup>	13	\$ 140,873,817	\$ 14,500,000	\$ 187,898,941	\$ 4,086,045	\$ 33,439,079	1,642	2,183	1,642	3,825
Non-Discretionary <sup>3</sup>	26	\$ 338,134,399	\$ -	\$ 677,090,503	\$ 17,189,517	\$ 321,766,587	1,205	450	1,205	1,655
<b>Total</b>	<b>39</b>	<b>\$ 479,008,216</b>	<b>\$ 14,500,000</b>	<b>\$ 864,989,444</b>	<b>\$ 21,275,562</b>	<b>\$ 355,205,666</b>	<b>2,847</b>	<b>2,633</b>	<b>2,847</b>	<b>5,480</b>
<b>TOTAL</b>	<b>317</b>	<b>\$ 914,464,934</b>	<b>\$ 67,000,000</b>	<b>\$ 4,158,848,459</b>	<b>\$ 432,783,182</b>	<b>\$ 2,744,600,343</b>	<b>20,685</b>	<b>10,387</b>	<b>20,685</b>	<b>31,072</b>
<b>TOTAL CAPITAL INVESTMENT</b>	<b>185</b>	<b>\$ 858,506,725</b>	<b>\$ 66,340,000</b>	<b>\$ 4,078,192,751</b>	<b>\$ 421,889,630</b>	<b>\$ 2,731,456,396</b>	<b>19,653</b>	<b>9,157</b>	<b>19,653</b>	<b>28,810</b>

<sup>1</sup> Empire State Economic Development Fund, Economic Development Purposes Fund, Jobs Now Program, Urban and Community Development Program, New York Works, Downstate Revitalization Fund, Upstate Regional Blueprint Fund, and New York Open For Business Fund

<sup>2</sup> Job Development Authority, Metropolitan Economic Revolving Fund, New York Power Authority, State University of New York Funds administered by Empire State Development, World Trade Center Job Creation and Retention Program

<sup>3</sup> ESD administers these funds but does not select the funding recipients.

\* Please note that the job numbers that are reflected in the charts indicate the minimum amount of jobs required to access the grant or loan funding. Actual job numbers are monitored by ESD Portfolio Management after funding is disbursed and during the compliance period for each individual project.

\* Please note that ESD administers funding for diverse types of projects. Some projects are more job intensive in regards to the job requirements that are reflected in the charts while other projects, such as infrastructure projects, may not require jobs but have indirect jobs and other benefits associated.

\* Please note that items marked "N/A" do not have job requirements directly associated with them because those are not programs with leveraged investment ratios or jobs.



**FOR CONSIDERATION**

**June 23, 2016**

**TO:** The Directors

**FROM:** Howard Zemsky

**SUBJECT:** Statewide – New York State Electric Generation Facility Cessation Mitigation Program

**REQUEST FOR:** Program Authorization; Adoption of Guidelines; Authorization to Take Related Actions

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**I. Program Summary**

**Grantees:** Local government entities including counties, towns, cities, villages, school districts and special districts are eligible.

**ESD\* Investment:** Up to a total of \$30,000,000 to be used to provide local assistance grants to eligible local government entities. Grant assistance may be awarded for up to five years with no more than 80 percent of any documented loss awarded in the first year. The enabling legislation directs the New York State Energy Research and Development Authority (NYSERDA) to contribute \$30,000,000 in program funding to the Urban Development Corporation for the fiscal year beginning April 1, 2016.

**Locations:** Throughout New York State

**Regional Council:** All Regional Councils will be made aware of this item.

**Eligible Costs Date:** On or after June 25, 2015.

**Anticipated  
Appropriation  
Source:** FY 2016-2017 New York State Budget  
Electric Generation Facility Cessation Mitigation Program



Consistent with current ESD policy, Program grants of \$250,000 or less will be handled administratively; Program grants over \$250,000 will be brought to the Board for approval.

IV. Statutory Basis – Local Assistance:

The Program was authorized in the FY 2016-2017 New York State budget.

V. Environmental Review

ESD staff has determined that the requested authorization to adopt Program guidelines constitutes a Type II action as defined by the New York State Environmental Quality Review Act and the implementing regulations for the New York State Department of Environmental Conservation. No further environmental review is required in connection with the authorization.

VII. ESD Employment Enforcement Policy

ESD's Employment Enforcement Policy will not apply since the program will not directly create or retain jobs.

VIII. 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.

IX. Requested Actions

The Directors are requested to: (1) authorize the New York State Electric Generation Facility Cessation Mitigation Program; (2) adopt Program guidelines and authorize the President and Chief Executive Officer or his designee, to amend such guidelines from time to time; and, (3) authorize the taking of all related actions necessary or appropriate to effectuate the foregoing.

XI. Additional Submissions to Directors

Resolution  
Guidelines

June 23, 2016

Statewide – New York State Electric Generation Facility Cessation Program – Local Assistance – Program Authorization; Adoption of Guidelines; Authorization to Take Related Actions

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RESOLVED, that the Corporation hereby authorizes the New York State Electric Generation Facility Cessation Mitigation Program (the “Program”), described in the materials presented in this meeting (the “Materials”), a copy of which has been presented to this meeting and is ordered filed with the records of the Corporation; and be it further

RESOLVED, that the Corporation hereby adopts the guidelines for the Program, a copy of which has been presented to this meeting and is included in the Materials, and authorizes the President and Chief Executive Officer of the Corporation, or his designee(s), to amend, from time to time, such guidelines (such guidelines, as they may from time to time be amended, the “Guidelines”) as he or she deems necessary or appropriate to effectuate the purposes of the Program; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) is hereby authorized to accept grant applications pursuant to the Program in accordance with the Guidelines and these Materials and to take such other actions as are necessary in order to effectuate the purposes of the Program; 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, (2) receipt of all other necessary approvals, and (3) the receipt of adequate funding for such assistance from the State of New York; and be it further

RESOLVED, that the President and Chief Executive Officer 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.

\* \* \*

## Empire State Development

### Electric Generation Facility Cessation Mitigation Program

#### Program Guidelines (Adopted June 2016)

#### Program

The Electric Generation Facility Cessation Mitigation Program ("Program") is being administered by the New York State Urban Development Corporation d/b/a Empire State Development ("ESD") in consultation with the New York State Energy Research and Development Authority ("NYSERDA") and the Department of Public Service ("DPS"). The Program provides grants to eligible local government entities that demonstrate qualifying reductions in the tax liability and/or payments in lieu of taxes ("PILOT") owed by an electric generation facility ("Facility") subject to their taxing authority. Funding for the Program is being made available from \$30 million as provided by Chapter 58, Part BB of the Laws of 2016. The Program will end on July 1, 2025, or such earlier date as funding is expended.

#### Eligibility

Local government entities including counties, towns, cities, villages, school districts, and special districts (each, an "Applicant"), may apply to receive a Program grant if they realize a "Qualifying Event." A Qualifying Event occurs if (1) on or after June 25, 2015 a Facility within the Applicant's jurisdiction has ceased operations and become ineligible to participate in the markets administered by the New York Independent System Operator, Inc. ("NYISO"; such events being deemed a "Cessation"), and (2) such Cessation has caused a 20 percent or greater reduction in real property tax collections and/or Payments in Lieu of Taxes ("PILOTs") owed by a Facility ("Tax Loss").

The Applicant's Tax Loss is determined based on the differential between the annual real property taxes and/or PILOTs paid by the Facility to the Applicant in the year prior to the Tax Loss and the real property taxes and/or PILOTs paid by the Facility to the Applicant in the year of the Tax Loss, exclusive of penalties and interest, and must be supported by documentary evidence of the actual real property tax and/or PILOTs paid by the Facility to the Applicant in the year prior to the Tax Loss and the real property taxes and/or PILOTs paid by the Facility to the Applicant in the year of the Tax Loss. ESD shall refer applications to the Department of Taxation & Finance or to the appropriate Local Industrial Development Agency for review to confirm the Tax Loss claimed by the Applicant.

Documentation of a Cessation must be supported by written confirmation from DPS. DPS will issue such confirmation provided that: (i) the Facility has submitted to the NYISO and/or DPS a notice of the Facility's intent to stop generating electricity at the Facility or to voluntarily remove the Facility from service (subject to any return-to-service provisions of any tariff and that the Facility is also ineligible to participate in markets administered by the NYISO); and (ii) the NYISO confirms to DPS that the Facility is no longer producing electricity or participating in markets administered by the NYISO.

### Grant Amount

Eligible local government entities may apply to receive Program grants on an annual basis for up to 5 years provided that the application and supporting documentation confirms that the Tax Loss in each such year remains above 20 percent. An Applicant may apply for only one grant each year regardless of the number of Facilities and Qualifying Events within its jurisdiction. Selected Applicants may receive an initial award up to, but not in excess of, 80 percent of the demonstrated Tax Loss associated with the Cessation. Thereafter, ESD expects to reduce subsequent maximum potential Program grant awards as follows:

<u>Award Year</u>	<u>Maximum Potential Grant Award</u>
1	up to 80 percent of Tax Loss
2	up to 65 percent of Tax Loss
3	up to 50 percent of Tax Loss
4	up to 35 percent of Tax Loss
5	up to 20 percent of Tax Loss

Grant awards will be determined by ESD in its discretion, based on review of the application materials, supporting documentation, and the demand for and availability of Program funds. In making grant awards, ESD may take into consideration the relative economic impact of the Cessation on the Applicant's jurisdiction and such other facts and circumstances as ESD, in its sole discretion, deems relevant to the application. Grantees may not receive Program funds for a cumulative period that exceeds five years.

### Application Requirements

Program applications will be accepted continuously and complete applications will be reviewed on a first come, first served basis. An application will be considered complete and put on a reserve list for funding when ESD has received items 1 through 8, outlined below. Upon receipt of items 9 and 10, ESD will refer the application to the Department of Taxation and Finance or to the industrial development authority for review and confirmation of Tax Loss. Grant payments will be made only after receipt of written confirmation of Tax Loss from these entities and all necessary approvals. Incomplete applications will be returned to the local government entity with the reasons for incompleteness outlined.

Complete applications must include the following:

- 1) Original signature of eligible local government entity official;
- 2) Written confirmation from DPS stating that the Facility is no longer producing electricity or participating in markets administered by the NYISO
- 3) Name of Facility as it appears on the tax roll;
- 4) Owners Name;
- 5) Parcel Identification Numbers (i.e., tax map section, block and lot numbers) for every parcel comprising the Facility, segregated by assessing unit if the Facility is located in more than one assessing unit;

- 6) Year of the tax roll with the last taxable status date occurring before the Cessation, the Assessed Value Tax Rate for such year, and the Assessed Value, Taxable Assessed Value, amount of Tax due and Tax due date by parcel for such year;
- 7) Documentary evidence of real property taxes or PILOTs paid by the Facility to the Applicant in the year prior to the Tax Loss (e.g. payment receipts from Applicant's tax collection office);
- 8) A copy of the PILOT agreement, if applicable;
- 9) Year of the tax roll for which the Tax Loss is claimed, the Assessed Value Tax Rate for such year, and the Assessed Value, Taxable Assessed Value, amount of Tax due and Tax due date by parcel for such year;
- 10) Documentary evidence of real property taxes or PILOTs paid by the Facility to the Applicant in the year of the Tax Loss (e.g., payment receipts from Applicant's tax collection office).

ESD may require the submission of additional information by the Applicant before reaching a final decision on its application. ESD may also consult with other agencies and entities including, but not limited to, DPS, NYSEDA, the NYISO, and the Department of Taxation & Finance to confirm information presented in the application.

#### Grant Assistance Recapture

ESD may require the Applicant to repay any grant assistance received under this program in the following events:

- (i) if its application, including any information provided therewith or thereafter, contains any material misrepresentations or is incomplete;
- (ii) if the grant was awarded or disbursed in error and the Applicant is not entitled to assistance under these Guidelines, or;
- (iii) if supporting documentation for the actual Tax Loss is not true and complete.

In the event the Applicant receives insurance payments, additional grants or other receipts affecting the Tax Loss that have been compensated with Program funds, the Applicant shall immediately repay to ESD the grant proceeds corresponding to such payment(s).

In the event of any fraudulent misrepresentations by the Applicant, in addition to the recapture of grant assistance, ESD may pursue other legal remedies and refer the matter to the appropriate governmental authorities for investigation and prosecution.

In the event the Facility owner resumes commercial operations, the Applicant will not be eligible for grants in subsequent years.

### Audit and Control

ESD may audit applications on a random or specified basis for a period extending to six years after the final disbursement of the grant assistance to the Applicant. ESD reserves the right to contact other federal, state and local governmental agencies, insurance companies and other third parties to confirm information included, or that should have been included, in the applications.

### Disclosure of Information

Each Eligible Entity must agree to allow:

- (a) any federal, state, local governmental agency or authority that has or is providing funding for such Tax Loss to share its information with ESD relevant to such funding. However, ESD will endeavor to maintain the confidentiality of information shared as a result of this agreement, and such information shall not be available for disclosure or inspection to the extent permissible under the state freedom of information law; and
- (b) ESD and its agents access to any and all books and records ESD may require to monitor compliance.

Except as required by applicable law, regulations, or judicial process, ESD will endeavor to maintain the confidentiality of information submitted as part of the application.

Notwithstanding the foregoing, such information may be made available to ESD staff and designated individuals that are processing the application and to federal, State, or local officials and to auditors evaluating the Program and others as ESD may deem to be required in accordance with applicable law and regulations, including judicial orders and subpoenas.

### Availability of Funds

The disbursement of grant assistance is explicitly subject to all necessary approvals and the receipt of funding by ESD.

### Non-Discrimination

ESD's non-discrimination policy will apply. Applicants shall not unlawfully discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, sexual orientation, age, disability, or marital status.

### Amendments to Guidelines

ESD may amend these guidelines from time to time.

### Additional Information

The Applicant can access the application form and instructions, these Guidelines, any amendments to these Guidelines, and additional information about the Program at the ESD web site at [www.esd.ny.gov](http://www.esd.ny.gov).



FOR INFORMATION

June 23, 2016

TO: The Directors

FROM: Howard Zemsky

SUBJECT: Quarterly Report on Utilization of Certified Minority and Women-owned Business Enterprise (MWBE) and Procurement Commitments to MWBEs for the Fourth Quarter of Fiscal Year 2015-2016

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Utilization of Certified MWBEs:

For the fourth quarter of fiscal year 2015 – 2016, ESD achieved MWBE participation in agency projects and procurements totaling 60.38%. During the quarter, ESD disbursed a total of \$128.64 million in eligible procurements to vendors, grantees and borrowers. Of the eligible procurements, \$77.67 million in payments were reported to MWBEs. This is due to a significant amount of utilization received at the end of the fiscal year and utilization from larger projects that previously received advances earlier in the year.

Initial Commitments to Certified MWBEs:

For the fourth quarter of fiscal year 2015-2016, ESD and its subsidiaries executed a total of \$4.98 million in procurements and amendments, of which \$4.90 million were MWBE eligible procurements. Of the eligible procurements, \$1.48 million or 30.35% was committed to MWBEs by ESD, its subsidiaries and primes.

Commitments only refer to the amount of contracts awarded initially to MWBEs and do not take into account future commitments on those contracts and disbursements over time. Utilization, reported above, represents actual payments, which are measured against the agency goal.



