

PLEASE NOTE: We welcome public comment on the items on the following agenda. To ensure maximum opportunity for participation, speakers representing themselves may speak for up to 2 minutes each, and those representing groups may speak for up to 4 minutes (1 speaker per group). Speakers' comments may address only items considered at today's meeting. Materials relating to matters that are scheduled for discussion in open session will be available at the meeting and will be posted on ESD's website prior to the meeting in accordance with the Public Officers Law.

**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

Meeting of the Directors

Thursday

June 25, 2015 – 9:30 a.m.

PROPOSED AGENDA

FOR CONSIDERATION

I. CORPORATE ACTION

- A. Approval of Minutes of the May 18, 2015 Directors' Meeting

VII. BROOKLYN BRIDGE PARK CIVIC AND LAND USE IMPROVEMENT PROJECT

- A. New York City (Kings County) - Brooklyn Bridge Park Civic and Land Use Improvement Project – Adoption of Modification to the Modified General Project Plan; Authorization to Hold Public Hearing; and Authorization to Take Related Actions

I. CORPORATE ACTION

- B. Annual Financial Reports – Approval of Certain Financial Reports and Authorization to Take Related Actions

II. DISCRETIONARY PROJECTS

FINGER LAKES REGION

- A. West Henrietta (Finger Lakes Region – Monroe County) – Retrotech 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

NORTH COUNTRY REGION

- B. North Lawrence (North Country Region – St. Lawrence County) – Upstate Niagara Cooperative Capital – Empire State Development Corporation 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

NEW YORK CITY REGION

- C. Bronx (New York City Region – Bronx County) - Bronx Overall Economic Development Corp – ESD Operating Funds – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Make a Loan and to Take Related Actions

STATEWIDE - CRAFT BEVERAGE GRANT PROGRAM

- D. Statewide - Craft Beverage Grant Program – Open For Business – Marketing and Tourism Grants for Craft Beverage Industry (Working Capital Grant) – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Make a Grant and to Take Related Actions
 - A. Adirondack Regional Chamber of Commerce - \$168,300 (Various Counties)

III. REGIONAL COUNCIL AWARDS

NEW YORK CITY REGION

- A. Regional Council Award – Priority Project - Brooklyn (New York City Region – Kings County) – Brooklyn Navy Yard/Steiner Studios Capital – Empire State Economic Development Fund and Regional Council Capital Fund (Capital Grants) – Authorization to Accept and Approve the Final Environmental Impact Statement (“FEIS”); Authorization to Publish, File and Circulate the FEIS; and Authorization to Take Related Actions

III. REGIONAL COUNCIL AWARDS - Continued

WESTERN NEW YORK REGION

- B. Regional Council Award – Priority Project - Alfred (Western New York Region - Allegany County) – Alfred High-Temperature 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; Determination of No Significant Effect on the Environment
- C. Regional Council Award – Priority Project - Wellsville (Western New York Region – Allegany County) – SUNY Research Foundation SAMC 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; Determination of No Significant Effect on the Environment
- D. Regional Council Award – Priority Project – Buffalo (Western New York Region – Erie County) – Darwin Martin House 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

MOHAWK VALLEY REGION

- E. Regional Council Award – Priority Project - Herkimer (Mohawk Valley Region – Herkimer County) – Living Learning Center 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; Determination of No Significant Effect on the Environment

LONG ISLAND REGION

- F. Regional Council Award – Priority Project - Stony Brook (Long Island Region – Suffolk County) – Stony Brook University 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
- G. Regional Council Award - Aquebogue (Long Island Region – Suffolk County) – H.F. Corwin and Sons 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

III. **REGIONAL COUNCIL AWARDS – Continued**

CENTRAL NEW YORK REGION

- H. Regional Council Award – Syracuse (Central New York Region – Onondaga County) – The Gear Factory 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
- I. Regional Council Award – Priority Project - Oswego (Central New York Region – Cayuga County) – Novelis Capital (Capital Grant) – Empire State Economic Development Fund – General Development Financing - 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

FINGER LAKES REGION

- J. Regional Council Award – Priority Project - Rochester (Finger Lakes Region – Monroe County) – University of Rochester 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

NORTH COUNTRY REGION

- K. Regional Council Award – Heuvelton (North Country Region – St. Lawrence County) – Heuvelton Wastewater Improvements 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

SOUTHERN TIER REGION

- L. Regional Council Award – Painted Post (Southern Tier Region – Steuben County) – Corning Diesel Capital II – Empire State Economic Development Fund – General Development Financing and Regional Council Capital Fund (Capital Grants) – 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 Grants and to Take Related Actions; Determination of No Significant Effect on the Environment

III. REGIONAL COUCIL AWARDS – Continued

SOUTHERN TIER REGION – Continued

M. Regional Council Award - Kirkwood (Southern Tier Region – Broome County) – Broome County IDA – Indian Valley Industries, Inc. 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; and Authorization to Make a Grant and to Take Related Actions

N. **REMOVED FROM AGENDA**

CAPITAL REGION

O. Regional Council Award – Priority Project (Capital Region – Rensselaer County) – Urban Grow Center 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

MARKET NY GRANT PROGRAM

P. Market NY Grant Program – Regional Tourism Marketing Competition – Market New York Program (Working Capital & Capital Grants) – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Make Grants and to Take Related Actions

- A. Schenectady Museum Association – Suits Bueche Planetarium at miSci Capital (Schenectady County) - \$20,137
- B. Phoenicia Festival of the Voice Foundation – Phoenicia International Festival of the Voice Working Capital (Ulster County) - \$65,000
- C. Proctors Theatre – Proctors We Are Broadway Working Capital (Schenectady County) - \$150,000
- D. Albany Convention Visitor Bureau – Capital Sports Events Working Capital (Albany County) - \$125,000
- E. CNY Arts, Inc.- CNY Arts Economic Development Working Capital (Onondaga County) - \$100,000

III. REGIONAL COUNCIL AWARDS – Continued

REGIONAL COUNCIL AWARD PROJECTS CONSENT CALENDAR

- Q. Regional Council Award Projects Consent Calendar – Findings and Determination Pursuant to Section (10) g of the Act; Authorization to Make Grants and Take Related Actions

Regional Council Capital Fund

- A. Cobleskill Agriculture Society Fairgrounds Capital – (Schoharie County) - \$25,000
- B. Valley Cinema Digital Conversion Capital – (Herkimer County) - \$25,000
- C. Ansen Corporation Improvements Capital (St. Lawrence County) - \$100,000

IV. NON-DISCRETIONARY PROJECTS

NON-DISCRETIONARY PROJECTS CONSENT CALENDAR

- A. Non-Discretionary Projects Consent Calendar – Authorization to Make a Grant and to Take Related Actions

SUNY 2020 Challenge Grant (Executive)

- A. SUNY Water Research and Education Center at Onondaga Lake Capital (Onondaga County) - \$20,000,000

V. ADMINISTRATIVE ACTIONS

- A. Land Bank Program – Approval of Land Bank Application and Authorization to Take All Related Actions
- B. Procurement for Consulting Services – Buffalo Investment Development Strategy - Authorization to Enter into an Amended Contract Consultant Services Relating to the Buffalo Strategy Implementation Support Services; and Authorization to Take Related Actions
- C. Procurement for Event Planning and Management Consulting Services – 2015 Statewide MWBE Forum – Authorization to Enter into a Contract for Consulting Services Relating to the 2015 Statewide MWBE Forum and Authorization to Take Related Actions
- D. New York Works Task Force – Authorization to Reimburse the Port Authority of New York & New Jersey for Consulting Expenses and to Take Related Actions
- E. Global NY Trade Mission to Cuba – Ratification of Actions Taken in Support of Trade Mission
- F. FY 2014-2015 Performance Measurement Report – Acceptance of FY 2014-2015 Performance Measurement Report

VI. VICTORIA THEATER REDEVELOPMENT PROJECT

- A. New York City (New York County) – Victoria Theater Redevelopment Project – Operator and Manager of Cultural Arts Component – Authorization to Conditionally Designate Operator and Manager and Enter into Lease/Operating Agreement; Authorization to Take Related Actions

- **Item VII. A. – Moved to beginning of Agenda**

VIII. FOR INFORMATION

- A. Budget Variance Reports for the Fiscal Year ended March 31, 2015
- B. Annual Report on Utilization of Certified Minority and Women Business Enterprises (MWBES) and Procurement Commitments to MWBEs for Fiscal Year 2014-2015
- C. Quarterly Reports on Utilization of Certified Minority and Women Business Enterprises (MWBES) and Procurement Commitments to MWBEs for the Fourth Quarter of Fiscal Year 2014-2015
- D. Regional Council Award – Priority Project – Syracuse (Central New York Region – Onondaga County) – Ephesus Technologies Capital – Regional Council Capital Fund (Capital Grant)

IX. EXECUTIVE SESSION

- A. Authorization to Enter into a Settlement Agreement in Connection with Vinson v. HCDC, Index No. 14-CV-4068 (S.D.N.Y.) and to Take All Related Actions

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NEW YORK STATE URBAN DEVELOPMENT CORPORATION

d/b/a Empire State Development
Meeting of the Directors
New York City Regional Office
633 Third Avenue
37th Floor Conference Room
New York, New York 10017

and

New York State Department of Financial Services
1 State Street
New York, New York 10006

May 18, 2015

MINUTES

**In Attendance
Directors:**

Howard A. Zemsky – Commissioner of DED (Acting Chair)
Derrick D. Cephas
Robert Dyson
Joyce Miller
Anthony Albanese – Designee – Superintendent (New York State
Department of Financial Services)

Present for ESD:

Scott Clay, Associate Agency Services Analyst
Sam Filler, Director – Industry Development
Elizabeth R. Fine, Executive Vice President, Legal and
General Counsel
Andrew Flamm, Senior Director – Community Development
Carey Gabay, First Deputy General Counsel
John Gilstrap, Executive Vice President – Business Attraction &
Expansion
Steve Gold, Vice President – Industry Development
Brendan Healey, Assistant Vice President – Economic Incentives
Brian Keil, Managing Director – NYS Innovation Capital Fund
Howard Kramer, Director – Marketing Finance
Edwin Lee, Vice President – Economic Incentives-Loans and Grants
Benson Martin, Director of Compliance
Glendon McLeary, Assistant Vice President – Economic Incentives
-Loans and Grants
Mehul Patel, Chief of Staff and Chief Operating Officer
Debbie Royce, Assistant Corporate Secretary

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Also Present: Kelly Baquerizo, Business Marketing Program Analyst
James Fayle – Central New York Regional Office
Steve Gawlik – Western New York Regional Office
Ryan McLeod, Senior Project Manager – Mid-Hudson RO
Bonnie Palmer, Director – Southern Tier Regional Office
Kenneth Tompkins, Mohawk Valley Regional Office
Christopher Schoepflin - Western New York Regional Office
John VanDeLoo, North Country Regional Office

Also Present: The Press
The Media
The Public

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 9:30 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, Acting Chair Zemsky 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.

Director Dyson noted a conflict with regard to Item IIF – Craft Beverages and explained that he would recuse himself from voting on this item.

Acting Chair Zemsky then asked the Directors to approve the Minutes of the April 16, 2015 Directors’ meeting. There being no changes or corrections, upon motion duly

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made and seconded, the following resolution was unanimously adopted:

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE APRIL 16, 2015 MEETING OF THE DIRECTORS OF THE NEW YORK STATE URBAN DEVELOPMENT CORPORATION

RESOLVED, that the Minutes of the meeting of the Corporation held on April 16, 2015, 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 asked the Directors to approve the appointment of Mehul Patel as Chief of Staff and Chief Operating Officer of the Corporation.

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 D/B/A EMPIRE STATE DEVELOPMENT – Appointment of Officer – Chief of Staff & Chief Operating Officer

BE IT RESOLVED, that the following individual be, and he hereby is, appointed to the office which appears opposite his name, until his earlier resignation or removal, such appointment to be effective as of April 10, 2015:

NAME

OFFICE

Mehul Patel

Chief of Staff & Chief Operating Officer

and be it further

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RESOLVED, that in accordance with and for all the purposes of the New York State Urban Development Corporation (the “Corporation”) Act and the bylaws of the Corporation, including but not limited to the indemnification provisions thereof, the foregoing individual is an “officer” of the Corporation; and be it further

RESOLVED, that any and all actions taken by the foregoing individual since his nomination to the office identified herein be and hereby are ratified as the acts and deeds of the Corporation.