Empire State Development  
Report on Procurement Contracts  
Entered Into During the Quarter of (01/01/2016 - 03/31/2016)

CO.	Vendor Name and Address	ORIG CONT DATE	REASON FOR AWARD	CONT #	INITIAL SCOPE OF SERVICES	CONTRACT AMOUNT	CURRENT STATUS	CONTRACT REPORTER	COMPETITIVE SEARCH	BASIS OF AWARD	MWBE ELIGIBLE CONTRACTS/ASSIGNED GOALS	COMMENTS
<b>EMPIRE STATE DEVELOPMENT</b>												
ESD	EFPR Group, LLP 6390 Main Street, Suite 200 Williamsville, NY 14221	2/5/2016	Need for independent auditing services.	9588	Provide audit services of the consolidated financial statements of ESD for the fiscal years 2016, 2017, 2018, 2019 and 2020 and audits of HCDC, CCDC, NYEZC and a Federal Single Audit.	1,173,700	On-going	YES	YES	Best Value	YES/30%	
ESD	Hawkins Delafield & Wood, LLP 28 Liberty Street New York, NY 1005	2/5/2016	Need for legal services in connection with the Personal Income Tax Revenue Bonds (Series 2015 and 2016).	9568	Provide co-bond counsel services (together with the Law Offices of Joseph C. Reid) to ESD in connection with the issuance of one or more series of Personal Income Tax Revenue Bonds (Series 2015 and 2016).	350,000	On-going	YES	YES	Best Value	YES/30%	
ESD	Dentons US LLP 1221 Avenue of the Americas New York, NY 10020	1/5/2016	Need for legal services in connection with ESD Correctional and Youth Facilities.	9507	Provide tax and bond counsel services related to the disposition of the various correctional and youth facilities.	175,000	On-going	Legally Exempt	N/A	Best Value	YES/23%	Single Source
ESD	Phillip Habib & Associates 102 Madison Avenue New York, NY 10016	1/27/2016	Need for environmental consulting services in connection with the disposition and adaptive reuse of the former Bayview Correctional Facility located at 550 West 20th St. NY,NY.	9558	Provide environmental consulting services in completing the environmental review under SEQRA in connection with the disposition and adaptive reuse of Bayview Correctional Facility.	166,900	On-going	N/A	YES	Best Value	YES/30%	Discretionary Purchase under the Governor's MWBE Executive Order
ESD	Law Offices of Joseph C. Reid, P.A. 230 Park Avenue, Suite 1000 New York, NY 10169	2/18/2016	Need for legal services in connection with the Personal Income Tax Revenue Bonds (Series 2015 and 2016).	9605	Provide co-bond counsel services (together with the Law Offices of Hawkins Delafield & Wood) to ESD in connection with the issuance of one or more series of Personal Income Tax Revenue Bonds (Series 2015 and 2016).	150,000	On-going	YES	YES	Best Value	YES/30%	MWBE co-counsel to Hawkins
ESD	AECOM 605 3rd Avenue New York, NY 10017	1/27/2016	Need for on-going consulting services for engineering, design and cost estimation.	9552	Provide real estate consulting services for engineering, design, and cost estimation on an as needed basis.	100,000	On-going	YES	YES	Best Value	NO	
ESD	Research Foundation for State University of NY 402 Crofts Hall Buffalo, NY 14260	3/23/2016	Need for economic development research services.	9720	Provide specialized on-call services including research and preparation of presentation on topics of strategic importance to ESD.	100,000	On-going	Legally Exempt	N/A	Best Value	NO	Single Source
ESD	BJH Advisors, LLC 182 Dean Street Brooklyn, NY 11217	3/1/2016	Need for real property consulting services.	9617	Provide real property consulting services to ESD with respect to existing and potential development opportunities that ESD is involved with from time to time as the need may arise.	75,000	On-going	YES	YES	Best Value	YES/30%	
<b>ESD TOTAL :</b>						<b>\$2,290,600</b>						

Empire State Development  
Report on Procurement Contracts  
Entered Into During the Quarter of (01/01/2016 - 03/31/2016)

CO.	Vendor Name and Address	ORIG CONT DATE	REASON FOR AWARD	CONT #	INITIAL SCOPE OF SERVICES	CONTRACT AMOUNT	CURRENT STATUS	CONTRACT REPORTER	COMPETITIVE SEARCH	BASIS OF AWARD	MWBE ELIGIBLE CONTRACTS/ASSIGNED GOALS	COMMENTS
<b><u>HARLEM COMMUNITY DEVELOPMENT CORPORATION</u></b>												
HCDC	New York Heating Corp 354 Humboldt Street Brooklyn, NY 11211	3/4/2016	Need for heating system replacement at 261 West 116th Street.	9700	Provide heating system replacement at 261 West 116th Street.	81,000	On-going	NO	YES	Best Value	NO	
<b>HCDC TOTAL :</b>						<b>\$81,000</b>						
<b><u>NY TRANSPORTATION DEVELOPMENT CORP.</u></b>												
TDC	Dentons US LLP 230 Park Avenue, 17th Floor New York, NY 10169	3/4/2016	Need for legal services in connection with the La Guardia Airport Central Terminal.	9628	Provide co-bond counsel services (together with the Law Offices of Joseph C. Reid) in connection with the issuance of approximately \$2 billion revenue bonds for the purpose of facilitating the construction of a new central terminal at La Guardia Airport.	Up to 2% of the par amount of the bonds	On-going	Legally Exempt	YES	Best Value	YES/30%	Single Source
TDC	Law Offices of Joseph C. Reid, P.A. 230 Park Avenue, Suite 1000 New York, NY 10169	3/4/2016	Need for legal services in connection with the La Guardia Airport Central Terminal.	9629	Provide co-bond counsel services (together with the Law Offices of Denton US LLP) in connection with the issuance of approximately \$2 billion revenue bonds for the purpose of facilitating the construction of a new central terminal at La Guardia Airport.	Up to 2% of the par amount of the bonds	On-going	YES	YES	Best Value		MWBE co-counsel to Dentons
TDC	Squire Patton Boggs LLC 1185 Avenue of the Americas, 30th Floor New York, NY 10036	3/4/2016	Need for legal services in connection with the La Guardia Airport Central Terminal.	9668	Provide co-bond counsel services (together with the Law Offices of D. Seaton Associates) in connection with the issuance of approximately \$2 billion revenue bonds for the purpose of facilitating the construction of a new central terminal at La Guardia Airport.	Up to 2% of the par amount of the bonds	On-going	YES	YES	Best Value	YES/30%	
TDC	D. Seaton & Associates, P.A., P.C. 245 Park Ave. 39th Floor New York, NY 10167	3/4/2016	Need for co-bond counsel to provide legal services in anticipation of the formation of a local development corporation issuer and with the issuance of revenue bonds to facilitate the funding of construction at LaGuardia Airport.	9637	Provide co-bond counsel services (together with the Law Offices of Squire Patton Boggs LLC) in connection with the issuance of approximately \$2 billion revenue bonds for the purpose of facilitating the construction of a new central terminal at La Guardia Airport.	Up to 2% of the par amount of the bonds	On-going	YES	YES	Best Value		MWBE co-counsel to Squire
<b>TDC TOTAL :</b>						<b>Up to 2% of the par amount of the bonds</b>						

Empire State Development  
Report on Procurement Contracts  
Entered Into During the Quarter of (01/01/2016 - 03/31/2016)

CO.	Vendor Name and Address	ORIG CONT DATE	REASON FOR AWARD	CONT #	INITIAL SCOPE OF SERVICES	CONTRACT AMOUNT	CURRENT STATUS	CONTRACT REPORTER	COMPETITIVE SEARCH	BASIS OF AWARD	MWBE ELIGIBLE CONTRACTS/ASSIGNED GOALS	COMMENTS
<b>JOB DEVELOPMENT AUTHORITY</b>												
JDA	Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C 666 Third Avenue New York, NY 10017	2/11/2016	Need for legal services in connection with the refunding of Revenue Bonds(Goldman Sachs Headquarter Issue) Series 2005 and/or Series 2007.	9599	Provide co-bond counsel services (together with Gonzalez Saggio and Harlan LLP) in reference with the Goldman Sachs Headquarters Issue Series 2005 and/or 2007.	175,000	On-going	YES	YES	Best Value	YES/30%	
JDA	EFPR Group, LLP 6390 Main Street, Suite 200 Williamsville, NY 14221	1/27/2016	Need for audit services for financial statements of JDA for the fiscal year 2016, 2017, 2018, 2019, and 2020.	9556	Provide audit of financial statements of JDA for the fiscal years 2016, 2017, 2018, 2019, and 2020.	170,500	On-going	YES	YES	Best Value	YES/30%	
JDA	Hardwick Law Firm, LLC 1501 Broadway, 12th Floor New York, NY 10036	1/8/2016	Need for legal services in connection with Refunding Bonds Related to John F. Kennedy Airport-Terminal 1.	9534	Provide co-bond counsel services in connection with the refunding of revenue bonds related to John F. Kennedy Airport-Terminal 1.	105,000	On-going	YES	YES	Best Value	YES/30%	MWBE co-counsel to Winston & Strawn
<b>JDA TOTAL :</b>						<b>\$450,500</b>						
<b>ERIE CANAL HARBOR DEVELOPMENT CORPORATION</b>												
ECHDC	Pinto Constuction Services, Inc. 1 Babcock Street Buffalo, New York 14210	2/18/2016	Need for construction services in connection with the Outer Harbor and Canalside Project.	9531	Enhance the recreational use of the Outer Harbor and Canalside, as well as enhance the pedestrian-bicycle trail system along the waterfront.	825,000	On-going	YES	YES	Lowest Bid	YES/30%	
ECHDC	Be Our Guest, LTD. James D. Griffin Plaza Buffalo, NY 14203	3/28/2016	Need for consultant services in connection with the Outer Harbor Project.	9721	Provide events/concessions on Buffalo's Outer Harbor and in return ECHDC will receive a base rent and percentage of revenue.	N/A	On-going	YES	YES	Best Value	YES/30%	
<b>ECHDC TOTAL :</b>						<b>825,000.00</b>						
<b>TOTAL FOR CONTRACTS:</b>						<b>\$3,647,100</b>						
<b>TOTAL FOR AMENDMENTS:</b>						<b>\$1,334,093</b>						
<b>GRAND TOTAL:</b>						<b>\$4,981,193</b>						

Empire State Development  
Report on Procurement Contracts (Amendments)  
Entered Into During the Quarter of (01/01/2016 - 03/31/2016)

CO.	VENDOR NAME AND ADDRESS	BEGIN DATE	AMEND. DATE	REASON FOR AWARD	CONTRACT NUMBER	ORIGINAL CONTRACT AMOUNT	AMEND AMOUNT	SCOPE OF SERVICES	REVISED CONTRACT AMOUNT	CURRENT STATUS	CONTRACT REPORTER	MWBE ELIGIBLE CONTRACTS/ ASSIGNED GOALS	COMMENTS
<b>EMPIRE STATE DEVELOPMENT</b>													
ESD	Landair Inc. 350 5th Avenue, 59th Floor New York, NY 10018	5/21/2015	3/25/2016	Need for consultant services in connection with the Columbia Manhattanville Project.	9068	375,000	375,000	Continue to provide General Project Plan monitoring services in relation with the Columbia Manhattanville Project.	750,000	On-going	YES	YES/50%	
ESD	Goldman Antonetti & Cordova, LLC P.O.Box 70364 San Juan, PR 00936	10/30/2015	3/30/2016	Need for legal services in connection with the NYS Office of Trade and Tourism in San Juan, Puerto Rico.	9717	49,500	50,000	Provide legal services in connection with the ongoing operation of the NYS Office of Trade and Tourism in San Juan, PR including assistance with all necessary licenses and permits for the sale of Taste NY products, for exterior signage and other matters including tax and employment issues.	99,500	On-going	Legally Exempt	YES/30%	Single Source
ESD	Renee Sacks, Associates Inc. d/b/a Sacks Communications 900 Third Ave, Floor 17 New York, NY 10022	8/5/2015	2/24/2016	Need for consultant services in connection with the 2015 MWBE Statewide Forum.	9315	273,300	9,093	Provide payment for expenses incurred above and beyond original estimated reimbursable amount due to greater participation than expected at the 2015 MWBE Statewide Forum.	282,393	Completed	N/A	YES/30%	Discretionary Purchase under the Governor's MWBE Executive Order
<b>ESD TOTAL:</b>						<b>\$697,800</b>	<b>\$434,093</b>		<b>\$1,131,893</b>				
<b>ERIE CANAL HARBOR DEVELOPMENT CORPORATION</b>													
ECHDC	Phillips, Lytle, LLP 3400 HSBC Center Buffalo, NY 14203	10/31/2012	3/1/2016	Need for legal services in connection with the Canalside Project.	7957	1,700,000	900,000	Provide legal services for various real estate, environmental, construction and current litigation matters involving DIPizio Construction v. ECHDC related to the Canalside project.	2,600,000	On-going	YES	NO MWBE WAIVER	
<b>ECHDC TOTAL:</b>						<b>\$1,700,000</b>	<b>\$900,000</b>		<b>\$2,600,000</b>				
<b>TOTAL FOR AMENDMENT CONTRACTS:</b>						<b>\$2,397,800</b>	<b>\$1,334,093</b>		<b>\$3,731,893</b>				



FOR INFORMATION

June 23, 2016

TO: The Directors

FROM: Howard Zemsky

SUBJECT: Annual Report on Utilization of Certified Minority and Women-owned Business Enterprises (MWBES) and Procurement Commitments to MWBES for Fiscal Year 2015-2016

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Disbursements on Pre 2015-2016 Procurements and Amendments:

During the fiscal year 2015-2016, ESD's total disbursements were \$773.3 million. Approximately \$170.86 million of that amount was directly related to procurements and amendments executed on or prior to March 31, 2015.

Utilization of Certified MWBES:

Of ESD's total disbursements during FY 2015-2016, approximately \$239.1 million was reportedly paid to MWBE firms during the above fiscal year.

ESD achieved MWBE participation of 30.93% during the fiscal year ending March 31, 2016. The MWBE agency goal was 30% for the fiscal year. During the 2014 – 2015, the agency disbursed \$640.92 million and achieved M/WBE participation of 19.2%. The previous MWBE agency goal was 23%.

Initial Commitments to Certified MWBES:

For the fiscal year 2015-2016, ESD and its subsidiaries executed a total of \$154.83 million in procurements and amendments, of which \$152.89 million were MWBE eligible procurements. Of the eligible procurements, ESD and its subsidiaries and prime vendors committed \$37.8 million, or 24.78% to MWBE firms.

Commitments only refer to the amount of contracts awarded initially to MWBES and do not take into account future commitments on those contracts and disbursements over time. Utilization, reported above, represents actual payments, which are measured against the agency goal.