* * *

The Acting Chair then 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 would 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 23 Discretionary Projects including: two Buffalo Regional Innovation Cluster grants totaling \$135 million; one Downstate Revitalization grant for \$2,125,000; one Port Authority Bi-State Dredging Fund grant for \$4,432,672; one World Trade Center Job Creation and Retention Program grant for \$800,000; one Open for Business Craft Beverage Marketing grant for \$95,000; two Empire State Economic Development Fund grants totaling \$159,500; one Economic Development Purposes Fund grant for \$45,000; and two New York State Innovation Venture Capital Fund grants totaling \$3.06 million.

Mr. McLeary explained that there are also 12 Regional Council Awards projects, including two Urban and Community Development program grants totaling \$47,500; nine Regional Council Capital Fund grants totaling \$9,861,375; and one Market New York grant for

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\$25,000.

Mr. McLeary added that these 23 projects will leverage over \$5.9 billion in additional investments and will assist in retaining 1,535 jobs and in creating approximately 647 jobs in New York State.

Next, Mr. Schoepflin, the Director of ESD's Western New York Regional Office, presented the Buffalo Harbor State Park Buffalo Regional Cluster project for the Directors' consideration.

Mr. Schoepflin explained that the Directors are being asked to approve a \$10 million grant from the Buffalo Regional Innovation Cluster Capital Grant Fund to the New York State Office of Parks, Recreation and Historic Preservation for capital improvements to the newly established Buffalo Harbor State Park.

Mr. Schoepflin stated that this \$15,000,000 project involves the design and construction of amenities including a destination playground, picnic pavilion and boat launches along with various infrastructure improvements. Upon completion, Mr. Schoepflin further noted, the project will transform the long vacant land into a recreational entertainment destination, spurring tourism and future development in and around the City's long under-utilized water front.

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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:

Buffalo (Western New York Region – Erie County) – Buffalo Harbor State Park Capital – Buffalo Regional Innovation Cluster (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

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 Buffalo Harbor State Park Capital – Buffalo Regional Innovation Cluster (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 New York State Office of Parks, Recreation, and Historic Preservation a grant for a total amount not to exceed Ten Million Dollars (\$10,000,000) from the Buffalo Regional Innovation Cluster, 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

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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.

* * *

Buffalo (Western New York Region – Erie County) – Buffalo Harbor State Park Capital – Buffalo Regional Innovation Cluster (Capital Grant) – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Buffalo Harbor State Park Capital – Buffalo Regional Innovation Cluster (Capital Grant) Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

Mr. Schoepflin then asked the Directors to approve the Fort Schuyler Management Corporation/Riverbend Park Buffalo Regional Cluster Capital Grant project.

Mr. Schoepflin asked the Directors to authorize ESD to make a \$125 million Buffalo Regional Innovation Cluster Capital grant on behalf of the State University of New York College of Nanoscale Science and Engineering for site and new infrastructure development costs and construction costs for the Riverbend project which involves the construction of a 1.2 million square foot facility to house the largest solar panel factory in the Western Hemisphere.

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

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Director Miller noted that in view of the scope of this project, the benefits cited seem rather low in that the fiscal benefit is only \$8 million and the economic benefits are \$106 million.

Director Miller then asked if those figures only refer to the benefits from construction or if they reflect the operations of the factory once it is fully up and running.

Mr. Schoepflin noted that they reflect only construction at this point as once the facility gets to operational capacity with Solar City, the benefits will significantly increase at the site. He added that there are currently zero jobs and that that number will rise up to 3,000 over the next few years.

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

Buffalo Billion Initiative – Buffalo (Western New York Region – Erie County) – Fort Schuyler Management Corporation/RiverBend Park Capital – Buffalo Regional Innovation Cluster (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

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 Fort Schuyler Management Corporation/Riverbend Park Capital – Buffalo Regional Innovation Cluster (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

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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 Fort Schuyler Management Corporation a grant for a total amount not to exceed One Hundred Twenty Five Million (\$125,000,000) from the Buffalo Regional Innovation Cluster, 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.

* * *

Buffalo Billion Initiative – Buffalo (Western New York Region – Erie County) – Fort Schuyler Management Corporation/RiverBend Park Capital – Buffalo Regional Innovation Cluster (Capital Grant) – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Fort Schuyler Management Corporation/RiverBend Park Capital – Buffalo Regional Innovation Cluster (Capital Grant) Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

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Mr. McLeod, representing ESD's Mid-Hudson Regional Office, then asked the Directors to authorize ESD to make a \$2,125,000 grant to Regeneron Corporation in connection with a business expansion project in the town of Greenburgh in Westchester County.

Mr. McLeod noted that Regeneron is a leading biopharmaceutical company that discovers, develops and commercializes new therapeutic agents to treat unmet medical issues.

Mr. McLeod explained that the total project cost is \$39,019,231 and that ESD's incentive proposal requires that Regeneron maintain a baseline employment of 978 jobs and create 300 net new jobs by January 1, 2016. Mr. McLeod stated that the job numbers have been met and that the current employment at Regeneron in New York State is 1,726.

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:

Tarrytown (Mid-Hudson Region – Westchester County) – Regeneron DRF Capital – Downstate Revitalization Fund – Downtown Redevelopment (Capital Grant) – Findings and Determinations Pursuant to Sections 16-r and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant 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 Regeneron DRF Capital -- Downstate Revitalization Fund – Downtown Redevelopment (Capital Grant) Project (the "Project"), the Corporation hereby determines pursuant to Section 10(g) of the New York State

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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 Regeneron Pharmaceuticals, Inc. a grant for a total amount not to exceed Two Million One Hundred and Twenty-Five Thousand Dollars (\$2,125,000) from the Downstate Revitalization 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.

* * *

Next, Mr. Healey presented the Global Container Terminal (“GCT”) New York Dredging project for the Directors’ consideration.

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Mr. Healey explained that the Directors were being asked to authorize ESD to make a \$4,432,672 grant from the Port Authority Bi-State Dredge Fund for this project.

Mr. Healey explained that GCT operates a full service container and general cargo handling facility. He added that this is the largest container terminal in New York State and the largest private sector employer in Staten Island.

Among other things, Mr. Healey explained that while New York Harbor is a superb natural harbor, it is naturally only 20 feet deep and today's massive container ships now require depths of 50 feet which makes dredging vital.

Mr. Healey further explained that the project entailed the dredging of Berth 3 of GCT's facility which has taken Berth 3 from 45 feet down to 50 feet. He added that this will allow GCT to accommodate the larger ships that are anticipated with the upcoming completion of the Panama Canal expansion.

Mr. Healey further noted that this project will not only help to make sure that this facility continues to remain an attractive shipping option, it will also help GCT to retain 326 full time employees.

Following the full presentation, the Acting Chair called for any questions or comments. Director Miller asked if it was correct that this is actually Port Authority money and not ESD's

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and Mr. Healey stated that that was correct.

Director Miller further asked if it was correct that there was no federal funding in connection with this project. Mr. Healey stated that there are no federal funds connected to this particular project.

Mr. Healey did note that the Army Corp. of Engineers is in the midst of a \$2.3 million dredging to make sure that the entire harbor is able to accommodate these larger ships.

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

Staten Island (New York City Region – Richmond County) – Global Container Terminal New York Dredging Capital – Port Authority Bi-State Dredge 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

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 Global Container Terminal New York Dredging Capital - Port Authority Bi-State Dredge 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, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to GCT New York LP a grant for a total amount not to exceed Four Million Four Hundred Thirty Two Thousand Six Hundred Seventy Two Dollars (\$4,432,672) from the Port Authority Bi-State Dredge 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 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.

* * *

Staten Island (New York City Region – Richmond County) – Global Container Terminal
New York Dredging Capital – Port Authority Bi-State Dredge Fund (Capital Grant) –
Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Global Container Terminal New York Dredging Capital Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

Mr. Gold then presented the Droga5 World Trade Center Job Retention and Creation
Program project for the Directors' consideration.

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Mr. Gold explained that Droga5 is a fast growing creative ad and technology firm founded in 2006 and initially worked on edgy accounts to make a splash in the ad industry. The firm, he added, has since moved on to handling more mainstream accounts.

Mr. Gold further explained that because of the firm’s rapid growth, its NoHo office became a patch work of connected spaces and Droga5 set out to identify viable location options to accommodate its expanding workforce.

The firm, Mr. Gold noted, identified three options for the new office – a nearby NoHo building, relocating to Williamsburg, Brooklyn or to 120 Wall Street in Lower Manhattan.

ESD, Mr. Gold continued, chose to employ grant resources available through the federally funded Jobs Creation and Retention Program (“JCRP”) to encourage the Lower Manhattan location option.

Mr. Gold further noted that ESD, in partnership with the City’s Economic Development Corporation, jointly offered JCRP grant funds to incentivize companies to relocate and expand in Lower Manhattan.

Mr. Gold further noted that in return for Droga5’s commitment to relocate its 181 existing jobs and create at least 154 new jobs in Lower Manhattan, ESD and EDC jointly offered

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an \$800,000 JCRP grant in 2013. To date, Mr. Gold noted, Droga5 has 180 new jobs and is eligible to receive the entire grant amount. Mr. Gold added that Droga5 has invested \$15 million in capital improvements.

Following the full presentation, the Acting Chair called for questions or comments. Director Cephas asked for clarification with regard to the employment numbers. Specifically, he noted that materials state that Droga5 currently has 361 jobs and then the materials further state that minimum employment by December 2017 is 335 which is a lesser number. Director Cephas asked how that works.

Mr. Gold stated that the minimum in the structure of ESD's Board materials is the minimum amount they must achieve based on the 2013 offer letter. At that time, Mr. Gold stated, they were expecting 154 jobs but they actually created over 181 jobs.

Director Cephas stated that the minimum should have been raised. He asked that he be consulted going forward on matters such as these.

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

New York (New York City Region – New York County) – Droga5 JCRP – World Trade Center Job Retention and Creation Program (Working Capital) – Findings and Determinations Pursuant to Section 10(g) of the Act; 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 Droga5 JCRP -- World Trade Center Job Retention and Creation Program (Working Capital) 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 President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Droga5 LLC a grant for a total amount not to exceed Eight Hundred Thousand Dollars (\$800,000) from the World Trade Center Job Creation and Retention 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 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.

* * *

Mr. Filler then presented the Craft Beverage Grant Program item for the Directors' consideration.

Mr. Filler explained the relevant background information with regard to this request noting that the Directors were being asked to authorize ESD to make a \$95,000 grant to the

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New York Wine and Grape Foundation.

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 (It was noted for the record that Director Dyson recused himself with regard to the vote on the following resolution):

Statewide – Craft Beverage Grant Program – Open For Business – Marketing and Tourism Grants for Craft Beverage Industry (Working Capital Grant) – Findings and Determination Pursuant to Section 10(g) of the Act; Authorization to a Make Grant 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 Craft Beverage Grant Program – Open For Business – Marketing and Tourism Grants for Craft Beverage Industry (Working 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 areas of the Projects; 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 for up to a total amount not to exceed (\$95,000) from Open For Business 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, and each of them hereby is, authorized, subsequent to the making of the grants, to take such actions and make such modifications to the terms of the grants as he or she may deem necessary or appropriate in the administration of the grants; 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

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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.

* * *

Next, Mr. McLeary presented the May Discretionary Projects Consent Calendar for the Directors' consideration.

Mr. McLeary noted that there were three projects to be considered for approval. He then outlined the specifics of each of those projects.

Mr. McLeary explained that the first item involves a \$100,000 grant to Sabra Dipping Company LLC for a portion of the costs of renovating, machinery and equipment and related costs of relocating to Westchester County from Queens, New York.

Among other things, Mr. McLeary noted that as a result of the project, Sabra will retain 33 jobs and create 32 new jobs.

Mr. McLeary then noted that the second project involves a \$59,500 grant to the Plattsburgh-North County Chamber of Commerce to be used by the Chamber to attend and exhibit at the 2015 Paris Air Show in France.

Mr. McLeary explained that the Chamber will assist regional companies in the aerospace

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industry to market their products and services at the international air show that will take place between July 15th and the July 21st.

Lastly, Mr. McLeary explained, the third project involves a \$45,000 grant to the Chocolate Pizza Company, Inc. for the purchase of machinery and equipment.

Mr. McLeary noted that the Company is a producer of gourmet chocolates for retail and whole sale markets.

To meet customer demand, he added, the company needed a second production line to expand its production and shipping capacity. The project, he further noted, will retain 39 jobs and create seven new jobs.

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

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

Empire State Economic Development Fund – 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

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 Empire State Economic Development Fund Project identified below (the “Project”), the Corporation hereby determines pursuant to Section 16-m of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that

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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.
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 the likely benefits of the project exceed costs.
4. There are no families or individuals to be displaced from the project area(s); and be it further

RESOLVED, that with respect to the General Development Financing Capital Project, 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 a grant to the party and for the amount listed below 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;

Empire State Economic Development Fund

	Project Name	Proj #	Grantee	Assistance up to
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A	Sabra Dipping Capital	X243	Sabra Dipping Company, LLC	\$100,000
B	Plattsburgh-North Country Chamber 2015 Paris Air Show Working Capital	Z530	Plattsburgh-North Country Chamber of Commerce	\$59,500
			TOTAL	\$159,500

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.