Empire State Development  
Annual Procurement Contracts  
Entered During the Fiscal Year 2016 (04/01/2015-03/31/2016)

CO.	VENDOR NAME	ORIGINAL CONTRACT DATE	CONT #	CONTRACT AMOUNT	INITIAL SCOPE OF SERVICES	PAYMENTS DURING FISCAL YEAR	CURRENT STATUS	COMPETITIVE SEARCH	BASIS OF AWARD	MWBE ELIGIBLE CONTRACTS/ASSIGNED GOALS	COMMENTS	NUMBER OF BIDS
<b>EMPIRE STATE DEVELOPMENT</b>												
ESD	Lowe & Partners Worldwide Inc. d/b/a Campbell Ewald New York	11/13/2015	9399	100,000,000	Provide marketing services including advertising, digital, marketing, events, media planning and buying services.	15,686,751	On-going	YES	Best Value	YES / 30%		20
ESD	EFPR Group, LLP	2/5/2016	9588	1,173,700	Provide audit services of the consolidated financial statements of ESD for the fiscal years 2016, 2017, 2018, 2019 and 2020 and audits of HCDC, CCDC, NYEZC and a Federal Single Audit.		On-going	YES	Best Value	YES / 30%		5
ESD	Landair, Inc	5/21/2015	9068	1,125,000	Provide General Project Plan monitoring services in relation with the Columbia Manhattanville Project.	382,405	On-going	YES	Best Value	YES / 30%	WBE	7
ESD	AKRF, Inc.	6/11/2015	9297	800,000	Provide environmental consulting services in connection with disposition and redevelopment of the Bronx Psychiatric Center site in the Bronx.		On-going	YES	Best Value	YES / 30%	Pre-Qualified Real Estate Development and Planning Related Consultant List	22
ESD	The Research Foundation for SUNY	5/1/2015	9254	499,907	Provide project mangement and research services to support upstate regions competing for Upstate Revitalization Funds.	349,176	On-going	YES	Best Value	YES / 30%	Single Source	0
ESD	Sive Paget & Riesel, P.C.	4/21/2015	9247	400,000	Provide environmental consulting services in connection with disposition and redevelopment of the Bronx Psychiatric Center site in the Bronx.	109,773	On-going	YES	Best Value	NO / 0%	Pre-Qualified Counsel List	21
ESD	Hawkins Delafield & Wood, LLP	2/5/2016	9568	350,000	Provide co-bond counsel services (together with the Law Offices of Joseph C. Reid) to ESD in connection with the issuance of one or more series of Personal Income Tax Revenue Bonds (Series 2015 and 2016).		On-going	YES	Best Value	YES / 30%	Pre-Qualified Counsel List	8

Empire State Development  
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CO.	VENDOR NAME	ORIGINAL CONTRACT DATE	CONT #	CONTRACT AMOUNT	INITIAL SCOPE OF SERVICES	PAYMENTS DURING FISCAL YEAR	CURRENT STATUS	COMPETITIVE SEARCH	BASIS OF AWARD	MWBE ELIGIBLE CONTRACTS/ASSIGNED GOALS	COMMENTS	NUMBER OF BIDS
ESD	Renee Sacks Associates, Inc. d/b/a/ Sacks Communications	8/5/2015	9315	273,300	Provide full-service project management services including but not limited to event management, event marketing, pre-event and on-site registration and management.	273,300	On-going	NO	Best Value	YES / 30%	Discretionary Purchase under the Governor's MWBE Executive Order	0
ESD	Li/Saltzman Architects, PC	11/18/2015	9436	200,000	Provide historic preservation consulting services to ESD in reference to the long-term lease and adaptive reuse of the Bayview Correctional Facility located at 550 West 20th Street, NY, NY.	9,393	On-going	YES	Best Value	YES / 30%	Pre-Qualified Real Estate Development and Planning Related Consultant List	31
ESD	Wilmer Cutler Pickering Hale and Dorr LLP	8/4/2015	9336	200,000	Provide legal advice and counsel in connection with a subpoena served upon the Corporation by the United States Attorney for the Southern District of New York.	199,976	On-going	YES	Best Value	NO / 0%	Single Source	0
ESD	Channing Redford Architect	6/9/2015	9282	197,180	Provide oversight services to ESD during the construction of the Victoria Theater Redevelopment Project.	30,345	On-going	YES	Best Value	YES / 30% (WBE)	Discretionary Purchase under the Governor's MWBE Executive Order	0
ESD	CTC Technology and Energy	10/15/2015	9410	180,000	Provide ESD Broadband Program Office with the initial scoping and upfront analysis(Phase 1 ) for the New NY Broadband Program.		On-going	YES	Best Value	YES / 30%	Discretionary Purchase under the Governor's MWBE Executive Order	0
ESD	Dentons US LLP	1/5/2016	9507	175,000	Provide tax and bond counsel services related to the disposition of various correctional and youth facilities.	75,017	On-going	N/A	Best Value	YES 23%	Single Source	0
ESD	Phillip Habib & Associates	1/27/2016	9558	166,900	Provide environmental consulting services in completing the environmental review under SEQRA in connection with the disposition and adaptive reuse of Bayview Correctional Facility.	5,095	On-going	YES	Best Value	YES / 30%	Discretionary Purchase under the Governor's MWBE Executive Order	0
ESD	Law Offices of Joseph C. Reid, P.A.	2/18/2016	9605	150,000	Provide co-bond counsel services (together with the Law Offices of Hawkins Delafield & Wood) to ESD in connection with the issuance of one or more series of Personal Income Tax Revenue Bonds (Series 2015 and 2016).	75,000	On-going	YES	Best Value	YES / 23%	Pre-Qualified Counsel List  MWBE co-counsel to Hawkins	11

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CO.	VENDOR NAME	ORIGINAL CONTRACT DATE	CONT #	CONTRACT AMOUNT	INITIAL SCOPE OF SERVICES	PAYMENTS DURING FISCAL YEAR	CURRENT STATUS	COMPETITIVE SEARCH	BASIS OF AWARD	MWBE ELIGIBLE CONTRACTS/ASSIGNED GOALS	COMMENTS	NUMBER OF BIDS
ESD	Harris Beach, PLLC	4/29/2015	9270	120,000	Provide bond counsel services with respect to the sale and issuance of State Personal Income Tax Revenue Bonds Financing 2014AB.	120,000	On-going	YES	Best Value	NO / 0%	Pre-Qualified Counsel List	8
ESD	AECOM	1/27/2016	9552	100,000	Provide real estate consulting services for engineering, design, and cost estimation on an as needed basis.		On-going	YES	Best Value	NO / 0%	Pre-Qualified Real Estate Development and Planning Related Consultant List	21
ESD	Landauer Valuation & Advisory	12/29/2015	9503	100,000	Provide appraisal services in connection with the valuation of various properties associated with the development of James A. Farley Post Office and Penn West Development Sites.		On-going	YES	Best Value	NO / 0%	Single Source	0
ESD	Research Foundation for State University of NY	3/23/2016	9720	100,000	Provide specialized on-call services including research and preparation of presentation on topics of strategic importance to ESD.		On-going	Legally Exempt	Best Value	NO / 0%	Single Source	0
ESD	BJH Advisors, LLC	3/1/2016	9617	75,000	Provide real property consulting services to ESD with respect to existing and potential development opportunities that ESD is involved with from time to time as the need may arise.		On-going	YES	Best Value	YES / 30%	Pre-Qualified Real Estate Development and Planning Related Consultant List	36
ESD	Voltedge Inc.	9/15/2015	9390	73,000	To assist ESD in assessing existing site and economic conditions to determine the re-use feasibility and develop a marketing strategy at a recently closed ConAgra plant in Chautauqua County.	59,710	On-going	YES	Best Value	YES / 30%		4
ESD	BJH Advisors, LLC	12/29/2015	9506	57,615	Provide real estate services to assist ESD to understand the market value of Block 780 in Manhattan, which is the block south of Penn Station.	40,740	On-going	YES	Best Value	YES / 30%	Pre-Qualified Real Estate Development and Planning Related Consultant List	24
<b>ESD TOTAL:</b>				<b>\$106,516,602</b>		<b>\$17,416,680</b>						

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CO.	VENDOR NAME	ORIGINAL CONTRACT DATE	CONT #	CONTRACT AMOUNT	INITIAL SCOPE OF SERVICES	PAYMENTS DURING FISCAL YEAR	CURRENT STATUS	COMPETITIVE SEARCH	BASIS OF AWARD	MWBE ELIGIBLE CONTRACTS/ASSIGNED GOALS	COMMENTS	NUMBER OF BIDS
<b>CONVENTION CENTER DEVELOPMENT CORPORATION</b>												
CCDC	Joseph C. Reid	10/16/2015	9460	150,000	Provide co-bond counsel services for the issuance of New York Convention Center Development Corporation Revenue Bonds, Hotel Unit Fee Secured Series 2015.	110,000	On-going	YES	Best Value	YES / 30%	Pre-Qualified Counsel List	11
CCDC	Nixon Peabody	8/3/2015	9342	150,000	Provide bond counsel services in connection with the issuance of the bonds in an amount not to exceed \$750,000,000 to refund the prior bonds and fund the costs of a project consisting of the expansion and renovation of an existing convention center and exhibition facility located in The City of New York and known commonly as the Jacob k. Javits Convention Center.	110,000	On-going	YES	Best Value	YES / 30%	Pre-Qualified Counsel List	8
<b>CCDC TOTAL:</b>				<b>\$300,000</b>		<b>\$220,000</b>						
<b>EMPIRE STATE NEW MARKET CORPORATION</b>												
ESNMC	CohnReznick LLC	10/26/2015	9423	500,000	Provide accounting services to Empire State New Market Corporation for fiscal years 2016, 2017, and 2018.	6,325	On-going	YES	Best Value	YES / 30%		3
ESNMC	Rise Community Capital, LLC	11/13/2015	9434	500,000	Provide consulting services to Empire State New Market Corporation (ESNMC) in connection with ESNMC's current allocation and potential future allocation of federal New Markets Tax Credits and deployment thereof.		On-going	YES	Best Value	YES / 30%		9
<b>ESNMC TOTAL:</b>				<b>\$1,000,000</b>		<b>\$6,325</b>						

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CO.	VENDOR NAME	ORIGINAL CONTRACT DATE	CONT #	CONTRACT AMOUNT	INITIAL SCOPE OF SERVICES	PAYMENTS DURING FISCAL YEAR	CURRENT STATUS	COMPETITIVE SEARCH	BASIS OF AWARD	MWBE ELIGIBLE CONTRACTS/A SIGNED GOALS	COMMENTS	NUMBER OF BIDS
<b>ERIE CANAL HARBOR DEVELOPMENT CORPORATION</b>												
ECHDC	Scott Lawn Yard, Inc.	8/6/2015	9339	2,152,000	Provide construction of a 500 linear feet extension of the existing wooden boardwalk at Canalside and install related, land-side amenities to support on-going activities along the Buffalo River in Buffalo, New York.	1,636,288	On-going	YES	Best Value	YES / 25%		3
ECHDC	Pinto Constuction Services, Inc.	2/18/2016	9531	825,000	Enhance the recreational use of the Outer Harbor and Canalside, as well as enhance the pedestrian-bicycle trail system along the waterfront.		On-going	YES	Lowest Bid	YES/ 30%		5
ECHDC	DiDonato Associates, Engineering and Architecture, P.C.	5/19/2015	9269	140,000	Provide design, bid and construction administration and inspection services related to the redevelopment of the northern end of the Outer Harbor ferry stop.	84,478	On-going	YES	Best Value	YES / 30%		4
ECHDC	Be Our Guest, LTD.	3/28/2016	9721	N/A	Provide events/concessions on Buffalo's Outer Harbor and in return ECHDC will receive a base rents and percentage of revenue.		On-going	YES	Best Value	YES/ 30%		3
<b>ECHDC TOTAL:</b>				<b>\$3,117,000</b>		<b>\$1,720,766</b>						
<b>HARLEM COMMUNITY DEVELOPMENT CORPORATION</b>												
HCDC	Taylor Made Contracting LLC	5/29/2015	9272	123,707	Provide window replacement at 237-241 East 115th Street.	123,707	On-going	YES	Best Value	YES/ 30%	Vendor unde NYS DHCR competitive contract	6
HCDC	East Coast Petroleum, Inc.	10/13/2015	9420	125,000	Provide heating system replacement at 30 Lenox Avenue.	122,404	On-going	YES	Best Value	NO / 0%	Vendor under NYS DHCR competitive contract	3
HCDC	East Coast Petroleum, Inc.	10/13/2015	9412	120,000	Provide heating system replacement at 20 Lenox Avenue.	120,000	Completed	YES	Best Value	NO / 0%	Vendor under NYS DHCR competitive contract	3

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CO.	VENDOR NAME	ORIGINAL CONTRACT DATE	CONT #	CONTRACT AMOUNT	INITIAL SCOPE OF SERVICES	PAYMENTS DURING FISCAL YEAR	CURRENT STATUS	COMPETITIVE SEARCH	BASIS OF AWARD	MWBE ELIGIBLE CONTRACTS/ASSIGNED GOALS	COMMENTS	NUMBER OF BIDS
HCDC	Maxxum Construction Corp.	4/15/2015	9253	321,800	Provide window replacement at 1626 Lexington Avenue.	253,660	On-going	YES	Best Value	NO / 0%	Vendor unde NYS DHCR competitive contract	5
HCDC	Brooklyn Mechanicla HTG Corp.	4/15/2015	9244	99,650	Provide heating system replacement at 503 West 133rd Street.	99,650	Completed	YES	Best Value	NO / 0%	Vendor unde NYS DHCR competitive contract	2
HCDC	Brooklyn Mechanicla HTG Corp.	4/15/2015	9245	94,650	Provide heating system replacement at 504 West 134th Street.	94,650	Completed	YES	Best Value	NO / 0%	Vendor unde NYS DHCR competitive contract	2
HCDC	New York Heating Corp	3/4/2016	9700	81,000	Provide heating system replacement at 261 West 116th Street.		On-going	YES	Best Value	NO / 0%	Vendor unde NYS DHCR competitive contract	5
HCDC	Heat, Inc.	12/29/2015	9516	69,700	Provide heating system replacement at 205 East 124th Street.	40,155	On-going	YES	Best Value	NO / 0%	Vendor under NYS DHCR competitive contract	4
HCDC	A.S.K. Construction	4/15/2015	9243	66,605	Provide window replacement at 503 West 133rd Street.	66,605	Completed	YES	Best Value	NO / 0%	Vendor unde NYS DHCR competitive contract	3
HCDC	New York Heating Corp	10/13/2015	9413	50,150	Provide heating system replacement at 201 West 144th Street.	50,150	Completed	YES	Best Value	NO / 0%	Vendor under NYS DHCR competitive contract	3
<b>HCDC TOTAL:</b>				<b>\$1,152,262</b>		<b>\$970,981</b>						

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CO.	VENDOR NAME	ORIGINAL CONTRACT DATE	CONT #	CONTRACT AMOUNT	INITIAL SCOPE OF SERVICES	PAYMENTS DURING FISCAL YEAR	CURRENT STATUS	COMPETITIVE SEARCH	BASIS OF AWARD	MWBE ELIGIBLE CONTRACTS/ASSIGNED GOALS	COMMENTS	NUMBER OF BIDS
<b>JOB DEVELOPMENT AUTHORITY</b>												
JDA	Winston & Strawn LLP	12/22/2015	9504	245,000	Provide bond counsel services in connection with the refunding of revenue bonds related to John F. Kennedy Airport-Terminal 1.	245,000	On-going	YES	Best Value	YES / 30%	Pre-Qualified Counsel List	8
JDA	Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C	2/11/2016	9599	175,000	Provide co-bond counsel services (together with Gonzalez Saggio and Harlan LLP) in reference with the Goldman Sachs Headquarters Issue Series 2005 and/or 2007.		On-going	YES	Best Value	YES / 30%	Pre-Qualified Counsel List	8
JDA	EFPR Group, LLP	1/27/2016	9556	170,500	Provide audit of financial statements of JDA for the fiscal years 2016, 2017, 2018, 2019, and 2020.		On-going	YES	Best Value	YES / 30%		5
JDA	Hardwick Law Firm, LLC	1/8/2016	9534	105,000	Provide co-bond counsel services in connection with the refunding of revenue bonds related to John F. Kennedy Airport-Terminal 1.		On-going	YES	Best Value	YES / 30%	Pre-Qualified Counsel List MWBE co-counsel to Winston & Strawn	11
JDA	Gonzalez Saggio & Harlan, LLP	12/28/2015	9505	75,000	Provide co-bond counsel services in reference with the Goldman Sachs Headquarters Issue Series 2005 and/or 2007.		On-going	YES	Best Value	YES / 30%	Pre-Qualified Counsel List	11
<b>JDA TOTAL:</b>				<b>\$770,500</b>		<b>\$245,000</b>						

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CO.	VENDOR NAME	ORIGINAL CONTRACT DATE	CONT #	CONTRACT AMOUNT	INITIAL SCOPE OF SERVICES	PAYMENTS DURING FISCAL YEAR	CURRENT STATUS	COMPETITIVE SEARCH	BASIS OF AWARD	MWBE ELIGIBLE CONTRACTS/ASSIGNED GOALS	COMMENTS	NUMBER OF BIDS
<b>NY TRANSPORTATION DEVELOPMENT CORP</b>												
TDC	Dentons US LLP	3/4/2016	9628	Up to 2% of the par amount of the bonds	Provide co-bond counsel services (together with the Law Offices of Joseph C. Reid) in connection with the issuance of approximately \$2 billion revenue bonds for the purpose of facilitating the construction of a new central terminal at La Guardia Airport.		On-going	YES	Best Value	YES / 30%	Single Source	0
TDC	Law Offices of Joseph C. Reid, P.A.	3/4/2016	9629	Up to 2% of the par amount of the bonds	Provide co-bond counsel services (together with the Law Offices of Denton US LLP) in connection with the issuance of approximately \$2 billion revenue bonds for the purpose of facilitating the construction of a new central terminal at La Guardia Airport.		On-going	YES	Best Value		Pre-Qualified Counsel List MWBE co-counsel to Dentons	11
TDC	Squire Patton Boggs LLC	3/4/2016	9668	Up to 2% of the par amount of the bonds	Provide co-bond counsel services (together with the Law Offices of D. Seaton Associates) in connection with the issuance of approximately \$2 billion revenue bonds for the purpose of facilitating the construction of a new central terminal at La Guardia Airport.		On-going	YES	Best Value	YES / 30%	Pre-Qualified Counsel List	8
TDC	D. Seaton & Associates, P.A., P.C.	3/4/2016	9637	Up to 2% of the par amount of the bonds	Provide co-bond counsel services (together with the Law Offices of Squire Patton Boggs LLC) in connection with the issuance of approximately \$2 billion revenue bonds for the purpose of facilitating the construction of a new central terminal at La Guardia Airport.		On-going	YES	Best Value	YES / 30%	Pre-Qualified Counsel List MWBE co-counsel to Squire	8
<b>TDC TOTAL:</b>				Up to 2% of the par amount of the bonds								
				<u>\$112,856,364</u>	<b>Contract Totals</b>		<u>\$20,579,752</u>					
				<u>\$41,955,833</u>	<b>Amendment Totals</b>		<u>\$54,138,958</u>					
				<u>\$154,812,197</u>	<b>GRAND TOTALS</b>		<u>\$74,718,710</u>					

Empire State Development  
Annual Procurement Contracts ( Amendments)  
Executed During Fiscal Year 2016 (04/01/2015-03/31/2016)

CO.	VENDOR NAME	BEGIN DATE	AMEND. DATE	CONTRACT NUMBER	ORIGINAL CONTRACT AMOUNT	AMEND AMOUNT	SCOPE OF SERVICES	REVISED CONTRACT AMOUNT	AMOUNT EXPENDED FOR FISCAL YEAR	CURRENT STATUS	CONTRACT REPORTER	MWBE ELIGIBLE CONTRACTS/ASSIGNED GOALS	COMMENTS	TOTAL NUMBER OF BIDS
<b>EMPIRE STATE DEVELOPMENT</b>														
ESD	BBDO USA LLC	12/5/2011	6/12/2015	7506	50,000,000	25,000,000	Continue to provide full service advertising, marketing, branding, media and communication services in connection with the NYS Open for Business Program.	236,500,000	38,822,609	On-going	YES	YES / 30%		12
ESD	BBDO USA LLC	12/5/2011	9/4/2015	7506	50,000,000	10,000,000	Continue to provide full service advertising, marketing, branding, media and communication services in connection with the NYS Open for Business Program.	246,500,000	38,822,609	On-going	YES	YES / 30%		12
ESD	The Research Foundation for SUNY	10/8/2014	8/18/2015	9076	999,809	999,694	Provide full service project management services for implementation support of the critical Buffalo Billion projects and initiatives.	1,999,503		On-going	YES	NO		2
ESD	STV Incorporated	5/13/2014	9/2/2015	9355	33,110	963,490	Provide environmental consulting services in connection with the disposition of two non-contiguous parcels of undeveloped land within the Brooklyn Developmental Center at 888 Fountain Avenue in Brooklyn, NY.	996,600	360,525	On-going	YES	YES/ 20%	Pre-Qualified Real Estate Development and Planning Related Consultants' List	22
ESD	Henningson, Durham, and Richardson	6/11/2007	6/17/2015	4869	360,000	500,000	Provide environmental monitoring throughout the construction of the Atlantic Yards Redevelopment Project.	3,645,000	520,583	On-going	N/A	YES / 20% (original contract goal)	Amendment provided for in original contract	0
ESD	Baker Donelson, Bearman, Caldwell, & Berkowitz, PC	10/1/2013	7/7/2015	8378	214,620	384,930	Continue to provide assistance in identifying growth opportunities and retention strategies to keep New York State military bases as economic contributors and job generators.	984,480	361,100	On-going	YES	NO		5

Empire State Development  
Annual Procurement Contracts ( Amendments)  
Executed During Fiscal Year 2016 (04/01/2015-03/31/2016)

CO.	VENDOR NAME	BEGIN DATE	AMEND. DATE	CONTRACT NUMBER	ORIGINAL CONTRACT AMOUNT	AMEND AMOUNT	SCOPE OF SERVICES	REVISED CONTRACT AMOUNT	AMOUNT EXPENDED FOR FISCAL YEAR	CURRENT STATUS	CONTRACT REPORTER	MWBE ELIGIBLE CONTRACTS/ASSIGNED GOALS	COMMENTS	TOTAL NUMBER OF BIDS
ESD	Landair Inc.	5/21/2015	3/25/2016	9068	375,000	375,000	Continue to provide General Project Plan monitoring services in relation with the Columbia Manhattanville Project.	750,000		On-going	YES	YES		7
ESD	Cherry Road Technologies Inc	4/3/2013	11/23/2015	8155	108,000	72,000	Provide technical support to assure continuous PeopleSoft operation and quick responses to technical problems.	180,000	36,000	On-going	YES	NO		6
ESD	Goldman Antonetti & Cordova, LLC	10/30/2015	3/30/2016	9717	49,500	50,000	Provide legal services in connection with the ongoing operation of the NYS Office of Trade and Tourism in San Juan, PR including assistance with all necessary licenses and permits for the sale of Taste NY products, for exterior signage and other matters including tax and employment issues.	99,500	49,500	On-going		YES / 30%		0
ESD	Bryan Cave	8/17/2012	8/19/2015	7704	650,000	30,000	Provide advice and counsel on bankruptcy matters arising from Kodak's Chapter 11 filing, with specified emphasis on Eastman Business Park.	680,000	27,840	Completed	YES	YES / 20%		6
ESD	Renee Sacks, Associates Inc. d/b/a Sacks Communications	8/5/2015	2/24/2016	9315	273,300	9,093	Provide payment for expenses incurred above and beyond original estimated reimbursable amount due to greater participation than expected at the 2015 MWBE Statewide Forum.	9,093	282,393	Completed	NO	YES / 30%	Amendment less than 10% of original contract amount	0
<b>ESD TOTAL:</b>					<b>\$53,063,339</b>	<b>\$38,384,207</b>		<b>\$255,844,176</b>	<b>\$ 40,460,550</b>					

Empire State Development  
Annual Procurement Contracts ( Amendments)  
Executed During Fiscal Year 2016 (04/01/2015-03/31/2016)

CO.	VENDOR NAME	BEGIN DATE	AMEND. DATE	CONTRACT NUMBER	ORIGINAL CONTRACT AMOUNT	AMEND AMOUNT	SCOPE OF SERVICES	REVISED CONTRACT AMOUNT	AMOUNT EXPENDED FOR FISCAL YEAR	CURRENT STATUS	CONTRACT REPORTER	MWBE ELIGIBLE CONTRACTS/ASSIGNED GOALS	COMMENTS	TOTAL NUMBER OF BIDS
<b>ERIE CANAL HARBOR DEVELOPMENT CORPORATION</b>														
ECHDC	Phillips, Lytle, LLP	10/31/2012	3/1/2016	7957	1,700,000	900,000	Provide legal services for various real estate, environmental, construction and current litigation matters involving DiPizio Construction v. ECHDC related to the Canalside project.	2,600,000	308,583	On-going	YES	NO		31
ECHDC	C and S Engineers, Inc.	6/22/2011	7/13/2015	7359	1,777,000	550,000	Continue to provide construction administration services on a time and material basis through completion of the construction of the public canals phase 3a.	2,827,000	415,684	On-going	Legally Exempt	NO	Single Source	0
ECHDC	Perkins + Will	5/23/2014	4/29/2015	8758	738,072	70,000	Provide additional master planning work for the proposed Buffalo Outer Harbor Blueprint.	808,072	177,186	On-going	N/A	YES / 25% (original contract goal)	Less than 10% of original contract	7
<b>ECHDC TOTAL:</b>					<b>\$4,215,072</b>	<b>\$1,520,000</b>		<b>\$6,235,072</b>	<b>\$901,453</b>					
<b>MOYNIHAN STATION DEVELOPMENT CORPORATION</b>														
MSDC	Skidmore Owings & Merrill LLP	2/22/2011	7/9/2015	7273	6,500,000	1,622,400	Provide construction phase architectural services pertaining to Early Action work for Phase II of the Moynihan Station Project.	28,226,734	12,248,074	On-going	Legally Exempt	YES / 20%	Single Source	0
MSDC	Holland & Knight LLP	4/28/2010	12/18/2015	6687	750,000	250,000	Provide real estate, construction, financing, development, land use, and related legal services in connection with the Moynihan Station Project.	1,150,000	244,284	On-going	Legally Exempt	YES-20%		23
MSDC	Parsons Brinkerhoff, Inc.	12/23/2010	6/17/2015	7021	1,800,000	61,156	Provide a structural survey of E-Yard to further inform design revisions with regard to the Moynihan Station Development Project.	3,817,559	144,259	On-going	Legally Exempt	YES / 20% (original contract goal)	Single Source	0
<b>MSDC TOTAL:</b>					<b>\$9,050,000</b>	<b>\$1,933,556</b>		<b>\$33,194,293</b>	<b>\$12,636,617</b>					
<b>QUEENS WEST DEVELOPMENT CORPORATION</b>														
QWDC	Fleming Lee Shue Inc	7/15/2011	9/29/2015	7383	989,810	118,070	Provide quarterly water sampling and reporting of Center Boulevard between 47th Road and 48th Avenue.	1,298,769	140,338	On-going	N/A	YES / 20%	Amendment up to 10% of the amount approved.	0
<b>QWDC TOTAL:</b>					<b>\$989,810</b>	<b>\$118,070</b>		<b>\$1,298,769</b>	<b>\$140,338</b>					
<b>GRAND TOTAL:</b>					<b>\$67,318,221</b>	<b>\$41,955,833</b>		<b>\$296,572,310</b>	<b>\$54,138,958</b>					

**EMPIRE STATE DEVELOPMENT  
PROCUREMENT CONTRACTS EXECUTED  
PRIOR TO 04/01/2015 WITH FY' 2016 PAYMNETS**

<b>Contract Number</b>	<b>Contract Date</b>	<b>Vendor Name</b>	<b>Program Name</b>	<b>Contract Amount</b>	<b>Total Disbursement</b>	<b>Balance As of 03-31-2016</b>	<b>Payment During FY 2016</b>
8301	07/30/13	Arts Services Initiative Of Western NY	ECHDC	264,550	240,853	23,697	76,311
8025	02/07/13	Audubon Architecture, Engineering	ECHDC	1,331,280	1,325,448	5,832	39,008
8272	06/21/13	Biederman Redevelopment Ventures Corp.	ECHDC	846,192	678,151	168,041	151,492
7846	07/30/12	Biederman Redevelopment Ventures Corp.	ECHDC	253,455	253,455	-	23,047
7974	01/29/12	C And S Engineers, Inc.	ECHDC	544,000	475,320	68,680	1,013
7359	06/22/11	C And S Engineers, Inc.	ECHDC	2,827,000	2,690,457	136,543	415,684
8836	09/18/14	City Of Buffalo	ECHDC	2,038,000	1,887,939	150,061	679,945
8300	07/30/13	Eric Mower And Associates	ECHDC	499,000	437,142	61,858	73,359
7767	06/04/12	Foit-Albert Associates	ECHDC	1,840,797	1,608,510	232,287	221,026
8678	04/29/14	Fontanese Folts Aubrecht Ernst	ECHDC	2,076,726	1,492,648	584,078	418,723
8910	10/21/14	Frey Electric Construction Co. Inc	ECHDC	1,530,000	1,468,832	61,168	1,322,280
8672	04/01/14	Global Spectrum L.P.	ECHDC	6,654,570	4,461,865	2,192,706	2,266,065
7794	06/08/12	Herbert F. Darling, Inc	ECHDC	1,161,591	1,161,591	-	82,773
9054	10/21/14	Hohl Industrial Services, Inc	ECHDC	1,108,310	1,108,310	-	846,727
7886	09/19/12	Keleman-Bauer Construction	ECHDC	3,093,569	3,093,569	-	14,916
6589	03/19/10	Liro Engineers, Inc.	ECHDC	2,271,693	2,193,122	78,571	55,426
7597	01/20/12	Parsons Brinckerhoff Quade And	ECHDC	370,311	370,292	19	52,738
6206	07/27/09	PB Americas, Inc.	ECHDC	3,990,214	3,125,057	865,157	126,330
7281	06/06/11	Perkins Eastman Architects, P.C.	ECHDC	1,012,549	906,236	106,312	39,181
8758	05/23/14	Perkins+Will, Inc	ECHDC	808,072	791,127	16,945	177,186
7957	10/31/12	Phillips Lytle LLP	ECHDC	2,600,000	1,673,950	926,050	308,583
7818	06/20/12	Quality Inspection Services, Inc.	ECHDC	240,000	222,337	17,664	2,387
9003	12/10/14	Queen City Ferry Company Inc	ECHDC	774,818	180,154	594,664	180,154
8270	06/18/13	Rosato Management Services Inc.	ECHDC	524,465	429,593	94,872	21,131
8490	01/09/14	Travelers Casualty And Surety Co.	ECHDC	9,947,941	9,773,094	174,847	889,273
		<b>ECHDC Total</b>		<b>48,609,102</b>	<b>42,049,053</b>	<b>6,560,049</b>	<b>8,484,759</b>
8378	10/01/13	Baker, Donelson, Berman, Caldwell & Berkowitz PC	Economic Development	984,480	808,183	176,297	361,100
8586	03/05/14	Cameron Engineering & Associate, LLP	Economic Development	900,000	863,936	36,064	15,798
8531	01/30/14	Mercy Corps	Economic Development	404,400	404,400	-	163,440
		<b>Economic Development Total</b>		<b>2,288,880</b>	<b>2,076,519</b>	<b>212,361</b>	<b>540,338</b>
8495	07/01/13	633 Third 33 Equities LLC	ESDC- 633 Third Ave.-Lease	19,500,375	18,320,974	1,179,401	6,783,633
		<b>ESDC- 633 Third Ave.- Lease Total</b>		<b>19,500,375</b>	<b>18,320,974</b>	<b>1,179,401</b>	<b>6,783,633</b>
9136	03/11/15	Ricoh USA, Inc	ESDC- Administration	370,866	65,733	305,133	65,733
		<b>ESDC- Administration Total</b>		<b>370,866</b>	<b>65,733</b>	<b>305,133</b>	<b>65,733</b>
7741	12/20/11	Toski & Co., Cpas, P.C.	ESDC-Annual Audit	910,000	910,000	-	235,000
		<b>ESDC-Annual Audit Total</b>		<b>910,000</b>	<b>910,000</b>	<b>-</b>	<b>235,000</b>
1889	02/22/99	Orrick Herrington And Sutcliffe, LLP.	ESDC-Arbitrage Bond Services	671,000	342,500	328,500	18,500