* * *

Economic Development Purposes Fund – Findings and Determinations Pursuant to Section 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a 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 Economic Development Purposes Fund 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 a grant to the party and for the amounts listed below from the Economic Development Purposes 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

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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

Economic Development Purposes Fund

	Project Name	Proj #	Grantee	Assistance up to
C	Chocolate Pizza Capital	Y099	Chocolate Pizza Company, Inc.	\$45,000
			TOTAL	\$45,000

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. Tompkins, the Director of ESD’s Mohawk Valley Regional Office, asked the Directors to authorize ESD to make two grants totaling \$4,250,000 for the further development of the Marcy Nanocenter site at SUNY Polytechnic Institute.

Mr. Tompkins explained that this site is critical to the further development of the 420 acre Marcy Nanocenter greenfield site toward shovel ready status.

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

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

Regional Council Award - Priority Project - Marcy (Mohawk Valley Region – Oneida County) – MVEDGE - Marcy Nanocenter Phase 1B 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

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 - Marcy Nanocenter Phase 1B 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, 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 grants for a total amount not to exceed Four Million Two Hundred Fifty Thousand Dollars (\$4,250,000) 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 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

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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.

* * *

The Directors were then asked by Mr. Tompkins to authorize ESD to make a \$300,000 grant for the purpose of constructing a 3,500 square foot facility for use by Customs and Border Patrol at Griffiss International Airport.

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:

Rome (Mohawk Valley Region – Oneida County) – Griffiss International Airport Customs and Border Patrol Facility Capital – Regional Council Capital Fund (Capital Grant) – Findings and Determinations Pursuant to Sections and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant 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 Griffiss International Airport Customs and Border Patrol Facility 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

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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, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Oneida County a grant for a total amount not to exceed Three Hundred Thousand (\$300,000) 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 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.

* * *

Next, Ms. Palmer, the Director of ESD's Southern Tier Regional Office, asked the Directors to approve a \$1.5 million grant to First Excelsior Group, LLC, for a portion of the costs to purchase First Arena which is a major sports complex in downtown Elmira and to purchase and install arena equipment updates necessary at the facility.

Ms. Palmer further explained that the project will transform the complex, which was previously used as a hockey arena only open 36 nights a year, into a multi-use facility critical for

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a wide range of events and activities.

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

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

unanimously adopted:

Regional Council Award – Elmira (Southern Tier Region – Chemung County) – First Arena 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

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 First Arena 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 First Excelsior Group, LLC a grant for a total amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) 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

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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.

* * *

Mr. VanDeLoo, representing ESD's North Country Regional Office, then presented the Wild Center Wild Walk Regional Council Awards item for the Directors' consideration.

Mr. VanDeLoo asked the Directors to authorize ESD to make a \$1,000,000 grant to be used for a portion of the cost of construction of phase one of the outdoor Wild Walk exhibit structure.

Mr. VanDeLoo noted that the completion of the Wild Walk will help the Natural History Museum of the Adirondacks attract more visitors and develop a more sustainable business model.

Following the full presentation, the Acting Chair called for questions or comments on either item. Hearing none and upon motion duly made and seconded, the following resolution was unanimously adopted:

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Regional Council Award – Priority Project – Tupper Lake (North Country Region – Franklin County) – Wild Center Wild Walk 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

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 Wild Center Wild Walk 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 Natural History Museum of the Adirondacks d/b/a The Wild Center 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 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

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consider to be necessary or proper to effectuate the foregoing resolutions.

* * *

Mr. McLeod then presented the Touro College item for the Directors' consideration.

Mr. McLeod explained that the Directors were being asked to authorize ESD to make a \$1,000,000 grant for Touro College's expansion into Orange County. Among other things, Mr. McLeod noted that the \$22,392,914 renovation project is complete and Touro welcomed its first class in the Summer of 2014.

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 – Middletown (Mid-Hudson Region – Orange County) – Touro College 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

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 Award – Middletown (Mid-Hudson Region – Orange County) – Touro College 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

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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 Touro College a grant for a total amount not to exceed One Million Dollars (\$1,000,000) from the Regional Council Capital Fund - RC 2, 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.

* * *

Next, Mr. McLeod presented the Solar Energy Consortium Regional Council Capital Fund item for the Directors' consideration. Mr. McLeod explained that the Directors were being asked to approve a \$1,000,000 capital grant.

Mr. McLeod explained that this is an economic growth project which involves the purchase and installation of machinery and equipment to be housed at a testing and

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characterization lab at five sites through the Hid-Hudson region.

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 - Kingston (Mid-Hudson Region – Ulster County) – The Solar Energy Consortium 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

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 The Solar Energy Consortium 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 Solar Energy Consortium 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)

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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; 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.

* * *

Next, Mr. Fayle, the Director of ESD’s Central New York Regional Office, asked the Directors to authorize ESD to make a \$500,000 grant for the SUNY Research Foundation.

Mr. Fayle noted that the SUNY Research Foundation will in turn give the funds to the SUNY College of Environmental Science and Forestry.

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 – Priority Project – Syracuse (Central New York Region – Onondaga County) – Central New York Biotech Accelerator 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

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 Central New York

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Biotech Accelerator 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, 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 for SUNY on behalf of the SUNY College of Environmental Science and Forestry a grant for a total amount not to exceed Five Hundred Thousand Dollars (\$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 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.

* * *

The Directors were then asked by Mr. Fayle to authorize ESD to make a \$250,000 grant to Aurora Inn, Inc. to be used for a portion of the cost of renovating an historic lakeside

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mansion in the Finger Lakes Region.

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 – Aurora (Central New York Region – Cayuga County) – Rowland House Capital – Regional Council Capital Fund (Capital Grant) – Findings and Determinations Pursuant to Sections 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant 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 Rowland House 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, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Aurora Inn, Inc. a grant for a total amount not to exceed Two Hundred and Fifty Thousand Dollars (\$250,000) 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 or his designee(s) be, subsequent to

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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.

* * *

Regional Council Award - Aurora (Central New York Region – Cayuga County) – Rowland House Capital – Regional Council Capital Fund (Capital Grant) – Determination of No Significant Effect on the Environment

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

* * *

Next, Ms. Baquerizo presented the Market New York Grant Program Consent Calendar for the Directors' consideration. Ms. Baquerizo noted that the Directors were being asked to authorize ESD to make a \$25,000 grant to Geva Theatre in Rochester, New York.

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:

Statewide – Market NY Grant Program – Regional Tourism Marketing Competition –

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Market New York Cap (NY Works) – Findings and Determinations Pursuant to Section 10(g) of the Act; Authorization to Make a Grant 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 Market NY Grant Program- Tourism Facility Funding (the “Project”) – Market New York Program and NY Works (Capital Grants), 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 areas of the Projects; 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 grants for up to a total amount not to exceed (\$25,000) from the Market New York Program (Capital Grant) 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, and each of them hereby is, authorized, subsequent to the making of the grants, to take such actions and make such modifications to the terms of the grants as he or she may deem necessary or appropriate in the administration of the grants; 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 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. McLeary then presented the May Regional Council Awards Consent Calendar for the Directors’ consideration.

Mr. McLeary noted that there were three projects to consider and he provided the

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relevant background information on each of those items.

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 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

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

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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

	Project Name	Proj #	Grantee	Assistance up to
A	Browder’s Birds Capital	Y813	Browder’s Bird, LLC	\$61,375
			TOTAL	\$61,375

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.

* * *

Urban and Community Development Program – Findings and Determinations Pursuant to Sections 10(g) and 16-d of the Act; Authorization to Adopt 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 Urban and Community Development Program 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 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;

Urban and Community Development Program

	Project Name	Proj #	Grantee	Assistance up to
B	Dutchess County Strategic Planning Study Working Capital	Z287	Dutchess County	\$25,000
C	Village of Brewster Strategic Planning Study Working Capital	Z068	Village of Brewster	\$22,500
			TOTAL	\$47,500

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.

* * *

Mr. McLeary then presented the May Non-Discretionary Projects Consent Calendar for the Directors' consideration. Mr. McLeary explained that there was one grant to be considered and provided a synopsis of that grant.

Mr. McLeary noted that the Directors were being asked to authorize ESD to make a \$200,000 grant to CenterState Corporation for Economic Opportunity and Community and Tourism events associated with the Central New York Community Events Program.

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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:

Local Assistance – Findings and Determinations Pursuant to Section 10(g) of the Act;
Authorization to Make a Grant 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 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 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

Local Assistance – Senate – Project Summary Table

	Project Name	Proj #	Grantee	Assistance up to
	Local Assistance			
A	CenterState Corporation for Economic Opportunity Working Capital	Z550	CenterState Corporation for Economic Opportunity	200,000
			TOTAL	\$200,000

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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.

* * *

Next, Mr. Keil presented the Unite Us NYS Innovation Venture capital Fund item for the Directors' consideration. Mr. Keil noted that this item involves a \$1.325 million investment in this company that develops software that enables the communities to better coordinate services to military veterans and their families.

Following the full presentation, the Acting Chair called for questions or comments. Director Cephas asked how the product gets into the hands of a veteran in terms of practical use.

Mr. Keil explained that NYC Serves is a website for the New York City based community and they can find organizations if they need health care or employment assistance. He added that there are listings of services available to them.

Director Cephas asked who keeps track of the centralized network.

Mr. Keil explained that for each community based network there is an administrative entity that tracks the referrals.

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Director Dyson then asked what the source of revenue is.

Mr. Keil explained that it is a combination of things including software licensing and the network itself receives funding through philanthropic organizations. He added that there are also organizations within the network that would buy it to use for their internal operations.

A further brief discussion ensued regarding the program.

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 Unite Us.

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 \$1,325,000, in Unite Us (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

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

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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. Keil then presented the Cureatr item for the Directors' consideration.

Mr. Keil explained that this project involves an investment of up to \$1.735 million in preferred equity in the company.

Mr. Keil further explained that Cureatr has developed a mobile data platform for the healthcare market which enables better coordination of care for a patient.

Mr. Keil further explained that the company is capitalizing on changes in the healthcare market where providers are taking on risk and being responsible for keeping the population that they cover and provide care to healthier and reducing costs overall.

A discussion was had regarding the fact that this is an already crowded field and Mr. Keil provided information on what sets this company apart from others.

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

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New York State Innovation Venture Capital Fund - Authorization of an investment of NYSIVCF funds in Cureatr

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 \$1,735,000, in Cureatr (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

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. Clay asked the Directors to authorize ESD to enter into a contract for \$73,000 for a Site Re-use Feasibility Analysis for the former ConAgra Plant in Fredonia, New York.

Mr. Clay provided the relevant background information with regard to this request.

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

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unanimously adopted:

New York State Urban Development Corporation d/b/a Empire State Development – Fredonia (Chautauqua County) – ConAgra facilities – Authorization to Enter into a Contract for Site Re-Use Feasibility Analysis, and to Take Related Actions

BE IT RESOLVED, that based upon the materials presented to this meeting and ordered held with the records of the Corporation (the “Materials”), the Corporation hereby finds Voltedge, Inc. dba Ady Voltedge (“the Consultant”) to be responsible; and be it further

RESOLVED, that the President and Chief Executive Officer, or any other Officer of the Corporation be, and each of them hereby is, authorized and directed to enter into a contract with the Consultant to act as ESD’s Strategic Business Development department consultant for the Project in an amount not to exceed \$73,000 inclusive of fees, expenses, and contingency, substantially upon the terms set forth in the Materials; and be it further

RESOLVED, that the President and Chief Executive Officer, or any other Officer of the Corporation be, and each of them hereby is, authorized and directed, in the name of 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 carry out the foregoing resolutions.

* * *

Mr. Flamm then asked the Directors to authorize ESD to reallocate funds in connection with the Small Business Revolving Loan Fund Program.

Mr. Flamm provided the relevant background information with regard to this request.

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:

Statewide – Small Business Revolving Loan Fund Program – Authorization to Reallocate

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Funds for Loans; and Authorization 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 (the “Materials”), relating to the Small Business Revolving Loan Fund Program (the “Program”), the Corporation is authorized to reallocate and redeploy Program funding and to enter into loan agreements and related documentation with each borrower and in such amounts as set forth in the Materials, in order to redeploy such reallocated Program funding in an aggregate not to exceed \$1,395,000 that is entirely funded by State appropriations eligible to fund the Program; 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 take such actions and make such modifications to the terms of each loan as he or she may deem necessary or appropriate in the administration of the loan; and be it further

RESOLVED, that the provision by the Corporation of this 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; 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.