\* No-Upset Contracts

**EMPIRE STATE DEVELOPMENT  
PROCUREMENT CONTRACTS EXECUTED  
PRIOR TO 04/01/2015 WITH FY' 2016 PAYMNETS**

Contract Number	Contract Date	Vendor Name	Program Name	Contract Amount	Total Disbursement	Balance As of 03-31-2016	Payment During FY 2016
<b>ESDC-Arbitrage Bond Services Total</b>						<b>328,500</b>	<b>18,500</b>
8691	05/07/14	Gonzalez, Saggio & Harlan Llp	ESDC-Arthur Kill	300,000	77,930	222,070	45,244
9110	03/03/15	Vhb Engineering, Surveying And Landscape	ESDC-Arthur Kill	255,200	112,489	142,711	112,489
<b>ESDC-Arthur Kill Total</b>				<b>555,200</b>	<b>190,419</b>	<b>364,781</b>	<b>157,733</b>
3400	01/24/06	AKRF Inc.	ESDC-Atlantic Yards	7,700,000	7,398,248	301,752	15,354
3311	12/13/05	Berger And Webb, LLP	ESDC-Atlantic Yards	*	13,256,024	N/A	1,360,339
3738	06/08/06	Bryan Cave LLP	ESDC-Atlantic Yards	*	9,346,010	N/A	164,485
4869	06/11/07	Henningson, Durham And Richardson	ESDC-Atlantic Yards	3,645,000	3,222,639	422,361	520,583
3783	06/26/06	Skadden Arps Slate Meagher And Flom LLP	ESDC-Atlantic Yards	*	9,514,846	N/A	518,728
6717	05/25/10	STV Incorporated	ESDC-Atlantic Yards	5,000,000	3,460,763	1,539,237	603,570
<b>ESDC-Atlantic Yards Total</b>				<b>16,345,000</b>	<b>46,198,529</b>	<b>2,263,351</b>	<b>3,183,059</b>
6630	03/23/10	Law Offices Of Donald J. Tobias	ESDC-Bankruptcy Matters	1,350,000	393,133	956,867	26,219
1911	05/18/04	McNamee Lochner Titus And Williams, P.C.	ESDC-Bankruptcy Matters	200,000	195,222	4,778	298
<b>ESDC-Bankruptcy Matters Total</b>				<b>1,550,000</b>	<b>588,355</b>	<b>961,645</b>	<b>26,517</b>
8891	10/22/14	Schoeman, Updike & Kaufman & Stern Llp	ESDC-Bayview	300,000	25,488	274,512	7,440
<b>ESDC-Bayview Correctional Facility Total</b>				<b>300,000</b>	<b>25,488</b>	<b>274,512</b>	<b>7,440</b>
8677	04/28/14	Bloomberg L.P.	ESDC-Bloomberg Terminals	51,600	38,901	12,699	26,001
<b>ESDC-Bloomberg Terminals Total</b>				<b>51,600</b>	<b>38,901</b>	<b>12,699</b>	<b>26,001</b>
8833	09/12/14	Mckenna Long & Aldridge Llp	ESDC-Bond	345,000	345,000	0	31,608
<b>ESDC-Bond Total</b>				<b>345,000</b>	<b>345,000</b>	<b>0</b>	<b>31,608</b>
8267	07/03/13	Buffalo Bills	ESDC-Buffalo Bills	130,000,000	124,060,965	5,939,035	7,420,814
8680	05/06/14	Foley & Lardner Llp	ESDC-Buffalo Bills	350,000	206,067	143,933	297
<b>ESDC-Buffalo Bills Total</b>				<b>130,350,000</b>	<b>124,267,032</b>	<b>6,082,968</b>	<b>7,421,111</b>
2577	12/15/04	Carter Ledyard And Milburn	ESDC-Columbia University	*	14,713,826	N/A	515,529
9068	11/21/14	Landair, Inc.	ESDC-Columbia University	700,000	390,790	309,210	382,405
<b>ESDC-Columbia University Total</b>				<b>700,000</b>	<b>15,104,616</b>	<b>309,210</b>	<b>897,934</b>
8317	06/28/13	Liro Engineers, Inc.	ESDC - Episcopal Church	715,342	707,777	7,565	308,608
8848	10/07/14	Total Wrecking & Environmental, Llc	ESDC - Episcopal Church	5,392,064	4,957,360	434,704	4,697,331
<b>ESDC - Episcopal Church Total</b>				<b>6,107,406</b>	<b>5,665,137</b>	<b>442,269</b>	<b>5,005,939</b>
2698	12/27/02	AKRF Inc.	ESDC-Farley Building	5,326,500	5,267,899	58,601	3,200
85	04/18/03	Bryan Cave LLP	ESDC-Farley Building	5,400,000	5,200,480	199,520	19,467
8935	11/05/14	Bryant Rabbino Llp	ESDC-Farley Building	200,000	179,910	20,090	179,910

\* No-Upset Contracts

**EMPIRE STATE DEVELOPMENT  
PROCUREMENT CONTRACTS EXECUTED  
PRIOR TO 04/01/2015 WITH FY' 2016 PAYMNETS**

Contract Number	Contract Date	Vendor Name	Program Name	Contract Amount	Total Disbursement	Balance As of 03-31-2016	Payment During FY 2016
8699	05/16/14	Ernst & Young	ESDC-Farley Building	973,500	972,082	1,418	490,070
6687	04/28/10	Holland And Knight LLP	ESDC-Farley Building	1,150,000	1,105,207	44,793	244,284
4819	08/28/07	Jerome Haims Realty Inc.	ESDC-Farley Building	347,500	340,800	6,700	45,500
4868	08/24/07	NYS Office Of General Services	ESDC-Farley Building	39,349,560	32,190,222	7,159,337	6,304,760
8133	03/22/13	Rosenwach Tank Co. LLC	ESDC-Farley Building	630,000	616,000	14,000	52,861
9203	03/26/15	Skadden Arps Slate Meagher And Flom Llp	ESDC-Farley Building	250,000	96,091	153,910	96,091
4964	11/27/07	Washington Square Partners Inc.	ESDC-Farley Building	1,600,000	1,385,142	214,858	1,918
			<b>ESDC-Farley Building Total</b>	<b>55,227,060</b>	<b>47,353,832</b>	<b>7,873,227</b>	<b>7,438,059</b>
9066	01/23/15	Willis Of New York, Inc.	ESDC-Insurance	375,000	85,701	289,299	85,701
			<b>ESDC-Insurance Total</b>	<b>375,000</b>	<b>85,701</b>	<b>289,299</b>	<b>85,701</b>
7704	03/26/12	Bryan Cave LLP	ESDC-Legal	680,000	677,636	2,364	27,840
8545	09/01/13	Gonzalez, Saggio & Harlan LLP	ESDC-Legal	300,000	109,799	190,201	38,183
9202	03/27/15	Mintz Levin Cohn Ferris Glovsky &	ESDC-Legal	80,000	22,518	57,482	22,518
8506	01/17/14	Winston And Strawn LLP	ESDC-Legal	300,000	62,608	237,392	31,600
			<b>ESDC-Legal Total</b>	<b>1,360,000</b>	<b>872,561</b>	<b>487,439</b>	<b>120,141</b>
8008	01/16/13	Gonzalez, Saggio & Harlan LLP	ESDC- Legal Foreclosure Service *		128,617	N/A	15,308
8007	01/15/13	Menter Rudin Trivelpiece PC	ESDC- Legal Foreclosure Service *		16,262	N/A	1,246
			<b>ESDC- Legal Foreclosure Service Total</b>	<b>-</b>	<b>144,879</b>	<b>-</b>	<b>16,554</b>
7022	12/30/10	Harris Beach PLLC	ESDC-Legal Real Estate *		305,104	N/A	12,414
8020	12/13/12	Schoeman Updike Kaufman Stern and Ascher LLP	ESDC-Legal Real Estate	349,500	294,795	54,705	1,520
			<b>ESDC-Legal Real Estate Total</b>	<b>-</b>	<b>305,104</b>	<b>-</b>	<b>12,414</b>
1711	04/20/04	Putney Twombly Hall & Hirson	ESDC-Legal-Human Resource *		478,859	N/A	11,632
			<b>ESDC-Legal-Human Resource Total</b>	<b>-</b>	<b>478,859</b>	<b>-</b>	<b>11,632</b>
9084	02/19/15	Applied Business Software, Inc	ESDC-Loan Servicing	51,902	44,975	6,927	9,235
			<b>ESDC-Loan Servicing Total</b>	<b>51,902</b>	<b>44,975</b>	<b>6,927</b>	<b>9,235</b>
8155	04/03/13	Cherry Road Technologies, Inc.	ESDC-MIS	180,000	120,000	60,000	36,000
			<b>ESDC-MIS Total</b>	<b>180,000</b>	<b>120,000</b>	<b>60,000</b>	<b>36,000</b>
7506	12/05/11	BBDO USA LLC	ESDC-NY Open for Business	247,500,000	236,223,552	11,276,448	38,822,609
			<b>ESDC-NY Open for Business Total</b>	<b>247,500,000</b>	<b>236,223,552</b>	<b>11,276,448</b>	<b>38,822,609</b>
9078	02/12/15	Bjh Advisors, Llc	ESDC- Psychiatric Center	125,000	124,946	54	89,021
8874	10/17/14	Bryant Rabbino Llp	ESDC- Psychiatric Center	300,000	101,965	198,035	84,765
			<b>ESDC-Pychiatric Total</b>	<b>425,000</b>	<b>226,911</b>	<b>198,089</b>	<b>173,786</b>

\* No-Upset Contracts

**EMPIRE STATE DEVELOPMENT  
PROCUREMENT CONTRACTS EXECUTED  
PRIOR TO 04/01/2015 WITH FY' 2016 PAYMNETS**

Contract Number	Contract Date	Vendor Name	Program Name	Contract Amount	Total Disbursement	Balance As of 03-31-2016	Payment During FY 2016
5651	07/01/08	Michigan Street Development LLC.	ESDC-Upstate	5,202,480	4,021,013	1,181,467	491,901
			<b>ESDC-Upstate Total</b>	<b>5,202,480</b>	<b>4,021,013</b>	<b>1,181,467</b>	<b>491,901</b>
8135	03/26/13	Cohnreznick LLP	ESNMC	500,000	94,125	405,875	25,125
6297	06/22/09	Holland And Knight LLP	ESNMC	129,218	103,079	26,138	38,234
			<b>ESNMC Total</b>	<b>629,218</b>	<b>197,204</b>	<b>432,013</b>	<b>63,359</b>
8940	11/08/14	Gordon Rees Scully Mansukhani Llp	HCDC	250,000	89,729	160,271	45,790
8294	07/18/13	Bryant Rabbino LLP	HCDC	150,000	38,925	111,075	11,030
			<b>HCDC Total</b>	<b>400,000</b>	<b>128,654</b>	<b>271,346</b>	<b>56,820</b>
3707	02/09/06	Phillips Lytle LLP	HCDC-Victoria Theatre	500,000	495,189	4,811	43,278
4668	05/22/07	The Gibson Law Firm	HCDC-Victoria Theatre	300,000	290,160	9,840	35,600
			<b>HCDC-Victoria Theatre Total</b>	<b>800,000</b>	<b>785,349</b>	<b>14,651</b>	<b>78,878</b>
9107	02/25/15	New York Heating Corporation	HCDC-Weatherization	99,700	99,700	-	45,725
9138	03/12/15	New York Heating Corporation	HCDC-Weatherization	118,599	118,599	-	118,599
9140	03/12/15	New York Heating Corporation	HCDC-Weatherization	88,699	88,699	-	88,699
			<b>HCDC-Weatherization Total</b>	<b>306,998</b>	<b>306,998</b>	<b>-</b>	<b>253,023</b>
3435	04/28/05	NYS Office Of General Services	HRTDC	1,081,544	1,054,670	26,874	32,331
			<b>HRTDC Total</b>	<b>1,081,544</b>	<b>1,054,670</b>	<b>26,874</b>	<b>32,331</b>
60	12/11/96	Central New York Regional Market	JDA	1,914,125	1,110,989	803,136	65,305
6314	10/13/09	McCracken Financial Software, Inc.	JDA	121,194	118,670	2,524	4,106
			<b>JDA Total</b>	<b>2,035,319</b>	<b>1,229,659</b>	<b>805,660</b>	<b>69,410</b>
5661	10/31/08	AKRF Inc.	LMDC	2,420,000	1,845,679	574,321	133,449
2545	11/19/04	BFP One Liberty Plaza Co. Llc	LMDC	9,801,634	9,649,929	151,704	460,448
5833	02/18/09	Carter Ledyard And Milburn	LMDC	1,090,000	1,003,136	86,864	58,697
6115	06/12/09	Faithful Gould Inc.	LMDC	441,585	95,100	346,485	53,515
6257	08/28/09	Miller Advertising Agency, Inc.	LMDC	260,000	187,319	72,681	24,169
8178	04/22/13	Richard J. Davis Attorney At Law	LMDC	99,500	68,640	30,860	8,480
5978	03/20/09	Something Digital	LMDC	348,160	319,420	28,740	38,350
5812	02/09/09	Toski, Schaefer & Co., Pc.	LMDC	415,000	410,000	5,000	40,000
5405	06/13/08	Venable LLP	LMDC	625,000	519,474	105,526	127,231
7918	10/16/12	Winston And Strawn LLP	LMDC	18,425,000	8,815,749	9,609,251	128,486
			<b>LMDC Total</b>	<b>33,925,879</b>	<b>22,914,446</b>	<b>11,011,433</b>	<b>1,072,824</b>
7797	05/31/12	National Railroad Passenger Corporation	MSDC	33,000,000	32,259,848	740,152	7,627,016
7021	12/23/10	PB Americas, Inc.	MSDC	3,817,559	3,486,291	331,268	144,259
7396	07/11/11	Port Authority Of NY And NJ	MSDC	4,500,000	2,095,070	2,404,930	374,769