* * *

Mr. Kramer then asked the Directors to authorize a \$25 million amendment to ESD’s existing contract with BBDO USA, Inc.

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

Director Miller asked if the Comptroller has to approve this amendment and Mr. Kramer stated that ESD is currently waiting for amendment five which brings the cap to \$236,500,000. He noted that that was the amendment that was approved by the Director’s in March.

DRAFT – SUBJECT TO REVIEW AND REVISION

The Acting Chair noted that the Directors spent a fair amount of time reviewing the Comptroller’s report. He then spoke at length on the merits of the marketing program and a brief discussion was had with regard to those merits.

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 – Authorized to Enter into Amendment of Contract with BBDO USA LLC; Authorization to Take Related Actions

RESOLVED, that on 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 BBDO USA LLC (“BBDO”) to be responsible; and be it further

RESOLVED, that the Corporation is hereby authorized to enter into an Amendment of the existing ESD-BBDO contract, pursuant to which the maximum contract amount would be increased from the current \$236,500,000 to \$261,500,000, and all other contract terms would remain unmodified and in full force and effect, substantially on the terms and conditions set forth in the Materials; and be it further

RESOLVED, that the ESD-BBDO contract amendment is expressly contingent upon receipts of all other necessary approvals, including without limitation approval by the Office of the State Comptroller; 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 take such actions and execute such documents as may be necessary or appropriate to carry out the foregoing resolutions.

* * *

Mr. Gawlik asked the Directors to authorize ESD to enter into a contract for abatement and demolition services in connection with the former Episcopal Church Home in Buffalo.

DRAFT – SUBJECT TO REVIEW AND REVISION

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

Director Cephas asked what the long term plan is for the site.

Mr. Gawlik stated that that is not presently known but that it is situated perfectly to take advantage of work being done at the Peace Bridge. He added that it could be added into the Peace Bridge or the plaza.

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 – Authorization to Enter into a Contract for Abatement and Demolition Services relating to the former Episcopal Church Home in Buffalo; and Authorization to Take Related Actions

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 Total Wrecking & Environmental, LLC to be responsible; and be it further

RESOLVED, that the Corporation is hereby authorized to enter into a contract with Total Wrecking & Environmental, LLC for a total contract amount not to exceed Six Million Two Hundred Eighty Seven Thousand and Five Hundred and Sixty Two Dollars (\$6,287,562) 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.

* * *

Lastly, Mr. McLeary presented an informational report on the Hotel Syracuse.

DRAFT – SUBJECT TO REVIEW AND REVISION

There being no further business, the meeting was adjourned at 11:10 a.m.

Respectfully submitted,

Deborah Royce
Acting Corporate Secretary



FOR CONSIDERATION

June 25, 2015

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, 2015 and 2014 (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

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

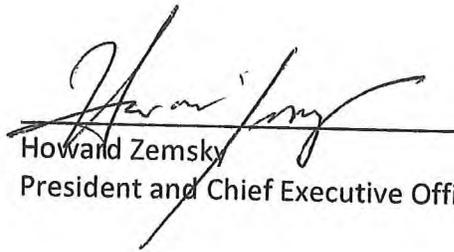
Resolutions

Certifications

Audited Consolidated Financial Statements

CERTIFICATION

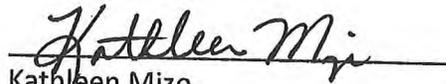
I hereby certify that to the best of my knowledge (a) the information provided in the New York State Urban Development Corporation and Subsidiaries Consolidated Financial Statements and Independent Auditors' Report for the years ended March 31, 2015 and 2014 is accurate, correct and does not contain 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.

A handwritten signature in black ink, appearing to read "Howard Zemsky", is written over a horizontal line. The signature is fluid and cursive.

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, 2015 and 2014 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.

A handwritten signature in cursive script, reading "Kathleen Mize", is written over a horizontal line.

Kathleen Mize

Deputy Chief Financial Officer & Controller

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements
And Independent Auditors' Report

March 31, 2015 and 2014

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, 2015 and 2014, 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, 2015 and 2014, 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.

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 17 and the Schedule of Funding Progress - Other Postemployment Benefits on page 63 be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the Governmental Accounting Standards Board, 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 12, 2015, 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 12, 2015 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.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 12, 2015

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis

March 31, 2015 and 2014

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, 2015. 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 2015. 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 four years, the Regional Council Capital Fund, which is administered by ESD, has made available over \$580 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 2015, 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 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 approved financial assistance for over 250 companies and organizations. During this period, the \$526 million ESD investment approved by the Directors leveraged an additional \$1.34 billion in total investment, resulting in the retention and creation of over 21,000 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 (BBIDP) 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 would be 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; and Robert Moses Parkway Redevelopment.

Over the past four years New York State has helped small businesses secure over \$1 billion in loan capital, facilitated access to over \$150 million in equity investments, 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 2015, ESD initiated 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. In less than a year, over 2,000 mentors and entrepreneurs have enrolled and over 500 engagements have been initiated. ESD also launched the NYS Innovation Venture Capital Fund which is currently funded at \$100 million. This new fund provides critical seed and early-stage funding to incentivize new business formation and growth in New York State and facilitates the transition from ideas and research to marketable products. This program strengthens the university/industry connection and prepares New York businesses to compete for venture investment. The first investments have been made and many more are currently in due diligence. ESD also launched the MWBE Investment Fund, selecting an investment manager to make equity investments in minority and women-owned business enterprises.

During fiscal 2015, 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 Lee ("Sandy, Irene and Lee"). Grants range from \$50,000 to \$250,000 to help businesses with replacement of inventory, machinery and equipment, repair of real estate, and provision of

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Economic Development Programs and Initiatives, Continued

needed working capital. Higher grant amounts are available to businesses in the seasonal tourism and fisheries industries and to those businesses 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 will be provided to businesses that have 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 promotes 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 is 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 2015, ESD continued co-administering the START-UP NY (SUNY Tax-free Areas to Revitalize and Transform Upstate NY) initiative which will 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. START-UP NY has begun to attract start-ups, new business, business expansions and investments from across the nation and around the globe to New York by offering businesses the opportunity to operate completely tax-free while also partnering with the world-class higher education institutions in the SUNY system, in return for

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Economic Development Tax Incentives, Continued

creating new jobs. Businesses participating in the program need to 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. At the end of fiscal 2015, more than sixty (60) campus plans have been approved and more than one hundred (100) businesses have been approved for participation in START-UP NY. These companies have committed to create over three thousand (3,000) jobs and invest over one hundred seventy million dollars (\$170 million) 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 will make 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, 2015, 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, will construct the commuter concourse for the new station, install an emergency platform ventilation system and renovate the underground connection from the 8th Avenue subway. Funding for this construction comes from a combination of federal, Metropolitan Transit Authority and Port Authority grants, including an \$83.0 million Transportation Investments Generating Economic Recovery (TIGER) grant from the U.S. Department of Transportation. Construction of Phase 2 will encompass the redevelopment of the Farley Building in order to accommodate the relocated Amtrak operations and need not await the completion of Phase I work. In fiscal 2015, the MSDC Directors authorized the start of Final Design on Phase 2. Final Design is expected to last until the autumn of 2015. In fiscal 2014, MSDC engaged the services of an events management firm and implemented a

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Subsidiaries and Economic Development Projects, (Continued)

comprehensive events marketing strategy for the Farley building. Revenue generated from events held at the Farley building totaled \$2.6 million and \$3.0 million for the fiscal years ended March 31, 2015 and 2014, 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 bonds were secured by a hotel unit fee which generated \$46.5 million and \$42.1 million for the fiscal years ended March 31, 2015 and 2014, respectively. The construction related to the expansion and renovation of the Javits Center has been completed and the cumulative total cost is \$735.2 million at March 31, 2015.

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, 2015, more than \$3.101 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 (AY) 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 to acquire and develop the Atlantic Yards Development. 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.

Erie Canal Harbor Development Corporation ("ECHDC") is 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

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Subsidiaries and Economic Development Projects (Continued)

partnerships. Its strategic investment in infrastructure and programming has resulted in unprecedented private investment in Buffalo's waterfront. Noteworthy accomplishments during fiscal 2015 include: funding 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; nearing completion of construction on the public canal system on the site of the former Memorial Auditorium, which will interpret the historic alignment of the original Erie Canal, as it terminated in downtown Buffalo; and furthering the 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. A few key items on the USAN agenda are: further development of the Rainbow Centre Mall; the Hamister Group Hotel Development Project; and construction and reconfiguration of the Robert Moses Parkway, regarded as a significant barrier which cuts the city of Niagara Falls off from the Niagara River Gorge.

Other examples of economic development and redevelopment include Harlem Community Development Corporation ("HCDC"), Queens West Development Corporation ("QWDC), Fort Schuyler Management-RiverBend Park, Richardson Center, Fort Schuyler Management-IBM, Buffalo Bills-Ralph Wilson Stadium, New York Genome Center, Columbia University Educational Mixed-Use Development Land-Use Improvement and Civic Project.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

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, 2015 and 2014:

SUMMARY OF CONSOLIDATED STATEMENTS OF NET POSITION

	<u>2015</u>	<u>2014</u>
	(In thousands)	
Assets		
Current assets:		
Cash, equivalents and temporary investments	\$ 366,955	298,644
Other current assets	<u>3,145,087</u>	<u>3,437,028</u>
Total current assets	<u>3,512,042</u>	<u>3,735,672</u>
Non-current assets:		
Investment securities - restricted	19,954	177,875
Loans and leases receivable	124,778	123,242
Due from State of New York	9,048,204	8,410,039
Due from Port Authority of New York and New Jersey	123,612	142,511
Due from New York Job Development Authority	26,233	26,230
Capital assets, net	1,841,827	1,741,981
Other assets	<u>237,698</u>	<u>31,538</u>
Total non-current assets	<u>11,422,306</u>	<u>10,653,416</u>
Total assets	<u>14,934,348</u>	<u>14,389,088</u>
Deferred outflows of resources	<u>94,398</u>	<u>70,104</u>
Liabilities		
Current liabilities	1,182,808	1,331,783
Non-current liabilities	<u>11,317,915</u>	<u>10,845,772</u>
Total liabilities	<u>12,500,723</u>	<u>12,177,555</u>
Deferred inflows of resources	<u>408,001</u>	<u>217,649</u>
Minority interest	<u>166,471</u>	<u>164,692</u>
Net position:		
Restricted:		
Appropriations repayable under prescribed conditions	197,554	197,554
Other restricted for specific purposes	<u>135,824</u>	<u>133,824</u>
Total restricted	333,378	331,378
Net investment in capital assets	<u>1,620,173</u>	<u>1,567,918</u>
Total net position	<u>\$ 1,953,551</u>	<u>1,899,296</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>2015</u>	<u>2014</u>
Operating revenue:	(In thousands)	
Interest and finance income from:		
HUD subsidy	\$ -	1,316
Housing companies	15	3,919
Nonresidential projects	11,015	7,793
Interest on revenue bonds	45,586	52,003
Hotel tax revenue	46,453	42,113
Reimbursed grants	141,010	271,976
Economic development grants	395,561	575,564
State appropriation for programs	13,475	5,764
Other revenue	<u>95,273</u>	<u>2,969</u>
Total operating revenue	<u>748,388</u>	<u>963,417</u>
Operating expenses:		
Interest related to:		
Corporate purpose bonds	1,206	1,924
Corporate loans	4,414	4,033
Interest on revenue bonds	45,586	52,003
Interest on subsidiary project bonds	17,346	-
Reimbursed grants	41,270	136,644
Economic development grants	397,955	580,962
General and administrative	126,428	89,854
Subsidiary program and administrative	31,067	35,001
Pollution remediation	(569)	4,103
Provision for recoveries on loans and leases receivable and investments in other assets	5,309	(55,971)
Depreciation	<u>24,907</u>	<u>13,531</u>
Total operating expenses	<u>694,919</u>	<u>862,084</u>
Minority interest	<u>(1,779)</u>	<u>(9,860)</u>
Operating income	51,690	91,473
Non-operating revenue	472,929	411,030
Non-operating expenses	<u>(470,364)</u>	<u>(410,319)</u>
Change in net position	54,255	92,184
Net position at beginning of year	<u>1,899,296</u>	<u>1,807,112</u>
Net position at end of year	<u>\$ 1,953,551</u>	<u>1,899,296</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Liquidity

The Corporation's cash, cash equivalents and temporary investments totaled approximately \$367.0 million and \$298.6 million at March 31, 2015 and 2014, respectively. The increase is primarily due to the receipt of \$65.0 million on the final day of fiscal 2015 for economic development projects which was transferred to grant recipients in the next fiscal year. In addition, the increase is attributed to the receipt of certain non-recurring payments related to various corporate and subsidiary programs and financing fees.