\* No-Upset Contracts

**EMPIRE STATE DEVELOPMENT  
PROCUREMENT CONTRACTS EXECUTED  
PRIOR TO 04/01/2015 WITH FY' 2016 PAYMNETS**

Contract Number	Contract Date	Vendor Name	Program Name	Contract Amount	Total Disbursement	Balance As of 03-31-2016	Payment During FY 2016
8262	06/24/13	Skanska Usa Civil Northeast Inc.	MSDC	17,565,358	11,378,392	6,186,966	6,276,164
7833	06/13/12	Skanska USA Civil Northeast Inc.	MSDC	208,259,326	167,419,939	40,839,387	51,001,052
7273	05/31/11	Skidmore Owings And Merrill LLP	MSDC	28,914,741	23,983,126	4,931,615	12,248,074
7497	11/09/11	STA Joint Venture	MSDC	21,812,944	18,487,692	3,325,251	4,471,272
7112	02/01/11	Systra Engineering, Inc.	MSDC	4,039,312	3,556,375	482,937	131,810
7914	10/12/12	Thacher Associates LLC	MSDC	2,241,115	1,359,118	881,997	393,274
8517	08/03/13	The Research Foundation For The State University o	MSDC	252,868	242,556	10,312	172,598
110	05/15/00	URS Corporation	MSDC	7,682,992	7,474,943	208,049	16,538
			<b>MSDC Total</b>	<b>332,086,215</b>	<b>271,743,351</b>	<b>60,342,864</b>	<b>82,856,827</b>
3218	10/11/05	Javits li Architecture, Ll.	NYCCDC	115,689,422	94,332,576	21,356,846	1,192,665
7926	10/16/12	Shearman And Sterling	NYCCDC	500,000	62,681	437,319	27,960
3069	09/01/05	Sive Paget And Riesel P.C.	NYCCDC	840,000	781,448	58,552	8,388
6417	12/04/09	Tishman Construction Corporation	NYCCDC	430,017,450	371,216,613	58,800,837	2,024,000
			<b>NYCCDC Total</b>	<b>547,046,872</b>	<b>466,393,319</b>	<b>80,653,553</b>	<b>3,253,013</b>
106	08/20/01	Abel Bainnson Butz Landscape A	QWDC	5,700,358	5,696,998	3,360	33,982
7383	07/15/11	Fleming-Lee Shue, Inc.	QWDC	1,281,415	1,236,901	44,514	140,338
6179	07/10/09	Galvin Brothers	QWDC	18,163,329	18,141,685	21,644	178,489
2144	03/20/01	Sive Paget And Riesel P.C.	QWDC		8,944,764	N/A	19,370
			<b>QWDC Total</b>	<b>25,145,102</b>	<b>34,020,348</b>	<b>69,518</b>	<b>372,179</b>
5142	03/01/08	First Street Group, LLC	USA Niagara	573,000	463,175	109,825	57,300
8525	01/28/14	Global Spectrum L.P.	USA Niagara	2,060,600	1,416,636	643,964	711,468
8676	01/01/14	Global Spectrum L.P.	USA Niagara	2,637,625	1,699,436	938,189	864,890
9267	10/30/14	NYS OFFICE OF PARKS, RECREATION AND	USA Niagara	1,500,000	1,016,250	483,750	1,016,250
			<b>USA Niagara Total</b>	<b>6,771,225</b>	<b>4,595,497</b>	<b>2,175,728</b>	<b>2,649,909</b>
			<b>Grand Total</b>	<b>1,489,553,742</b>	<b>1,349,729,933</b>	<b>196,528,120</b>	<b>170,863,428</b>

\* No-Upset Contracts

FOR INFORMATION

June 23, 2016

TO: The Directors

FROM: Howard Zemsky

SUBJECT: Budget Variance Reports for the fiscal year ended March 31, 2016

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In accordance with applicable law, attached are the variance reports for Empire State Development (ESD) Board Approved operating budget (on a department level), as well as subsidiary operating and capital budgets, for the fiscal year ended March 31, 2016.

Total operating spending for all corporate departments was approximately \$51.1 million, or 81% of the total budget of \$62.9 million. This difference is principally attributable to reduced spending in non-personal services, primarily related to the government assessment (cost recovery expense) and consulting fees which were budgeted for federally and state funded programs that were not fully utilized during the fiscal year. In addition, personal services expenses (salaries plus fringe benefits) were lower than budgeted due to the existence of vacant positions at the end of the fiscal year. Many of these positions are in the hiring process and it is anticipated that they will be filled in the next fiscal year.

Total subsidiary spending for operations, excluding LMDC and HCDC Weatherization, was approximately \$4.17 million, or 84% of the total budget of \$4.94 million. This variance is primarily attributable to lower than expected personal service expenses (employee salaries and associated fringe costs) resulting from a number of open positions across multiple subsidiaries. It is anticipated that as these positions are filled in fiscal year 2016-17 spending will begin to trend closer to budgeted levels. Spending for LMDC and HCDC's Weatherization Program is shown separately as each is federally funded. Both finished the year within their respective budgets.

Total subsidiary spending for capital projects was approximately \$135 million, or 76% of the \$177 million cumulative capital budget for all subsidiaries. Spending during fiscal year 2015-16 was lower than expected as a result of longer-than-anticipated pre-construction schedules for a number of Buffalo area construction projects. While all of these projects are still expected to be completed, a significant portion of the costs associated with each will be incurred during fiscal year 2016-17 or later.



**Departmental Budget Variance Report**  
**March 31, 2016**

	Admin Services	CFO	Controller	Corporate	Contract Admin	Community Economic Development	Design & Construction	Economic Analysis & Research	Economic Incentives	Executive Office	Global NY	Human Resources	Info Technology
<b>ANNUAL BUDGET</b>													
Personal Services (incl. Benefits)	\$ 540,692	\$ 232,800	\$ 1,821,269	\$ 11,596,519	\$ 999,875	\$ 2,103,007	\$ 1,228,533	\$ 204,098	\$ 465,964	\$ 1,482,149	\$ 729,049	\$ 607,640	\$ 1,295,114
Occupancy Expenses	-	-	-	7,302,385	-	-	-	-	-	-	-	-	-
Government Assessment Fee	-	-	-	3,736,000	-	-	-	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv	82,145	7,208	34,789	81,319	200	19,257	1,000	370	550	3,000	38,758	30,482	18,836
Computers, Software & Telephone	435,595	-	-	125,020	-	-	-	-	-	-	-	-	401,554
Legal / Consulting / Accounting Fees	-	-	136,000	34,000	-	940,000	-	-	-	79,202	-	-	-
Office Supplies / Printing / Advertising	162,835	-	-	5,447	-	27,250	100	-	200	-	400	-	-
Insurance	-	-	-	322,638	-	-	-	-	-	-	-	-	-
Travel & Meals	8,500	45	2,226	-	3,500	37,500	10,000	10,000	5,000	100,798	30,000	500	9,000
On-Line Services, Dues & Subscriptions	-	-	285	-	-	54,150	2,500	-	450	4,000	-	2,100	100
Other Post Employment Cost	-	-	-	4,600,000	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 1,229,767</b>	<b>\$ 240,053</b>	<b>\$ 1,994,569</b>	<b>\$ 27,803,328</b>	<b>\$ 1,003,575</b>	<b>\$ 3,181,164</b>	<b>\$ 1,242,133</b>	<b>\$ 214,468</b>	<b>\$ 472,164</b>	<b>\$ 1,669,149</b>	<b>\$ 798,207</b>	<b>\$ 640,722</b>	<b>\$ 1,724,604</b>
<b>ACTUAL TO DATE</b>													
Personal Services (incl. Benefits)	\$ 506,073	\$ 18,273	\$ 1,697,628	\$ 10,173,061	\$ 995,857	\$ 1,350,619	\$ 1,192,087	\$ 201,224	\$ 464,486	\$ 1,482,149	\$ 500,898	\$ 585,776	\$ 1,213,305
Occupancy Expenses	-	-	-	7,302,385	-	-	-	-	-	-	-	-	-
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv	82,145	7,208	31,366	58,916	-	19,257	109	370	-	1,146	38,758	30,482	18,836
Computers, Software & Telephone	435,595	-	-	125,020	-	-	-	-	-	-	-	-	333,812
Legal / Consulting / Accounting Fees	-	-	136,000	22,200	-	9,552	-	-	-	-	-	-	-
Office Supplies / Printing / Advertising	160,287	-	-	2,003	-	1,643	-	-	-	-	50	-	-
Insurance	-	-	-	254,070	-	-	-	-	-	-	-	-	-
Travel & Meals	3,725	45	2,226	-	1,843	34,242	8,697	9,975	1,922	100,798	28,100	210	8,852
On-Line Services, Dues & Subscriptions	-	-	285	-	-	14,715	2,497	-	-	1,115	-	895	-
Other Post Employment Cost	-	-	-	4,473,659	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 1,187,825</b>	<b>\$ 25,526</b>	<b>\$ 1,867,505</b>	<b>\$ 22,411,314</b>	<b>\$ 997,700</b>	<b>\$ 1,430,028</b>	<b>\$ 1,203,391</b>	<b>\$ 211,569</b>	<b>\$ 466,408</b>	<b>\$ 1,585,208</b>	<b>\$ 567,806</b>	<b>\$ 617,363</b>	<b>\$ 1,574,805</b>
<b>Balance Remaining</b>													
Personal Services (incl. Benefits)	\$ 34,619	\$ 214,527	\$ 123,641	\$ 1,423,458	\$ 4,018	\$ 752,388	\$ 36,446	\$ 2,874	\$ 1,478	\$ 0	\$ 228,151	\$ 21,864	\$ 81,809
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Government Assessment Fee	-	-	-	3,736,000	-	-	-	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv	-	-	3,423	22,403	200	-	891	-	550	1,854	-	-	-
Computers, Software & Telephone	-	-	-	-	-	-	-	-	-	-	-	-	67,742
Legal / Consulting / Accounting Fees	-	-	-	11,800	-	930,448	-	-	-	79,202	-	-	-
Office Supplies / Printing / Advertising	2,548	-	-	3,444	-	25,607	100	-	200	-	350	-	-
Insurance	-	-	-	68,568	-	-	-	-	-	-	-	-	-
Travel & Meals	4,775	-	-	-	1,657	3,258	1,303	25	3,078	-	1,900	290	148
On-Line Services, Dues & Subscriptions	-	-	-	-	-	39,435	3	-	450	2,885	-	1,205	100
Other Post Employment Cost	-	-	-	126,341	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 41,942</b>	<b>\$ 214,527</b>	<b>\$ 127,064</b>	<b>\$ 5,392,014</b>	<b>\$ 5,875</b>	<b>\$ 1,751,136</b>	<b>\$ 38,742</b>	<b>\$ 2,899</b>	<b>\$ 5,756</b>	<b>\$ 83,942</b>	<b>\$ 230,401</b>	<b>\$ 23,359</b>	<b>\$ 149,799</b>
<b>OVERVIEW</b>													
Annual Budget	\$ 1,229,767	\$ 240,053	\$ 1,994,569	\$ 27,803,328	\$ 1,003,575	\$ 3,181,164	\$ 1,242,133	\$ 214,468	\$ 472,164	\$ 1,669,149	\$ 798,207	\$ 640,722	\$ 1,724,604
Actual to Date	\$ 1,187,825	\$ 25,526	\$ 1,867,505	\$ 22,411,314	\$ 997,700	\$ 1,430,028	\$ 1,203,391	\$ 211,569	\$ 466,408	\$ 1,585,208	\$ 567,806	\$ 617,363	\$ 1,574,805
Balance Remaining	\$ 41,942	\$ 214,527	\$ 127,064	\$ 5,392,014	\$ 5,875	\$ 1,751,136	\$ 38,742	\$ 2,899	\$ 5,756	\$ 83,941	\$ 230,401	\$ 23,359	\$ 149,799
% of Annual Budget Used	97%	11%	94%	81%	99%	45%	97%	99%	99%	95%	71%	96%	91%

**Departmental Budget Variance Report**  
**March 31, 2016**

	Innovation & Broadband	Internal Audit	Intergov./ Legis. Affairs	Legal	Loans & Grants	Marketing	Motion Pictures & TV	NY Works	Portfolio Mgt	Public Affairs	Real Estate Dev	Regional Councils	Reg Off Cap	Reg Off CNY
<b>ANNUAL BUDGET</b>														
Personal Services (incl. Benefits)	\$ 877,421	\$ 347,793	\$ 522,411	\$ 2,671,917	\$ 1,023,715	\$ 1,551,641	\$ 338,663	\$ -	\$ 632,318	\$ 1,043,929	\$ 930,099	\$ 1,228,172	\$ 52,357	\$ 250,416
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv	104,274	-	238	18,231	1,000	22,070	300	21,777	21,766	14,482	21,380	159,257	1,371	1,371
Computers, Software & Telephone	-	-	-	-	-	-	-	12,000	-	-	-	-	-	-
Legal / Consulting / Accounting Fees	1,050,726	-	-	406,779	-	10,000	-	704,000	-	-	482,915	493,978	-	-
Office Supplies / Printing / Advertising	-	-	-	500	-	3,100	-	69,160	100	-	500	500	14	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel & Meals	25,000	1,325	19,674	11,417	2,000	55,000	6,400	37,363	4,106	18,693	20,000	35,765	125	3,500
On-Line Services, Dues & Subscriptions	25,000	1,425	88	85,594	200	1,000	-	5,700	228	3,307	2,705	50	405	-
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 2,082,421</b>	<b>\$ 350,543</b>	<b>\$ 542,411</b>	<b>\$ 3,194,438</b>	<b>\$ 1,026,915</b>	<b>\$ 1,642,811</b>	<b>\$ 345,363</b>	<b>\$ 850,000</b>	<b>\$ 658,518</b>	<b>\$ 1,080,411</b>	<b>\$ 1,457,599</b>	<b>\$ 1,917,722</b>	<b>\$ 54,272</b>	<b>\$ 255,287</b>
<b>ACTUAL TO DATE</b>														
Personal Services (incl. Benefits)	\$ 512,313	\$ 347,793	\$ 485,852	\$ 2,594,809	\$ 977,859	\$ 1,390,592	\$ 320,175	\$ -	\$ 543,613	\$ 1,037,989	\$ 924,693	\$ 1,037,432	\$ 52,142	\$ 196,559
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv	104,274	-	234	18,231	-	22,070	223	-	21,766	14,482	21,380	159,257	-	42
Computers, Software & Telephone	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal / Consulting / Accounting Fees	119,189	-	-	406,779	-	-	-	143,076	-	-	334,789	371,138	-	-
Office Supplies / Printing / Advertising	-	-	-	63	-	2,412	-	-	-	-	-	453	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel & Meals	19,355	652	19,674	11,417	1,445	51,347	6,400	-	4,106	18,693	8,904	35,765	125	3,468
On-Line Services, Dues & Subscriptions	6,836	881	88	85,594	-	-	-	-	-	2,111	2,705	-	-	-
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 761,967</b>	<b>\$ 349,326</b>	<b>\$ 505,849</b>	<b>\$ 3,116,893</b>	<b>\$ 979,305</b>	<b>\$ 1,466,421</b>	<b>\$ 326,798</b>	<b>\$ 143,076</b>	<b>\$ 569,485</b>	<b>\$ 1,073,275</b>	<b>\$ 1,292,471</b>	<b>\$ 1,604,045</b>	<b>\$ 52,267</b>	<b>\$ 200,069</b>
<b>Balance Remaining</b>														
Personal Services (incl. Benefits)	\$ 365,108	-	\$ 36,559	\$ 77,108	\$ 45,856	\$ 161,049	\$ 18,487	\$ -	\$ 88,705	\$ 5,940	\$ 5,406	\$ 190,740	\$ 215	\$ 53,857
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv	-	-	4	-	1,000	-	77	21,777	-	-	-	-	1,371	1,330
Computers, Software & Telephone	-	-	-	-	-	-	-	12,000	-	-	-	-	-	-
Legal / Consulting / Accounting Fees	931,537	-	-	-	-	10,000	-	560,924	-	-	148,126	122,840	-	-
Office Supplies / Printing / Advertising	-	-	-	437	-	688	-	69,160	100	-	500	47	14	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel & Meals	5,645	673	-	-	555	3,653	-	37,363	-	-	11,096	-	-	32
On-Line Services, Dues & Subscriptions	18,164	544	-	-	200	1,000	-	5,700	228	1,196	-	50	405	-
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 1,320,454</b>	<b>\$ 1,217</b>	<b>\$ 36,562</b>	<b>\$ 77,545</b>	<b>\$ 47,610</b>	<b>\$ 176,390</b>	<b>\$ 18,564</b>	<b>\$ 706,924</b>	<b>\$ 89,033</b>	<b>\$ 7,136</b>	<b>\$ 165,128</b>	<b>\$ 313,677</b>	<b>\$ 2,005</b>	<b>\$ 55,218</b>
<b>OVERVIEW</b>														
Annual Budget	\$ 2,082,421	\$ 350,543	\$ 542,411	\$ 3,194,438	\$ 1,026,915	\$ 1,642,811	\$ 345,363	\$ 850,000	\$ 658,518	\$ 1,080,411	\$ 1,457,599	\$ 1,917,722	\$ 54,272	\$ 255,287
Actual to Date	\$ 761,967	\$ 349,326	\$ 505,849	\$ 3,116,893	\$ 979,305	\$ 1,466,421	\$ 326,798	\$ 143,076	\$ 569,485	\$ 1,073,275	\$ 1,292,471	\$ 1,604,045	\$ 52,267	\$ 200,069
Balance Remaining	\$ 1,320,454	\$ 1,217	\$ 36,562	\$ 77,545	\$ 47,610	\$ 176,390	\$ 18,564	\$ 706,924	\$ 89,033	\$ 7,136	\$ 165,128	\$ 313,677	\$ 2,005	\$ 55,218
% of Annual Budget Used	37%	100%	93%	98%	95%	89%	95%	17%	86%	99%	89%	84%	96%	78%