Capitalization

As of March 31, 2015, ESD had repaid all its outstanding corporate purpose bond debt obligations. No new corporate purpose debt was issued during fiscal 2015 and 2014. In addition, it had \$11.1 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 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.

In December of 2013, ESD issued \$1,208.8 million in State Personal Income Tax Revenue Bonds (General Purpose); \$812.8 million Series 2013E and \$396.0 million Series 2013F (Federally Taxable). The Series 2013E and 2013F bonds were issued to finance or reimburse all or a portion of the cost of programs and projects throughout the State, including highway and bridge capital projects, correctional and youth facilities projects, housing projects, economic development projects and State facilities projects. In addition, proceeds of the Series 2013E and 2013F Bonds were used to pay all or part of the cost of issuance of the Series 2013E and 2013F Bonds.

In September of 2013, ESD issued \$1,230.8 million in State Personal Income Tax Revenue Bonds (General Purpose); \$753.1 million Series 2013C and \$477.7 million Series 2013D. The Series 2013C bonds were issued to enable the Corporation to fund certain projects relating to (1) reimbursing the State for certain expenditures made or to be made by the New York Department of Transportation in connection with the State's current multi-year highway and bridge capital program; and (2) the making of grants to reimburse municipalities and other project sponsors throughout the State for qualifying capital expenditures for highway, bridge and multi-modal

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Capitalization, Continued

projects. Proceeds of the Series 2013 Bonds also may be used to finance other transportation projects as permitted under the Project Acts. The statutes pursuant under which these projects are being financed include: sections 380, 385 and 386-a of the Public Authorities Law, sections 10-c, 10-e, 10-f, 10-g and 80-b of the Highway Law, sections 14-j and 14-k of the Transportation Law, Chapters 329, 330 and 331 of the Laws of New York of 1991, section 89-b of the State Finance Law and other applicable New York statutes (the "Project Acts"). Additionally, the proceeds of the Series 2013C Bonds were used to pay all or part of the cost of issuance of the Series 2013C Bonds. The Series 2013 Bonds are not secured by the Projects or any interest therein. The Series 2013D were issued to refund \$19.7 million ESD State Personal Income Tax Revenue Bonds (State-Facilities and Equipment), Series 2005B. The remaining bond proceeds were used to refund certain bonds issued by the following: the New York State Thruway Authority for \$396.0 million, the New York State Environmental Facilities Corporation for \$85.7 million, and the New York State Housing Finance Agency for \$20.6 million. Additionally, the proceeds of the Series 2013D Bonds were used to pay all or part of the cost of issuance of the Series 2013D Bonds.

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 secure the corporate purpose bonds.

In fiscal 2014, ESD had no Corporate Purpose bond redemptions.

Also outstanding as of March 31, 2015 is \$698.0 million in revenue bonds issued by the New York Convention Center Development Corporation in November 2005.

Interest Rate Transactions

During fiscal 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, 2015, 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 funded the 2002B Bonds.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Interest Rate Transactions, Continued

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.

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, 2015, the Corporation's outstanding debt had the following ratings from the three major rating agencies:

<u>Issue</u>	<u>Underlying Ratings</u>		
	<u>Moody's</u>	<u>S&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 Bonds Series 2005	A1	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, 2015 was \$54.3 million compared with \$92.2 million in the prior year. The decrease is primarily due to reductions in funding for several subsidiaries, including MSDC and ECHDC.

Revenue

Operating revenue in the 2015 fiscal year approximated \$748.4 million compared with \$963.4 million in fiscal 2014. The net decrease of \$215.0 million is primarily the result of changes in the following categories:

Decreases in operating revenue primarily occurred in the following categories:

- Interest and finance income from HUD subsidy and housing companies decreased by approximately \$5.2 million due to a decrease in housing receipts as a result of the transfer of ESD's housing portfolio to the New York State Housing Finance Agency in fiscal 2014.
- Interest on revenue bonds decreased by approximately \$6.4 million due to the repayment and refunding of certain bonds.
- Reimbursed grants revenue decreased by approximately \$131.0 million due primarily to a decrease of \$68.0 million in HUD grant funding to LMDC and ESD as a result of decreased activity in existing programs and a decrease of \$27.4 million received in the prior year in Community Development Block Grant Disaster Recovery funds from HUD (administered through New York State Homes and Community Renewal) for disaster relief to businesses that sustained losses as a result of Super Storm Sandy, Hurricane Irene and Tropical Storm Lee. In addition, grant funding to subsidiaries, including MSDC and ECHDC, decreased by approximately \$35.6 million due to reduced activity under federal and other funding agreements.
- Economic development grants funding decreased by \$180.0 million due to a decrease in activity within existing grant programs, including the following projects: SUNY Research Foundation -Nanotech, Fort Schuyler Management Quad C-Phase II, City of Niagara Falls and City of Salamanca.

Increases in operating revenue primarily occurred in the following categories:

- Interest and finance income from nonresidential projects increased by approximately \$3.2 million due to an increase in tax revenue related to a project on Roosevelt Island.
- Hotel tax revenue increased by approximately \$4.4 million as a result of continued increased tourism to New York City.
- State appropriation for programs increased by \$7.7 million due to an increase in economic development loan program activity.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Revenue, Continued

- Other revenue increased by approximately \$92.3 million due primarily to an increase of \$38.1 million in funding for the worldwide communications and marketing promotion program, NY Open for Business and an increase of \$62.6 million due to an adjustment in the prior fiscal year to close out ESD's housing portfolio upon its transfer to HFA. These were offset by a reduction of \$8.4 million related to non-recurring revenue received in the prior fiscal year.

Non-operating revenue for fiscal year ended March 31, 2015 approximated \$472.9 million compared to \$411.0 million in fiscal year 2014. The increase of \$61.9 million is due primarily to the increase in revenue from the State for debt service obligations related to the issuance of new bonds, offset by the repayment of certain existing bonds.

Expenses

Operating expenses in the fiscal year ended March 31, 2015 approximated \$694.9 million in comparison to \$862.1 million in fiscal 2014. The net decrease of \$167.2 million is primarily the result of changes in the following categories:

Decreases in operating expenses primarily occurred in the following categories:

- Interest expenses decreased for corporate purpose bonds and loans for a combined total of approximately \$0.3 million primarily due to the early principal repayment of certain bonds.
- Interest on revenue bonds decreased by approximately \$6.4 million due to the repayment and refunding of certain bonds.
- Reimbursed grants expense decreased by approximately \$95.4 million due primarily to a decrease of \$68.0 million in HUD grants to LMDC and ESD as a result of decreased activity in existing programs and a decrease of \$27.4 million received in the prior fiscal year from HUD (administered through New York State Homes and Community Renewal) for disaster relief to businesses that sustained losses as a result of Super Storm Sandy, Hurricane Irene and Tropical Storm Lee.
- Economic development grants decreased by \$183.0 million due to a decrease in activity within existing grant programs, including the following projects: SUNY Research Foundation -Nanotech, Fort Schuyler Management Quad C-Phase II, City of Niagara Falls and City of Salamanca.
- Subsidiary program and administrative expenses decreased by approximately \$4.0 million due primarily to a reduction in personal services and decreases in consultant and legal expenses at certain subsidiaries, primarily LMDC.
- Pollution remediation expense decreased by approximately \$4.7 million due primarily to a decrease in remediation activity and an adjustment required to reflect current contractual commitments.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Expenses, Continued

Increases in operating expenses primarily occurred in the following categories:

- Interest on subsidiary project bonds increased by approximately \$17.3 million due to the completion of the Javits Convention Center expansion and the discontinued capitalization of bond interest expense.
- General and administrative expenses increased by \$36.6 million due primarily to an increase in billing activity related to the worldwide communication and marketing promotion program, NY Open for Business.
- Provision for recoveries on loans and leases receivable and investment in other assets increased by approximately \$61.3 million due to the transfer of ESD's Housing Portfolio in fiscal 2014 and the required reversal of loan reserves associated with the portfolio in the prior fiscal year.
- Depreciation expense increased by approximately \$11.4 million due to the reclassification of various capitalized accounts to fixed assets related to the completion of the renovation and expansion of the Jacob Javits Convention Center.

Non-operating expenses increased approximated \$470.3 million compared to \$410.3 million in fiscal 2014. The increase of \$60.0 million is due primarily to an increase in new bonds issued and the related debt service.

Anticipated Future Transactions and Information

The following are anticipated to effect the Corporation subsequent to March 31, 2015:

- In August 2015, ESD's subsidiary, New York Convention Center Development Corporation, may refund its \$697.5 million in revenue bonds in order to take advantage of the current interest rate climate and realize a substantial savings in debt service. It is anticipated that the refunding will be through the issuance of a 30-year fixed-rate bond, not extend the original bond term, not include additional debt and be structured for level debt service instead of current ascending structure.

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
	(In thousands)	
Assets		
Current assets:		
Cash and equivalents	\$ 166,935	90,218
Temporary investments	<u>200,020</u>	<u>208,426</u>
	366,955	298,644
Cash and investment securities restricted or designated for:		
Corporate purpose bonds	-	4,705
Revenue bonds	1,897,761	2,058,901
Economic development	297,246	354,837
Subsidiary and other purposes	<u>630,967</u>	<u>650,571</u>
	2,825,974	3,069,014
Loans and leases receivable:		
Non-residential, principally leases	4,200	3,225
Economic development loans	<u>832</u>	<u>911</u>
	5,032	4,136
Due from State of New York	229,276	307,396
Due from Port Authority of New York and New Jersey	25,604	25,607
Other current assets	<u>59,201</u>	<u>30,875</u>
Total current assets	<u>3,512,042</u>	<u>3,735,672</u>
Investment securities restricted or designated for:		
Corporate purpose bonds	-	40,970
Revenue bonds	19,954	20,226
Subsidiary and other purposes	<u>-</u>	<u>116,679</u>
	19,954	177,875
Loans and leases receivable:		
Non-residential, principally leases	22,369	27,554
Economic development loans	<u>102,409</u>	<u>95,688</u>
	124,778	123,242
Due from State of New York	9,048,204	8,410,039
Due from Port Authority of New York and New Jersey	123,612	142,511
Due from New York Job Development Authority	26,233	26,230
Real property and office equipment, net	1,841,827	1,741,981
Other assets	<u>237,698</u>	<u>31,538</u>
Total non-current assets	<u>11,422,306</u>	<u>10,653,416</u>
Total assets	<u>14,934,348</u>	<u>14,389,088</u>
Deferred outflows of resources - deferred loss on derivative	<u>94,398</u>	<u>70,104</u>

(Continued)

See accompanying notes to consolidated financial statements.

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

	<u>2015</u>	<u>2014</u>
	(In thousands)	
Liabilities		
Current liabilities:		
Current portion of bonds, notes and mortgages payable:		
Corporate purpose bonds	\$ -	4,705
Revenue bonds	795,595	728,475
Project revenue bonds - New York Convention Center Development Corporation	1,770	1,115
Other project revenue bonds	293	329
Other financing	72,154	172,283
	<u>869,812</u>	<u>906,907</u>
Accounts payable and accrued expenses	117,003	234,361
Interest payable	74,692	80,439
Repayable to U.S. Department of Housing and Urban Development	40,000	-
Other current liabilities	81,301	110,076
Total current liabilities	<u>1,182,808</u>	<u>1,331,783</u>
Non-current liabilities:		
Bonds, notes and mortgages payable:		
Corporate purpose bonds	-	40,970
Revenue bonds	10,310,319	9,972,796
Project revenue bonds - New York Convention Center Development Corporation	704,642	706,977
Other project revenue bonds	-	293
Other financing	155,500	6,000
	<u>11,170,461</u>	<u>10,727,036</u>
Repayable to related governmental entities	3,949	3,581
Pollution remediation liability	19,309	20,228
Other liabilities	124,196	94,927
Total non-current liabilities	<u>11,317,915</u>	<u>10,845,772</u>
Total liabilities	<u>12,500,723</u>	<u>12,177,555</u>
Commitments and contingencies (note 20)		
Deferred inflows of resources		
Fair market value of derivatives	94,398	70,104
Grants payable	220,543	118,523
Other	93,060	29,022
	<u>408,001</u>	<u>217,649</u>
Minority interest	<u>166,471</u>	<u>164,692</u>
Net position:		
Restricted:		
Appropriations repayable under prescribed conditions	197,554	197,554
Other restricted for specific purposes	135,824	133,824
Total restricted	<u>333,378</u>	<u>331,378</u>
Net investment in capital assets	<u>1,620,173</u>	<u>1,567,918</u>
Total net position	<u>\$1,953,551</u>	<u>1,899,296</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
	(In thousands)	
Operating revenue:		
Interest and finance income from:		
HUD subsidy	\$ -	1,316
Housing companies	15	3,919
Nonresidential projects	11,015	7,793
Interest on revenue bonds	45,586	52,003
Hotel tax revenue	46,453	42,113
Reimbursed grants	141,010	271,976
Economic development grants	395,561	575,564
State appropriation for programs	13,475	5,764
Other revenue	<u>95,273</u>	<u>2,969</u>
Total operating revenue	<u>748,388</u>	<u>963,417</u>
Operating expenses:		
Interest related to:		
Corporate purpose bonds	1,206	1,924
Corporate loans	4,414	4,033
Interest on revenue bonds	45,586	52,003
Subsidiary project revenue bonds	17,346	-
Reimbursed grants	41,270	136,644
Economic development grants	397,955	580,962
General and administrative	126,428	89,854
Subsidiary program and administrative	31,067	35,001
Pollution remediation	(569)	4,103
Provision for payment (recoveries) on loans and leases receivable and investments in other assets	5,309	(55,971)
Depreciation	<u>24,907</u>	<u>13,531</u>
Total operating expenses	<u>694,919</u>	<u>862,084</u>
Minority interest	<u>(1,779)</u>	<u>(9,860)</u>
Operating income	<u>51,690</u>	<u>91,473</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>2015</u>	<u>2014</u>
	(In thousands)	
Non-operating revenue:		
State appropriations for interest on revenue bonds	\$ 470,978	409,993
Interest and finance income earned on investment of revenue bond proceeds	699	349
Other investment income, including change in fair value	<u>1,252</u>	<u>688</u>
Total non-operating revenue	472,929	411,030
Non-operating expenses - interest and other costs on revenue bonds	<u>470,364</u>	<u>(410,319)</u>
Non-operating income	<u>2,565</u>	<u>711</u>
Change in net position	<u>54,255</u>	<u>92,184</u>
Net position at beginning of year	<u>1,899,296</u>	<u>1,807,112</u>
Net position at end of year	<u><u>\$ 1,953,551</u></u>	<u><u>1,899,296</u></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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
	(In thousands)	
Cash flows from operating activities:		
Interest and finance income received	\$ 11,030	13,028
State appropriation received for interest on debt	45,586	52,003
Other operating receipts	95,273	2,969
Cash received from hotel tax revenue	45,544	41,908
Grants received	366,393	887,544
Interest payments on corporate purpose bonds	(1,381)	(2,465)
Interest payments on revenue bonds	(62,932)	(52,003)
Payments for general and administrative expenses	(268,844)	(42,537)
Grant payments	(338,653)	(704,434)
Payments for pollution remediation	(350)	(478)
Net cash provided by (used in) operating activities	<u>(108,334)</u>	<u>195,535</u>
Cash flows from non-capital financing activities:		
Retirement of corporate purpose bonds	(45,675)	(4,665)
Retirement of other project revenue bonds	(329)	(305)
Increase in other liabilities	64,532	16,955
Net cash provided by non-capital financing activities	<u>18,528</u>	<u>11,985</u>
Cash flows from capital financing activities:		
Bond proceeds - revenue bonds	1,296,655	2,439,545
Retirement of revenue bonds	(892,012)	(703,960)
Accrued interest payable on revenue bonds	(5,555)	(1,619)
Bond payments - New York Convention Center Development Corporation, net of issuing costs	(1,697)	(1,078)
Advances on behalf of State of New York for special projects	(560,045)	(661,190)
Proceeds from other financing	3	-
Net cash provided by (used in) capital financing activities	<u>(162,651)</u>	<u>1,071,698</u>
Cash flows from investing activities:		
Proceeds from sale/maturities of investment securities	21,915,912	19,711,260
Purchase of investment securities	(21,506,545)	(20,866,669)
Investment income, net	2,565	711

(Continued)

See accompanying notes to consolidated financial statements.

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

	<u>2015</u>	<u>2014</u>
	(In thousands)	
Cash flows from investing activities, continued:		
Cash payments on behalf of the New York Job Development Authority	\$ (3)	(59)
Payments received from projects financed by corporate revenue bonds	4,210	49,616
Collections (payments) on economic development loans	(11,583)	58,805
Net activity on economic development projects	49,371	16,243
Investment in real property and office equipment	<u>(124,753)</u>	<u>(193,741)</u>
Net cash provided by (used in) investing activities	<u>329,174</u>	<u>(1,223,834)</u>
Net increase in cash and equivalents	76,717	55,384
Cash and equivalents at beginning of year	<u>90,218</u>	<u>34,834</u>
Cash and equivalents at end of year	<u>\$ 166,935</u>	<u>90,218</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	51,690	91,473
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation expense	24,907	13,531
Minority interest	1,779	9,860
Provision for payment (recoveries) on loans and leases receivable and investments in other assets	5,309	(55,971)
Changes in:		
Due from Port Authority of New York and New Jersey	18,899	24,021
Other current assets	(28,326)	7,195
Other assets	(206,160)	(2,511)
Accounts payable and accrued expenses	(117,358)	87,823
Grants payable	102,020	17,030
Interest payable	(175)	(541)
Repayable to related governmental agencies	40,000	-
Pollution remediation liability	<u>(919)</u>	<u>3,625</u>
Net cash provided by (used in) operating activities	<u>\$ (108,334)</u>	<u>195,535</u>

See accompanying notes to consolidated financial statements.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

March 31, 2015 and 2014

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 ("CCDC") which owns the New York Convention Center ("Javits Center") and leases the facility to the State. In February 2004, ESD took control of CCDC.

ESD holds 67% of the common stock of CCDC and substantially controls its operations. Under Governmental Accounting Standards Board ("GASB") Statement No. 39 - "The Financial Reporting Entity," CCDC 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. The purpose of the subsidiary is 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 \$45.0 million and \$114.9 million were received and disbursed during the years ended March 31, 2015 and 2014, respectively.

Additionally in 2001, ESD was directly appropriated \$700.0 million by HUD to assist with the recovery and revitalization of lower Manhattan. Approximately \$0.1 million and \$2.1 million was received and disbursed during the years ended March 31, 2015 and 2014, respectively. As of March 31, 2015, \$0.1 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 CCDC, its 67% owned subsidiary. All significant intercompany balances and transactions have been eliminated in consolidation.

(b) New Accounting Pronouncement

For the year ended March 31, 2014, the Corporation adopted the provisions of the following GASB Statement:

- GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities" establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources such as changes in the determination of the major fund calculations and limiting the use of the term deferred in the financial statement presentations.

(c) Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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.

(d) Cash and Equivalents

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

(e) Investment Securities

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

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 2 - Summary of Significant Accounting Policies, Continued

(e) Investment Securities, Continued

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.

(f) 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.

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.

(g) Delinquent Interest

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

(h) 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 issuance costs, discounts and advance refunding costs. During fiscal 2015 and 2014, ESD received from the State \$1.228 billion and \$1.118 billion, respectively.

Amounts received from the State were used to meet principal payments of \$709.2 million and \$639.1 million in fiscal 2015 and 2014, respectively, which were recorded as reductions of the amounts due from the State. In addition, during fiscal 2015 and 2014 ESD applied \$20.5 million and \$48.5 million, respectively, of revenue bonds investment earnings to meet principal and interest payments.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 2 - Summary of Significant Accounting Policies, Continued

(h) Revenue Bonds, Continued

During fiscal 2015, at the direction of the New York State Division of the Budget, ESD received \$450.6 million in advances for debt service obligations due throughout fiscal 2016 related to certain State supported debt. These funds are currently held with the Trustees and their investment earnings will be applied to future debt service obligations.

(i) 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." 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 deferred as an addition to or a deduction from the new bonded liability, 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.

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.

(j) 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, 2015 and 2014, construction costs incurred in the amount of approximately \$123.0 million and \$193.7 million, respectively were capitalized and included as part of building and improvements. Costs associated with CCDC include interest costs of \$17.0 million, net of \$0.4 million of interest income.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 2 - Summary of Significant Accounting Policies, Continued

(k) 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, 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, related administrative expenses, interest related to corporate purpose and revenue bonds, depreciation and pollution remediation costs. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

(l) 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 debt service obligations. Appropriations and available funds are anticipated to be sufficient to meet ESD's obligations for fiscal 2016.

(m) 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.

(n) 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.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 2 - Summary of Significant Accounting Policies, Continued

(o) 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.

(p) 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.

(q) Reclassifications

Reclassifications have been made to certain 2014 balances in order to conform them to the 2015 presentation. The reclassification was made to reflect the additional options available to the Corporation for use of funds provided by the Port Authority.

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, 2015 and 2014, 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>2015</u>		<u>2014</u>	
	<u>Carrying Amount</u>	<u>Bank balance</u>	<u>Carrying amount</u>	<u>Bank balance</u>
Insured (FDIC)	\$ 1,619	1,619	1,615	1,615
Uninsured - collateral held by custodian in ESD's name	447,650	447,752	488,960	489,192
Deposits held in trust for the Corporation's benefit	<u>18,285</u>	<u>18,285</u>	<u>17,907</u>	<u>17,907</u>
Total cash and cash equivalents	\$ <u>467,554</u>	<u>467,656</u>	<u>508,482</u>	<u>508,714</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

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

Investment securities cost and fair value at March 31, 2015 and 2014 consisted of the following (in thousands):

	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>	-
Total	\$ <u>3,053,068</u>	<u>3,045,948</u>	<u>(7,120)</u>
	2014		
	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized loss</u>
U.S. Government and Federal agency obligations	\$ 3,053,422	3,045,565	(7,857)
Restricted cash	<u>409,750</u>	<u>409,750</u>	-
Total	\$ <u>3,463,172</u>	<u>3,455,315</u>	<u>(7,857)</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 \$631.0 million and \$767.3 million at March 31, 2015 and 2014, respectively. These amounts at March 31, 2015 and 2014 are restricted for special projects on behalf of the following subsidiaries/programs/purposes (in thousands):

	<u>2015</u>	<u>2014</u>
Subsidiary/Programs/Purposes:		
42nd Street Development Project	\$ 10,517	10,417
New York Empowerment Zone Corporation	11,496	12,667
Queens West Development Corporation	9,379	10,355
Harlem Community Development Corporation	4,950	5,114
Enterprise Community	34	134
USA Niagara Development Corp	14,190	12,892
Lower Manhattan Development Corporation	439	623
New York Convention Center Development Corporation	251,969	290,387
ESD Moynihan Station (James A. Farley Post Office Building)	15,614	25,863
ESD One Bryant Park	7,739	7,501
ESD Columbia SAC	11,504	12,735
ESD Erie Canal Harbor Development Corporation	25,706	28,172
ESD Privatization Program	818	718
Empire State New Market Corporation	1,449	1,365
ESD OPEB Liability Account	31,173	26,850
ESD Brooklyn Arena Project, ESD Atlantic Yard Project -Phase 1	63,646	927
ESD 125 Maiden Lane	413	63,728
ESD New York	3,066	3,066
ESD Project Repair Program	15,352	15,340
ESD Farley	55,672	9,231
ESD Marriot Marquis Purchase Option Fund	1,398	1,398
ESD TRAIL Remaining Fund	3,491	3,881
ESD Section 32 Remaining Fund	1,336	1,334
ESD Stadium Improvement Project	9,193	44,757
ESD Erie County Stadium Corporation Capital Improvement	2	2,967
ESD 550 Washington Street Project Improvement	731	750
ESD Arthur Kill Development Project	917	950
ESD Bronx Psychiatric Center Development Project	1,629	-
ESD Venture Atlantic Yard Project – Phase 2	1,916	-
Port Authority Control Board Authorized	70,361	171,959
Other Purposes	<u>4,867</u>	<u>1,169</u>
Totals	\$ <u>630,967</u>	<u>767,250</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 5 - Loans and Leases Receivable

Nonresidential lease receivables, mortgage loans and real estate investments and economic development loans at March 31, 2015 and 2014 consist of the following (in thousands):

	<u>2015</u>		<u>2014</u>	
	<u>Number</u>	<u>Balance</u>	<u>Number</u>	<u>Balance</u>
Non-residential lease receivables, mortgage loans and real estate investments:				
Lease receivables (a)	7	\$ 17,581	7	\$ 20,956
Commercial leases (b)	4	7,572	4	8,479
Real estate investments (c)	<u>10</u>	<u>1,416</u>	<u>4</u>	<u>1,344</u>
	21	26,569	15	30,779
Economic development loans (d)	<u>106</u>	<u>103,241</u>	<u>104</u>	<u>96,599</u>
Total	<u><u>127</u></u>	<u><u>129,810</u></u>	<u><u>119</u></u>	<u><u>127,378</u></u>
Less current portion		<u>(5,032)</u>		<u>(4,136)</u>
Non-current portion		<u><u>\$ 124,778</u></u>		<u><u>\$ 123,242</u></u>

(a) Non-residential Lease Receivables

Non-residential lease receivables consist of 7 projects outstanding in both 2015 and 2014 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, 2015, the remaining lease terms ranged from 1 to 10 years. There are 6 leases with the City of New York (\$16.7 million) and 1 is with a bank (\$.9 million). At March 31, 2015, 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 fifteen years. The receivable balance of \$7.6 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 19 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 \$49.3 million at March 31, 2015 and 2014.