**Departmental Budget Variance Report**  
**March 31, 2016**

	Reg Off Gen	Reg Off LI	Reg Off MH	Reg Off MV	Reg Off NC	Reg Off NYC	Reg Off ST	Reg Off WNY	Start-Up NY	Strategic Business Development	Tech & New Media	Treasury	Total of Departments
<b>ANNUAL BUDGET</b>													
Personal Services (incl. Benefits)	\$ 281,452	\$ 227,217	\$ 267,886	\$ 204,498	\$ 122,564	\$ 205,517	\$ 309,396	\$ 1,099,608	\$ 552,667	\$ 777,756	\$ 239,936	\$ 721,280	\$ 39,787,338
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	-	7,302,385
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	-	3,736,000
Repairs / Maint / Prop Mgmt / Other Outside Serv	3,000	325	1,000	686	100	19	100	5,000	2,000	1,500	-	2,500	721,661
Computers, Software & Telephone	-	-	-	-	-	-	-	-	-	-	-	-	974,169
Legal / Consulting / Accounting Fees	-	-	-	-	-	-	-	-	-	-	-	-	4,337,600
Office Supplies / Printing / Advertising	-	14	-	7	-	-	-	5,091	-	500	-	879	276,597
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	322,638
Travel & Meals	25,000	2,000	4,500	2,500	5,000	2,559	2,055	23,469	22,443	19,658	4,500	500	571,621
On-Line Services, Dues & Subscriptions	1,000	428	643	215	100	236	328	1,045	1,126	16,442	-	26,121	236,971
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	4,600,000
<b>Total</b>	<b>\$ 310,452</b>	<b>\$ 229,984</b>	<b>\$ 274,029</b>	<b>\$ 207,906</b>	<b>\$ 127,764</b>	<b>\$ 208,331</b>	<b>\$ 311,879</b>	<b>\$ 1,134,213</b>	<b>\$ 578,236</b>	<b>\$ 815,856</b>	<b>\$ 244,436</b>	<b>\$ 751,280</b>	<b>\$ 62,866,980</b>
<b>ACTUAL TO DATE</b>													
Personal Services (incl. Benefits)	\$ 213,612	\$ 227,157	\$ 262,352	\$ 132,833	\$ 122,520	\$ 189,094	\$ 277,410	\$ 1,026,487	\$ 293,005	\$ 678,437	\$ 205,479	\$ 720,771	\$ 35,152,419
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	-	7,302,385
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv	641	-	56	84	-	19	35	1,809	1,954	409	-	125	655,685
Computers, Software & Telephone	-	-	-	-	-	-	-	-	-	-	-	-	894,427
Legal / Consulting / Accounting Fees	-	-	-	-	-	-	-	-	-	-	-	-	1,542,723
Office Supplies / Printing / Advertising	-	-	-	-	-	-	-	5,091	-	-	-	-	172,001
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	254,070
Travel & Meals	24,432	1,985	2,254	1,188	4,855	2,559	1,899	23,469	22,443	19,658	3,167	358	490,254
On-Line Services, Dues & Subscriptions	500	-	-	-	-	215	130	-	-	687	-	26,121	145,375
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	4,473,659
<b>Total</b>	<b>\$ 239,185</b>	<b>\$ 229,142</b>	<b>\$ 264,662</b>	<b>\$ 134,105</b>	<b>\$ 127,375</b>	<b>\$ 191,887</b>	<b>\$ 279,474</b>	<b>\$ 1,056,857</b>	<b>\$ 317,402</b>	<b>\$ 699,191</b>	<b>\$ 208,646</b>	<b>\$ 747,376</b>	<b>\$ 51,082,997</b>
<b>Balance Remaining</b>													
Personal Services (incl. Benefits)	\$ 67,840	\$ 60	\$ 5,534	\$ 71,665	\$ 44	\$ 16,423	\$ 31,986	\$ 73,121	\$ 259,662	\$ 99,319	\$ 34,457	\$ 509	\$ 4,634,919
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	-	3,736,000
Repairs / Maint / Prop Mgmt / Other Outside Serv	2,359	325	944	602	100	-	65	3,191	46	1,091	-	2,375	65,977
Computers, Software & Telephone	-	-	-	-	-	-	-	-	-	-	-	-	79,742
Legal / Consulting / Accounting Fees	-	-	-	-	-	-	-	-	-	-	-	-	2,794,877
Office Supplies / Printing / Advertising	-	14	-	7	-	-	-	-	-	500	-	879	104,596
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	68,568
Travel & Meals	568	15	2,246	1,312	145	-	156	-	-	-	1,333	142	81,367
On-Line Services, Dues & Subscriptions	500	428	643	215	100	21	198	1,045	1,126	15,755	-	-	91,597
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	126,341
<b>Total</b>	<b>\$ 71,267</b>	<b>\$ 842</b>	<b>\$ 9,367</b>	<b>\$ 73,801</b>	<b>\$ 389</b>	<b>\$ 16,444</b>	<b>\$ 32,405</b>	<b>\$ 77,356</b>	<b>\$ 260,834</b>	<b>\$ 116,665</b>	<b>\$ 35,790</b>	<b>\$ 3,905</b>	<b>\$ 11,783,983</b>
<b>OVERVIEW</b>													
Annual Budget	\$ 310,452	\$ 229,984	\$ 274,029	\$ 207,906	\$ 127,764	\$ 208,331	\$ 311,879	\$ 1,134,213	\$ 578,236	\$ 815,856	\$ 244,436	\$ 751,280	\$ 62,866,980
Actual to Date	\$ 239,185	\$ 229,142	\$ 264,662	\$ 134,105	\$ 127,375	\$ 191,887	\$ 279,474	\$ 1,056,857	\$ 317,402	\$ 699,191	\$ 208,646	\$ 747,376	\$ 51,082,997
Balance Remaining	\$ 71,267	\$ 842	\$ 9,367	\$ 73,801	\$ 389	\$ 16,444	\$ 32,405	\$ 77,356	\$ 260,834	\$ 116,665	\$ 35,790	\$ 3,904	\$ 11,783,983
% of Annual Budget Used	77%	100%	97%	65%	100%	92%	90%	93%	55%	86%	85%	99%	81.3%

**Subsidiary Operating Budget Summary Variance Report  
March 31, 2016**

	Atlantic Yards Comm Dev Corp	Convention Center	Empire State New Market Corp	Erie Canal Harbor	Empowerment Zone	HCDC	Moynihan Station	Queens West	USA Niagara	Total	HCDC Weatherization	LMDC
<b>ANNUAL BUDGET</b>												
Personal Services (incl. Benefits)	\$133,165	\$190,833	\$0	\$1,045,939	\$276,179	\$1,180,497	\$407,252	\$83,542	\$599,446	\$3,916,853	\$480,181	\$1,258,429
Occupancy Expenses	10,000	26,500	0	79,286	0	11,000	0	20,200	57,300	204,286	0	528,924
Government Assessment Fee	0	0	0	0	0	0	0	0	0	0	0	0
Repairs / Maint / Prop Mgmt / Other Outside Serv / Expenses	16,950	9,774	4,910	75,000	1,275	23,400	5,750	400	7,500	144,959	455,844	78,605
Computers, Software & Equipment	500	0	0	400	0	10,000	3,000	0	5,000	18,900	1,500	21,600
Telephone/Fax/Internet	500	500	0	10,000	150	22,000	33,899	205	16,000	83,254	8,000	61,980
Legal / Accounting Fees	29,757	24,465	42,000	1,500	24,000	68,500	0	0	0	190,222	13,500	150,350
Consulting Fees	9,295	0	30,000	1,500	0	7,500	4,601	0	0	52,896	0	43,655
Office Supplies / Printing / Advertising	500	300	0	8,000	500	28,000	20,000	0	3,750	61,050	8,000	36,366
Insurance	17,333	14,734	2,500	54,247	7,723	88,609	18,825	14,771	17,732	236,474	7,779	15,000
Travel & Meals	1,000	1,500	5,000	1,881	300	8,000	2,500	0	500	20,681	10,000	1,500
On-Line Services, Dues & Subscriptions	1,000	50	1,200	1,333	0	9,000	0	0	2,500	15,083	1,000	4,200
<b>Total</b>	<b>\$220,000</b>	<b>\$268,656</b>	<b>\$85,610</b>	<b>\$1,279,086</b>	<b>\$310,127</b>	<b>\$1,456,506</b>	<b>\$495,827</b>	<b>\$119,118</b>	<b>\$709,728</b>	<b>\$4,944,658</b>	<b>\$985,804</b>	<b>\$2,200,609</b>
<b>ACTUAL SPENDING TO DATE</b>												
Personal Services (incl. Benefits)	\$131,929	\$45,535	\$0	\$1,004,163	\$289,603	\$1,071,369	\$406,049	\$57,059	\$434,517	\$3,440,224	\$562,257	\$1,000,995
Occupancy Expenses	9,586	18,704	0	69,203	0	0	0	14,610	57,300	169,403	0	550,130
Government Assessment Fee	0	0	0	0	0	0	0	0	0	0	0	0
Repairs/Maint/Prop Mgmt/Other Outside Serv/Expenses	2,939	9,774	400	67,920	0	5,039	5,314	200	3,117	94,702	341,609	90,960
Computers, Software & Equipment	0	0	0	0	0	0	2,941	0	3,993	6,934	0	15,135
Telephone/Fax/Internet	0	137	0	4,753	75	5,860	33,899	205	12,460	57,389	3,377	22,910
Legal / Accounting Fees	0	24,465	49,782	14,246	24,000	53,675	0	0	0	166,169	17,006	40,000
Consulting Fees	0	0	30,000	0	0	0	0	0	0	30,000	0	42,847
Office Supplies / Printing / Advertising	0	0	0	5,293	0	7,137	0	0	1,285	13,715	4,677	4,770
Insurance	6,715	10,476	536	53,329	6,804	79,077	5,267	4,208	6,586	172,997	1,587	17,639
Travel & Meals	16	0	0	1,881	294	7,634	1,551	0	9	11,385	9,033	231
On-Line Services, Dues & Subscriptions	0	0	0	840	0	106	0	0	2,031	2,977	6,920	9,296
<b>Total</b>	<b>\$151,185</b>	<b>\$109,092</b>	<b>\$80,717</b>	<b>\$1,221,628</b>	<b>\$320,775</b>	<b>\$1,229,897</b>	<b>\$455,021</b>	<b>\$76,283</b>	<b>\$521,296</b>	<b>\$4,165,895</b>	<b>\$946,466</b>	<b>\$1,794,912</b>
<b>BALANCE REMAINING</b>												
Personal Services (incl. Benefits)	\$1,236	\$145,298	\$0	\$41,776	(\$13,424)	\$109,128	\$1,203	\$26,483	\$164,929	\$476,629	(\$82,076)	\$257,434
Occupancy Expenses	414	7,796	0	10,083	0	11,000	0	5,590	0	34,883	0	(21,206)
Government Assessment Fee	0	0	0	0	0	0	0	0	0	0	0	0
Repairs/Maint/Prop Mgmt/Other Outside Serv/Expenses	14,011	0	4,510	7,080	1,275	18,361	436	200	4,383	50,257	114,235	(12,355)
Computers, Software & Equipment	500	0	0	400	0	10,000	59	0	1,007	11,966	1,500	6,465
Telephone/Fax/Internet	500	363	0	5,247	75	16,140	0	0	3,540	25,865	4,623	39,070
Legal / Accounting Fees	29,757	0	(7,782)	(12,746)	0	14,825	0	0	0	24,053	(3,506)	110,350
Consulting Fees	9,295	0	0	1,500	0	7,500	4,601	0	0	22,896	0	808
Office Supplies / Printing / Advertising	500	300	0	2,707	500	20,863	20,000	0	2,465	47,335	3,323	31,596
Insurance	10,618	4,258	1,964	918	919	9,532	13,558	10,563	11,146	63,477	6,192	(2,639)
Travel & Meals	984	1,500	5,000	0	6	366	949	0	491	9,296	967	1,269
On-Line Services, Dues & Subscriptions	1,000	50	1,200	493	0	8,894	0	0	469	12,106	(5,920)	(5,096)
<b>Total</b>	<b>\$68,815</b>	<b>\$159,564</b>	<b>\$4,893</b>	<b>\$57,458</b>	<b>(\$10,648)</b>	<b>\$226,609</b>	<b>\$40,807</b>	<b>\$42,835</b>	<b>\$188,432</b>	<b>\$778,763</b>	<b>\$39,338</b>	<b>\$405,697</b>
<b>OVERVIEW</b>												
Annual Budget	\$220,000	\$268,656	\$85,610	\$1,279,086	\$310,127	\$1,456,506	\$495,827	\$119,118	\$709,728	\$4,944,658	\$985,804	\$2,200,609
Actual to Date	\$151,185	\$109,092	\$80,717	\$1,221,628	\$320,775	\$1,229,897	\$455,021	\$76,283	\$521,296	\$4,165,895	\$946,466	\$1,794,912
Balance Remaining	\$68,815	\$159,564	\$4,893	\$57,458	(\$10,648)	\$226,609	\$40,806	\$42,835	\$188,432	\$778,763	\$39,338	\$405,697
% of Annual Budget Used	68.72%	40.61%	94.28%	95.51%	103.43%	84.44%	91.77%	64.04%	73.45%	84.25%	96.01%	81.56%

**Subsidiary Capital Budget Summary Variance Report  
March 31, 2016**

	<b>Convention Center</b>	<b>Erie Canal Harbor</b>	<b>HCDC</b>	<b>Moynihan Station</b>	<b>Farley</b>	<b>Queens West</b>	<b>USA Niagara</b>	<b>Total All Subsidiaries</b>
<b><u>ANNUAL BUDGET</u></b>								
Acquisition Costs	\$0	\$100,000	\$0	\$0	\$500,000	\$0	\$49,000	\$649,000
Design & Other Soft Costs	6,900,000	6,300,000	0	15,711,463	2,004,366	85,000	1,900,000	32,900,829
Legal Costs	100,000	1,000,000	150,000	340,000	829,011	30,000	100,000	2,549,011
Property Management/Maintenance Costs	0	3,492,784	0	0	4,900,000	121,283	1,500,000	10,014,067
Insurance	0	115,381	0	1,716,855	2,039,895	0	0	3,872,131
Demolition & Site Clearance	0	0	0	0	0	73,717	0	73,717
Construction Costs	6,500,000	23,705,000	0	66,065,657	13,194,886	5,035,636	12,036,000	126,537,179
Other Misc. Costs	0	195,679	0	0	0	0	45,000	240,679
<b>Total</b>	<b>\$13,500,000</b>	<b>\$34,908,844</b>	<b>\$150,000</b>	<b>\$83,833,975</b>	<b>\$23,468,158</b>	<b>\$5,345,636</b>	<b>\$15,630,000</b>	<b>\$176,836,613</b>
<b><u>ACTUAL SPENDING TO DATE</u></b>								
Acquisition Costs	\$0	\$0	\$0	\$0	\$500,000	\$0	\$49,000	\$549,000
Design & Other Soft Costs	6,711,897	1,272,185	0	15,711,463	2,004,366	49,738	1,143,309	26,892,958
Legal Costs	26,807	577,675	0	37,770	829,011	9,386	9,878	1,490,527
Property Management/Maintenance Costs	0	2,704,800	0	0	4,820,013	121,283	1,275,863	8,921,960
Insurance	0	115,381	0	76,131	2,039,895	0	0	2,231,407
Demolition & Site Clearance	0	0	0	0	0	0	0	0
Construction Costs	6,395,784	6,195,700	0	63,930,103	13,194,886	3,678,489	1,216,092	94,590,413
Other Misc. Costs	0	195,679	0	0	0	0	45,000	240,679
<b>Total</b>	<b>\$13,134,488</b>	<b>\$11,061,421</b>	<b>\$0</b>	<b>\$79,755,466</b>	<b>\$23,388,170</b>	<b>\$3,858,897</b>	<b>\$3,739,142</b>	<b>\$134,916,943</b>
<b><u>BALANCE REMAINING</u></b>								
Acquisition Costs	\$0	\$100,000	\$0	\$0	\$0	\$0	\$0	\$100,000
Design & Other Soft Costs	188,103	5,027,815	0	0	0	35,262	756,691	6,007,871
Legal Costs	73,193	422,325	150,000	302,230	0	20,614	90,122	1,058,484
Property Management/Maintenance Costs	0	787,984	0	0	79,987	0	224,137	1,092,108
Insurance	0	0	0	1,640,724	0	0	0	1,640,724
Demolition & Site Clearance	0	0	0	0	0	73,717	0	73,717
Construction Costs	104,216	17,509,300	0	2,135,554	0	1,357,147	10,819,908	31,946,766
Other Misc. Costs	0	0	0	0	0	0	0	0
<b>Total</b>	<b>\$365,512</b>	<b>\$23,847,423</b>	<b>\$150,000</b>	<b>\$4,078,509</b>	<b>\$79,988</b>	<b>\$1,486,739</b>	<b>\$11,890,858</b>	<b>\$41,919,670</b>
<b><u>ANNUAL OVERVIEW</u></b>								
Annual Budget	<b>\$13,500,000</b>	<b>\$34,908,844</b>	<b>\$150,000</b>	<b>\$83,833,975</b>	<b>\$23,468,158</b>	<b>\$5,345,636</b>	<b>\$15,630,000</b>	<b>\$176,836,613</b>
Actual Spending to Date	<b>\$13,134,488</b>	<b>\$11,061,421</b>	<b>\$0</b>	<b>\$79,755,466</b>	<b>\$23,388,170</b>	<b>\$3,858,897</b>	<b>\$3,739,142</b>	<b>\$134,916,943</b>
Balance Remaining	<b>\$365,512</b>	<b>\$23,847,423</b>	<b>\$150,000</b>	<b>\$4,078,509</b>	<b>\$79,988</b>	<b>\$1,486,739</b>	<b>\$11,890,858</b>	<b>\$41,919,670</b>
% of Budget Used	<b>97.29%</b>	<b>31.69%</b>	<b>0.00%</b>	<b>95.14%</b>	<b>99.66%</b>	<b>72.19%</b>	<b>23.92%</b>	<b>76.29%</b>



**FOR INFORMATION**

**June 23, 2016**

**TO:** The Directors

**FROM:** Howard A. Zemsky

**SUBJECT:** Annual Review of ESD Contracts for Services In Excess of One Year

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According to Public Authorities Law 2879(3)(b)(ii), the ESD Board of Directors shall annually review contracts involving services to be rendered over a period in excess of one year.

The attached report lists ESD contracts that have been/or will be active for a period in excess of one year. ESD Department Heads have reviewed and determined that their respective contracts remain active. The attached list is limited to the Corporation's service contracts. ESD Subsidiaries provide their respective Boards with a similar list for review on an annual basis.



**CONTRACTS FOR SERVICES TO BE RENDERED IN EXCESS OF ONE YEAR**

Department	Vendor Name	Contract Amount	Disbursed thru 4/30/2016	Balance as of 4/30/2016	Scope of Work	Execution Date
ADMINISTRATIVE SERVICES	Ricoh USA, Inc.	370,866	65,733	305,133	Provide multi-service copiers print management solution and maintenance services.	3/11/2015
CONTROLLER'S	EFPR Group, LLP	631,000	0.00	631,000	Provide audit services of the consolidated financial statements of ESD for fiscal years 2016, 2017, 2018, 2019 and 2020.	2/5/2016
	EFPR Group, LLP	91,000	0.00	91,000	Provide audit of the financial statements of JDA for fiscal years 2016, 2017, 2018, 2019, and 2020.	1/27/2016
CORPORATE MARKETING	Lowe & Partners Worldwide Inc.	100,000,000	17,142,302	82,857,698	Provide marketing services including advertising, digital, marketing, events, media planning and buying services.	10/2/2015
DESIGN & CONSTRUCTION	AKRF	7,700,000	7,398,248	301,752	Provide environmental consulting services related to the Atlantic Yards Land Use Improvement Project and Civic Project.	1/24/2006
	AKRF, Inc.	588,000	0.00	588,000	Provide environmental consulting services in connection with disposition and redevelopment of the Bronx Psychiatric Center site in the Bronx.	6/11/2015
	Henningson, Durhan & Richardson, PC	3,645,000	3,271,029	373,971	Provide environmental monitoring throughout construction of the Atlantic Yards Land Use Improvement Project and Civic Project.	6/11/2007
	STV Incorporated	996,600	509,488	487,112	Provide environmental consulting services in connection with the disposition of two non-contiguous parcels of undeveloped land within the Brooklyn Developmental Center at 888 Fountain Avenue in Brooklyn, NY.	9/2/2015
	STV, Inc.	5,000,000	3,460,763	1,539,237	Provide owner's representation in connection with the Atlantic Yards Land Use Improvement Project and Civic Project.	7/9/2010
	VHB Engineering, Surveying and Landscape	255,200	112,489	142,711	Provide an environmental assessment of the proposed redevelopment at the Arthur Kill Correctional Facility.	3/3/2015

**CONTRACTS FOR SERVICES TO BE RENDERED IN EXCESS OF ONE YEAR**

Department	Vendor Name	Contract Amount	Disbursed thru 4/30/2016	Balance as of 4/30/2016	Scope of Work	Execution Date
LEGAL	Berger & Webb	No Upset	13,314,209	N/A	Provide legal services to ESD for condemnation and related legal matters in connection with the Atlantic Yards Land Use Improvement Project and Civic Project.	12/13/2005
	Bryan Cave LLP	No Upset	9,346,010	N/A	Provide environmental and litigation counsel with respect to the Atlantic Yards Land Use Improvement Project and Civic Project.	6/7/2006
	Bryant Rabbino LLP	300,000	127,855	172,145	Provide legal services to ESD in connection with the Bronx Psychiatric Center located at 1500 Waters Place in the Morris Park section of the Bronx, New York.	10/17/2014
	Carter, Ledyard, Milburn	No Upset	14,724,392	N/A	Provide real estate related legal services to ESD with respect to Columbia University Manhattanville Campus Project.	12/15/2004
	D. Seaton & Associates, P.A., P.C.	Up to 2% of the par amount of the bonds	0.00	N/A	Provide co-bond counsel services (together with the Law Offices of Squire Patton Boggs LLC) in connection with the issuance of approximately \$2 billion revenue bonds for the purpose of facilitating the construction of a new central terminal at La Guardia Airport.	3/4/2016
	Dentons US LLP	Up to 2% of the par amount of the bonds	0.00	N/A	Provide co-bond counsel services (together with the Law Offices of Joseph C. Reid) in connection with the issuance of approximately \$2 billion revenue bonds for the purpose of facilitating the construction of a new central terminal at La Guardia Airport.	3/4/2016
	Foley & Lardner LLP	350,000	206,067	143,933	Provide Advisement in connection with long term planning for the retention of the Buffalo Bills in New York, including consideration of substantial renovation or Ralph Wilson Jr. Stadium, or construction of a new stadium, as contemplated under the Stadium lease.	5/6/2014
	Harris Beach	No Upset	305,104	N/A	Provide legal services to ESD with respect to real estate matters, land use and related project development matters for the Global Foundries Project, including related Luther Forest matters.	12/30/2010
	Hawkins Delafield & Wood, LLP	350,000	0.00	350,000	Legal Retainer–Personal Income Tax Revenue Bonds (Series 2015 & 2016).	2/5/2016

**CONTRACTS FOR SERVICES TO BE RENDERED IN EXCESS OF ONE YEAR**

<b>Department</b>	<b>Vendor Name</b>	<b>Contract Amount</b>	<b>Disbursed thru 4/30/2016</b>	<b>Balance as of 4/30/2016</b>	<b>Scope of Work</b>	<b>Execution Date</b>
	Hodgson Russ, LLP	100,000	86,315	13,685	Provide legal services related to the lease of Ralph Wilson Stadium to the Buffalo Bills.	12/4/2012
	Katten Muchin Zavis Rosenman, LLP	100,000	91,788	8,212	Provide Real estate and negotiations services to expedite the closing schedule based on a timetable with respect to Cooper Square Mixed-Used Land Use Improvement project.	8/13/2003
	Landair, Inc.	700,000	416,365	283,635	Provide consultant services as ESD's GPP Monitor, assisting in overseeing Columbia compliance with obligations regarding construction schedule and community benefits.	5/1/2015
	Law Offices of Donald J. Tobias	No Upset	397,683	N/A	Provide legal services to ESD and JDA with respect to Creditors' Rights Counsel for the various workout and bankruptcy matters arising out of ESD's loan portfolio.	5/18/2004
	Law Offices of Joseph C. Reid, P.A.	Up to 2% of the par amount of the bonds	0.00	N/A	Provide co-bond counsel services (together with the Law Offices of Denton US LLP) in connection with the issuance of approximately \$2 billion revenue bonds for the purpose of facilitating the construction of a new central terminal at La Guardia Airport.	3/4/2016
	McNamee, Lochner, Titus	200,000	195,222	4,778	Provide legal services to ESD and JDA with respect to Creditors' Rights Counsel for the various workout and bankruptcy matters arising out of ESD's loan portfolio.	5/18/2004
	Menter, Rudin & Trivelpiece	No Upset	16,261	N/A	Provide legal services to ESD with respect to bankruptcy proceedings for creditor's rights and workout matters, including foreclosure proceedings.	1/15/2013
	Putney Twombly	No Upset	483,333	N/A	Provide legal representation on behalf of ESD and its Subsidiaries in connection with employer/employee relations.	8/9/1984
	Schoeman, Updike & Kaufman, LLP	349,500	294,795	54,705	Provide real estate services with respect to the negotiating and drafting agreements related to the Central Harlem Mixed Use Project.	12/13/2012
	Schoeman, Updike & Kaufman, LLP	300,000	37,787	262,213	Provide legal services to ESD in connection with the disposition of the former Bayview Correctional Facility located at 550 West 20th Street in Manhattan.	10/22/2014
	Sive Paget and Riesel P.C.	400,000	123,289	276,711	Provide environmental consulting services in connection with disposition and redevelopment of the Bronx Psychiatric Center site in the Bronx.	4/21/2015

**CONTRACTS FOR SERVICES TO BE RENDERED IN EXCESS OF ONE YEAR**

Department	Vendor Name	Contract Amount	Disbursed thru 4/30/2016	Balance as of 4/30/2016	Scope of Work	Execution Date
	Skadden Arps Slate, Meagher & Flom	No Upset	9,551,888	N/A	Provide real estate and litigation counsel services in connection with the Atlantic Yards Land Use Improvement Project and Civic Project.	7/3/2006
	Squire Patton Boggs, LLP	No Upset	0.00	N/A	Provide co-bond counsel and oversight in connection with the issuance of approximately \$2 billion in revenue bonds for the purpose of facilitating the funding of construction at LaGuardia Airport.	3/4/2016
	Winston & Strawn	300,000	85,608	214,392	Provide legal services to ESD with respect to Correctional Facilities Bonds and transferring the related prison facilities.	1/17/2014
MANAGEMENT INFORMATION SYSTEMS	Cherry Road Technologies Inc.	180,000	120,000	60,000	Provide technical support to ESD for the Oracle PeopleSoft Financial System.	4/3/2013
PORTFOLIO MANAGEMENT	Applied Business Software, Inc.	51,902	44,975	6,927	Provide loan servicing to ESD to manage and monitor all loans in its portfolio through 2020.	2/19/2015
	Applied Business Software, Inc.	51,902	35,740	16,163	Provide loan servicing to JDA to manage and monitor all loans in its portfolio through 2020.	2/18/2015

**CONTRACTS FOR SERVICES TO BE RENDERED IN EXCESS OF ONE YEAR**

<b>Department</b>	<b>Vendor Name</b>	<b>Contract Amount</b>	<b>Disbursed thru 4/30/2016</b>	<b>Balance as of 4/30/2016</b>	<b>Scope of Work</b>	<b>Execution Date</b>
REGIONAL	Liro Engineers Inc.	715,342	362,809	352,534	Provide construction management, design/engineering property management services associated with remediation and demolition activities of the former Episcopal Church Home property acquired by ESD.	11/6/2013
	Research Foundation for the SUNY	1,999,503	0.00	1,999,503	Provide full service project management services for implementation of the Buffalo Billion projects and Initiatives.	10/8/2014
	Research Foundation for the SUNY	499,907	371,138	128,769	Consulting Services for Implementation of the Upstate Revitalization Fund.	5/1/2015
	Total Wrecking & Environmental, LLC	5,239,635	3,428,773	1,810,862	Provide remediation services for Episcopal Church.	10/7/2014
TREASURY	Bond Logistic LLC	672,000	342,500	329,500	Provide arbitrage rebate related services for all of ESD tax-exempt special project revenue bonds.	2/22/1999

June 23, 2016

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE  
DEVELOPMENT - Authorization to Amend Retainer Agreement

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RESOLVED, that in accordance with the materials presented to this meeting, a copy of which is hereby ordered to be filed with the records of the Corporation (the "Materials"), the Corporation is hereby authorized to amend its existing retainer agreement with Wilmer Cutler Pickering Hale and Dorr LLP to add Four Hundred Thousand Dollars (\$400,000) to the amount originally authorized, for the purposes and services, and substantially on the terms and conditions set forth in the Materials; and be it further

RESOLVED, that the President and Chief Executive Officer and his designee(s) be, and each of them hereby is, authorized and directed, in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all such actions as may be necessary or appropriate to effectuate the foregoing.

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