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, 2015, annual minimum payments to be received in each of the next five years is approximately \$26.3 million per year. The net present value of the receivable balance at March 31, 2015 and 2014 amounted to \$148.7 million and \$167.6 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 2015, the Port Authority made no payments to MSDC. In fiscal 2014, the Port Authority made three payments to MSDC totaling \$5.8 million. The receivable balance at March 31, 2015 and 2014 amounted to \$0.5 million.

Note 7 - Real Property and Office Equipment

Real property and office equipment at March 31, 2015 and 2014 consists of the following (in thousands):

	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
	<u>2,080,644</u>	<u>124,753</u>	<u>(1,787)</u>	<u>2,203,610</u>
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>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 7 - Real Property and Office Equipment, Continued

	2014			
	Balance at March 31, 2013	Additions	Disposals	Balance at March 31, 2014
Land	\$ 367,693	4,732	-	372,425
Buildings, improvements and construction in progress (incl. Farley)	1,395,823	113,371	(5)	1,509,189
Moynihan Station	99,380	75,463	-	174,843
Furniture and equipment	24,012	175	-	24,187
	1,886,908	193,741	(5)	2,080,644
Less accumulated depreciation	(325,137)	(13,531)	5	(338,663)
Totals	\$ 1,561,771	180,210	-	1,741,981

(a) Buildings, Improvements and Construction In Progress

Major components of buildings, improvements and construction in progress at March 31, 2015 and 2014 are as follows (in thousands):

	2013	Net increase (decrease)	2014	Net increase (decrease)	2015
New York Convention Center Development Corporation	\$ 1,056,365	99,914	1,156,279	48,484	1,204,763
USA Niagara	17,473	47	17,520	288	17,808
James A. Farley Post Office Building and other ESD property	316,355	13,405	329,760	6,316	336,076
Other Subsidiaries	5,630	-	5,630	(631)	4,999
Total	\$ 1,395,823	113,366	1,509,189	54,457	1,563,646

(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 will continue to be capitalized and ESD will make three principal payments of \$250,000 each over the two-year term.

(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 CCDC 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, CCDC 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 financial statements since it is contingent on the sale of a parcel of land owned by CCDC. 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, 2015 and 2014 amounted to \$24.9 million and \$13.5 million, respectively.

Note 8 - Other Assets

Other assets at March 31, 2015 and 2014 consist of the following (in thousands):

	<u>2015</u>	<u>2014</u>
Interest receivable	\$ (3,876)	(3,325)
Receivable from municipalities, other authorities and others	157,729	18,691
Receivable from HUD - LMDC grant	6,775	18,649
Hotel tax receivable	11,386	10,477
Prepaid insurance	590	2,241
Reserve for commercial real estate projects	111,178	908
Other	<u>13,117</u>	<u>14,772</u>
	296,899	62,413
Less current portion	<u>(59,201)</u>	<u>(30,875)</u>
Non-current portion	<u>\$ 237,698</u>	<u>31,538</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, 2015 and 2014 amounted to \$6.4 million and \$6.1 million, respectively, of which the Corporation paid \$2.1 million and \$2.0 million, respectively. At March 31, 2015 and 2014, the liability for postemployment benefits other than pensions amounted to \$29.8 million and \$25.5 million, respectively.

The number of participants as of March 31, 2015 and 2014 was as follows:

	<u>2015</u>	<u>2014</u>
Active employees	281	252
Retired employees	<u>187</u>	<u>169</u>
Total	<u>468</u>	<u>421</u>

Funding Policy - For the years ended March 31, 2015 and 2014, 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, 2015 and 2014, the Corporation's annual OPEB cost amounted to \$6.4 million and \$6.1 million, respectively.

<u>Benefit Obligations and Normal Cost (in Thousands)</u>	<u>2015</u>	<u>2014</u>
Actuarial accrued liability ("AAL"):		
Active employees	\$ 35,140	33,131
Retired employees	<u>39,090</u>	<u>36,856</u>
Total	\$ <u>74,230</u>	<u>69,987</u>
Underfunded actuarial accrued liability ("UAAL")	\$ <u>74,230</u>	<u>69,987</u>
Normal cost at beginning of year	\$ <u>3,129</u>	<u>3,003</u>

Level Dollar Amortization

Calculation of ARC under projected Unit Credit Method:

Amortization of UAAL over 30 years with interest to end of year	\$ 3,229	3,044
Normal costs with interest to end of year	<u>3,167</u>	<u>3,035</u>
Annual required contribution ("ARC")	\$ <u>6,396</u>	<u>6,079</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 9 - Postemployment Benefits Other Than Pensions, Continued

	<u>2015</u>	<u>2014</u>
<u>Annual OPEB Cost Contribution</u>		
Contribution for the year	\$ 2,093	2,001
Contribution as a percentage of required contribution	32.7%	32.9%
<u>Annual OPEB Cost and Net OPEB Obligation</u>		
Annual required contribution	\$ 6,396	6,079
Contribution made on a pay-as-you-go basis	<u>(2,093)</u>	<u>(2,001)</u>
Increase in net OPEB obligation	4,303	4,078
Net OPEB obligation at beginning of year	<u>25,454</u>	<u>21,376</u>
Net OPEB obligation at end of year	\$ <u>29,757</u>	<u>25,454</u>
Actuarial methods and assumptions:		
Funding interest rate	4.5%	
2013/2014 trend rate (medical and drugs)	4.8%	
2014/2015 trend rate (medical and drugs)	4.8%	
Ultimate trend rate (medical and drugs)	4.2%	
Year ultimate trend rate rendered	2016	
Annual payroll growth rate	2.5%	
Actuarial cost method	Projected Unit Credit Method	
The remaining amortization period at March 31, 2015	<u>22 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. These bonds are supported with cash flows from the Port Authority of New York and New Jersey assigned by the State of New York to the Corporation (see note 6). The net present value of the assigned payments amounted to approximately \$148.7 million and \$167.6 million at March 31, 2015 and 2014, respectively.

No new corporate purpose debt was issued during fiscal 2015 and 2014.

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 has eliminated all outstanding Corporate Purpose bond debt.

In fiscal 2014, ESD had no Corporate Purpose bond redemptions.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 11 - Revenue Bonds

At March 31, 2015 and 2014, ESD's outstanding revenue bonds were as follows (in thousands):

(a) Personal Income Tax Revenue Bonds (P.I.T.)	Balances		Coupon rates (%)	Maturity dates
	2015	2014		
<u>State Facilities and Equipment</u>				
2004 Series A-1	\$ 270	760	5.00	2016
2004 Series A-2	300,285	300,385	5.50	2025
2004 Series A-3	298,550	298,550	Variable Note	2033
2005 Series B	-	92,065	4.45 - 5.00	2015
2007 Series B	227,935	234,630	5.00	2037
2007 Series C	231,570	238,380	4.00 - 5.00	2037
2009 Series B-1	369,010	385,885	4.00 - 5.25	2038
2009 Series B-2 (Taxable)	42,350	54,790	6.45	2018
<u>Economic Development and Housing</u>				
2004 Series B-1	-	4,240	5.00	2015
2004 Series B-2	-	960	3.5	2015
2005 Series A-1	6,230	79,690	3.50 - 5.00	2016
2005 Series A-2 (Taxable)	8,435	16,495	4.73	2016
2007 Series A	7,145	21,205	3.75 - 4.00	2017
2008 Series A-1	325,150	343,855	4.00 - 5.00	2028
2008 Series A-2 (Taxable)	11,830	15,430	4.64 - 4.86	2018
2009 Series A-1	213,670	237,225	3.00 - 5.00	2029
2009 Series A-2 (Taxable)	62,035	75,255	6.50	2019
<u>General Purpose</u>				
2009 Series C	522,710	595,245	3.00 - 5.00	2023
2009 Series E (Taxable Build America)	576,080	576,080	5.77	2039
2010 Series A	349,495	351,950	2.00 - 5.00	2020
2010 Series B (Taxable)	-	70,770	2.03 - 2.63	2015
2010 Series C (Taxable Build America)	413,760	413,760	4.61 - 5.84	2040
2011 Series A	469,265	487,450	3.50 - 5.00	2041
2011 Series B (Taxable)	103,580	119,935	1.33 - 2.79	2021
2013 Series A-1	572,390	572,390	3.50 - 5.00	2043
2013 Series A-2	66,205	67,585	2.00 - 5.00	2026
2013 Series B (Taxable)	132,460	166,485	0.55 - 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</u>	<u>Maturity</u>
<u>General Purpose</u>	<u>2015</u>	<u>2014</u>	<u>rates (%)</u>	<u>dates</u>
2013 Series C	\$ 728,395	753,055	5.00	2033
2013 Series D	470,330	477,695	5.00	2025
2013 Series E	789,385	812,835	5.00	2043
2013 Series F (Taxable)	354,160	395,960	0.58 - 3.45	2023
2014 Series A	925,835	-	4.00 - 5.00	2044
2014 Series B (Taxable)	370,820	-	0.63 - 3.08	2024
Total Personal Income Tax Revenue Bonds	<u>8,949,335</u>	<u>8,260,995</u>		
 <u>(b) University Facilities</u>				
Columbia University 1989 Series (Taxable)	21,474	25,298	zero coupon	2020
Cornell University 1989 Series (Taxable)	2,875	3,388	zero coupon	2020
Clarkson University - Loan 1995 Series	4,370	5,110	5.50	2020
Syracuse University - Loan 1995 Series	4,890	7,150	5.50	2017
University Facilities Grants 1995 Series	7,820	9,075	5.50 - 5.88	2021
Total University Facilities Issues	<u>41,429</u>	<u>50,021</u>		
 <u>(c) State Office Facilities</u>				
State Office Facilities 1995 Refunding Series	<u>102,325</u>	<u>116,335</u>	5.60 - 5.70	2021
 <u>(d) Service Contract Refunding</u>				
2005 Series A	79,145	104,565	3.75 - 5.00	2019
2005 Series B	17,540	20,575	4.00 - 5.00	2020
2007 Series A	206,110	220,945	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	501,520	573,725	5.00 - 5.63	2028
2010 Series A	354,080	391,395	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>Balances</u>		<u>Coupon rates (%)</u>	<u>Maturity dates</u>
	<u>2015</u>	<u>2014</u>		
<u>(d) Service Contract Refunding</u>				
2010 Series B	\$ 85,605	192,455	4.00 - 5.00	2017
2011 Series A	<u>8,165</u>	<u>9,600</u>	2.00 - 4.00	2020
Total Service Contract Refunding	<u>2,012,825</u>	<u>2,273,920</u>		
Total all issues	11,105,914	10,701,271		
Less current portion	<u>(795,595)</u>	<u>(728,475)</u>		
Total non-current revenue bonds	<u>\$ 10,310,319</u>	<u>9,972,796</u>		

A summary of changes in outstanding revenue bonds at March 31, 2015 and 2014 is as follows:

	<u>2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>2015</u>
Personal Income Tax Revenue Bonds	\$ 8,260,995	1,296,655	(608,315)	8,949,335
University Facilities	50,021	-	(8,592)	41,429
State Office Facilities	116,335	-	(14,010)	102,325
Service Contract Refunding	<u>2,273,920</u>	-	<u>(261,095)</u>	<u>2,012,825</u>
Total	<u>\$ 10,701,271</u>	<u>1,296,655</u>	<u>(892,012)</u>	<u>11,105,914</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, 2015 and 2014 are as follows (in thousands):

	<u>2015</u>	<u>2014</u>
Due from State of New York	\$ 9,277,480	8,717,435
Debt service reserve	19,954	20,226
Cash and investments	1,897,761	2,058,901
Less accrued interest payable	(60,523)	(66,078)
Less other	<u>(28,758)</u>	<u>(29,213)</u>
Bonds payable	<u>\$ 11,105,914</u>	<u>10,701,271</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, 2015 and 2014, \$92.4 million and \$94.3 million, respectively, remained outstanding and are considered to be defeased.

State Personal Income Tax Bonds (General Purpose) Series 2013C & 2013D

In September of 2013, ESD issued \$1,230.8 million in State Personal Income Tax Revenue Bonds (General Purpose); \$753.1 million Series 2013C and \$477.7 million Series 2013D. The Series 2013C bonds were issued to enable the Corporation to fund certain projects relating to (1) reimbursing the State for certain expenditures made or to be made by the New York Department of Transportation in connection with the State's current multi-year highway and bridge capital program; and (2) the making of grants to reimburse municipalities and other project sponsors throughout the State for qualifying capital expenditures for highway, bridge and multi-modal projects. Proceeds of the Series 2013 Bonds also may be used to finance other transportation projects as permitted under the Project Acts. The statutes pursuant under which these projects are being financed include: sections 380, 385 and 386-a of the Public Authorities Law, sections 10-C, 10-e, 10-f, 10-g and 80-b of the Highway Law, sections 14-j and 14-k of the Transportation Law, Chapters 329, 330 and 331 of the Laws of New York of 1991, section 89-b of the State Finance Law and other applicable New York statutes (the "Project Acts"). Additionally, the proceeds of the Series 2013C Bonds were used to pay all or part of the cost of issuance of the Series 2013C Bonds. The Series 2013 Bonds are not secured by the Projects or any interest therein.

The Series 2013D were issued to refund \$19.7 million ESD State Personal Income Tax Revenue Bonds (State-Facilities and Equipment), Series 2005B. The remaining bond proceeds were used to refund certain bonds issued by the following: the New York State Thruway Authority for \$396.0 million, the New York State Environmental Facilities Corporation for \$85.7 million, and the New York State Housing Finance Agency for \$20.6 million. Additionally, the proceeds of the Series 2013D Bonds were used to pay all or part of the cost of issuance of the Series 2013D Bonds.

State Personal Income Tax Revenue Bonds (General Purpose) Series 2013E & 2013F (Federally Taxable)

In December of 2013, ESD issued \$1,208.8 million in State Personal Income Tax Revenue Bonds (General Purpose); \$812.8 million Series 2013E and \$396.0 million Series 2013F (Federally Taxable). The Series 2013E and 2013F bonds were issued to finance or reimburse all or a portion of the cost of programs and projects throughout the State, including highway and bridge capital projects, correctional and youth facilities projects, housing projects, economic development projects and State facilities projects. In addition, proceeds of the Series 2013E and 2013F Bonds were used to pay all or part of the cost of issuance of the Series 2013E and 2013F Bonds.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 11 - Revenue Bonds, Continued

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.

All Revenue Bonds

Annual maturities and interest obligations on Revenue Bonds for the five years following March 31, 2015 are as follows (in thousands):

	<u>Principal</u>	<u>Interest (a)</u>	<u>Total</u>
2016	\$ 795,595	505,481	1,301,076
2017	813,080	472,334	1,285,414
2018	825,040	438,006	1,263,046
2019	805,255	402,752	1,208,007
2020	<u>832,940</u>	<u>366,964</u>	<u>1,199,904</u>
	<u>\$ 4,071,910</u>	<u>2,185,537</u>	<u>6,257,447</u>

(a) Excludes variable interest rate.

Aggregate principal maturities subsequent to 2020 are approximately \$7.0 billion.

Interest Rate Transactions

During fiscal 2015 and 2014, there was no new activity related to the interest rate swap agreements.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 11 - Revenue Bonds, Continued

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, 2015, 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 funded 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 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.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 12 - New York Convention Center Development Corporation Revenue Bonds

In November 2005, CCDC a subsidiary of ESD, issued its \$700.0 million Series 2005 Revenue Bonds (Hotel Unit Fee secured) for the purpose of (a) financing the capital expansion project, which consists of expanding and renovating the Jacob K. Javits Convention 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. The bonds are/will be repaid from revenues already received and to be received by CCDC from hotel unit fees imposed on certain rentals of hotel rooms located within all five boroughs of New York City.

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

As of March 31, 2015 and 2014, CCDC's outstanding Revenue Bonds were as follows (in thousands):

<u>2005 Revenue Bonds</u>	<u>Balances</u>		<u>Coupon rates (%)</u>	<u>Remaining payments to</u>
	<u>2015</u>	<u>2014</u>		
Serial (a)	\$ 93,795	94,910	4.00-5.00	2027
Term	50,930	50,930	5.00	2030
Term	121,000	121,000	5.00	2035
Term	357,270	357,270	5.00	2044
Term	<u>75,000</u>	<u>75,000</u>	4.75	2045
	697,995	699,110		
Unamortized bond premium	<u>8,417</u>	<u>8,982</u>		
	<u>\$ 706,412</u>	<u>708,092</u>		

Interest is payable semiannually on November 15th and May 15th of each year.

(a) Early redemption options may commence in 2016 at 100%.

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

Annual principal maturities and interest obligations for the next five years following March 31, 2015 are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,770	34,681	36,451
2017	2,465	34,610	37,075
2018	3,210	34,499	37,709
2019	4,015	34,339	38,354
2020	<u>4,875</u>	<u>34,138</u>	<u>39,013</u>
	\$ <u>16,335</u>	<u>172,266</u>	<u>188,601</u>

Aggregate principal maturities subsequent to 2020 are approximately \$681.6 million.

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, 2015 and 2014 is as follows (in thousands):

	<u>2015</u>	<u>2014</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	622
Less current portion	(293)	(329)
Non-current portion	\$ <u>0</u>	<u>293</u>

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.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 14 - Other Financing, Continued

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 requires 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 commencing August 2015. The remaining principal, together with all accrued but unpaid interest is due February 2017.

Pursuant to a June 18, 2010 agreement between the Moynihan Station Development Corporation ("MSDC") and the Port Authority of New York and New Jersey ("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, 2015 and 2014, the Corporation recognized pollution remediation expense provisions (recoveries) of (\$0.6) million and \$4.1 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, 2015 and 2014, the pollution remediation liability totaled \$19.3 million and \$20.2 million, respectively, primarily consisting of future remediation activities associated with asbestos removal, removal of other hazardous materials and soil contamination.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 16 - Other Liabilities

Other liabilities at March 31, 2015 and 2014 consist of the following (in thousands):

	<u>2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>2015</u>
Advances from Port Authority Regional Economic Development Fund - revolving loan program	\$ 457	-	(457)	-
Restricted funds for grants, economic development programs and special projects/bonds	89,677	36,662	-	126,339
Other loan and revolving loan programs - advances from State	408	5	-	413
Postemployment benefits other than pensions	25,454	4,303	-	29,757
Other accruals	<u>89,007</u>	<u>-</u>	<u>(40,019)</u>	<u>48,988</u>
Totals	205,003	<u>40,970</u>	<u>(40,476)</u>	205,497
Less current portion	<u>(110,076)</u>			<u>(81,301)</u>
Non-current portion	\$ <u>94,927</u>			<u>124,196</u>

Note 17 - Deferred Inflows of Resources - Other

Deferred inflows of resources - other at March 31, 2015 and March 31, 2014 consist of the following (in thousands):

	<u>2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>2015</u>
Restricted funds for grants, economic development programs and special projects/bonds	\$ 10,748	-	(13)	10,735
Deferred gain on ground lease deposit (a)	1,000	-	-	1,000
Other loan and revolving loan programs - advances from State	1,754	-	-	1,754
Other accruals (b)	<u>15,520</u>	<u>64,051</u>	<u>-</u>	<u>79,571</u>
Totals	\$ <u>29,022</u>	<u>64,051</u>	<u>(13)</u>	<u>93,060</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 completion of redevelopment HCDC will enter 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 \$1,000,000 non-refundable deposit on the ground lease of the Victoria Theater. Revenue from the deposit will remain deferred until the ground lease is executed.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 17 - Deferred Inflows of Resources - Other, Continued

(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 \$4,700,000 payments through the year 2029. The remaining stream of payments as of March 31, 2015 is \$65,800,000. 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, 2015 and 2014 amounted to \$197.6 million.

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.

As of March 31, 2015, ESD may be required, if and when notified by the State, to provide JDA, through 2015, with annual 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 2015 and 2014. No payments are anticipated during 2016.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 18 - Appropriations Repayable Under Prescribed Conditions, Continued

It is also anticipated that the \$26.2 million due from JDA for reimbursement to ESD for administrative expenses incurred on behalf of JDA as of March 31, 2015 (\$26.2 million as of March 31, 2014), 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 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 Employees Retirement System are eligible for this benefit.

(b) State Employees' Retirement System

ESD participates in the New York State and Local Employees' Retirement System (the "System") which is a multiple public employer cost-sharing system. The System offers a wide range of plans and benefits, which are related to years of service and final average salary, and provides for death and disability benefits and for optional methods of benefit payments. Depending on the date of the commencement of employment, all benefits generally vest after five to ten years of credited service.

The Comptroller of the State of New York serves as sole trustee and administrative head of the System. Plan benefits are provided under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL") and are guaranteed by the State Constitution. Once a public employer elects to participate in the System, the election is irrevocable. The plan cannot be terminated and plan benefits cannot be diminished or impaired. Benefits can be reduced for future members only by an act of the State Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Retirement Systems, 110 State Street Albany, New York 12244-0001.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 19 - Retirement Plans, Continued

(b) State Employees' Retirement System, Continued

Participating employers are required under the NYSRSSL to contribute annually to the System. The funding of the System is accomplished through member and employer contributions and the investment earnings on these contributions, according to the NYSRSSL. The aggregate actuarial funding method is used by the System. Generally, participating employers that have adopted the same benefit plans contribute at the same rate of pay. Generally, all employees, except certain part-time employees, participate in the System. The Systems Tiers I through IV are noncontributory except for employees with less than 10 years of service who contribute 3% of their salary, and Tier V employees who contribute 3% of their salary. Tier VI employees contributed 3% of their salary for the period from their hire date until March 31, 2013, and then contribute at rates from 3% to 6%, dependent on annual salary, for all future periods. The total payroll for all ESD employees for the years ended March 31, 2015 and 2014 amounted to \$26.1 million and \$23.1 million, respectively. ESD is billed annually for retirement contributions. The required contributions for the current year and two preceding years were (in thousands):

2015	\$ 4,473
2014	5,217
2013	4,328

(c) 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 the VDC program or the NYS Employees Employee's Retirement System. 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, 2015 and 2014, there were twenty and seven ESD employees enrolled in the VDC program, respectively.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 20 - Commitments and Contingencies

Commitments and contingencies at March 31, 2015 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.

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 \$19,784,000. ECHDC received numerous Notices of Claim from the contractor under this contract, related to various aspects of the contract scope and performance requirements. Effective in July of 2013, ECHDC terminated the contractor due to the contractor's failure to properly perform under the terms of the contract. The work is currently being completed by the bonding company. The contractor has brought an action in the NYS Supreme Court for wrongful termination 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 lawsuit 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 2016. The parties have scheduled a mediation for late July in an attempt to settle the matter. No determination can be made at this time as to the likelihood of settlement.

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

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 20 - Commitments and Contingencies, Continued

(a) Legal Actions, Continued

General, Continued

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 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, and will seek to have that decision overturned in the Appellate Division, Second Department. In the meantime, discovery in the trial court continues. The appeal could take a year or more to resolve. As a consequence, no assessment of the likelihood of an unfavorable outcome or estimate of the amount or range of potential loss can be made.

On May 27, 2015, a tentative settlement agreement was reached in Vinson v. HCDC, 14-CV-4068, an employment case pending in the Southern District of NY. The case involves four former employees of the New York State Urban Development Corporation d/b/a Empire State Development ("ESD"), parent of Harlem Community Development Corporation ("HCDC"). Plaintiffs allege 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 proposed settlement, which is not an admission of liability in the case, provides for a total payment of \$325,000 for all four plaintiffs, inclusive of legal fees, subject to approval by ESD's directors. The settlement will be presented for consideration by the ESD Board in June 2015. If approved, the settlement amount will be covered by insurance maintained by ESD, subject to a \$100,000 deductible. Therefore, if the proposed settlement is approved by ESD, the total exposure will be \$100,000. If the settlement is not approved, outside counsel estimates potential exposure (including legal fees) to be approximately \$1 million.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 20 - Commitments and Contingencies, Continued

(a) Legal Actions, Continued

General, Continued

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, the SSBCI program administrator, may assert misuse of the SSBCI funds by ESD in connection 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].

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, 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 may seek to appeal this well-reasoned decision, but 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.

Atlantic Yards Project

A number of proceedings have been commenced with respect to the Atlantic Yards Land Use Improvement and Civic Project (the "Project"), located in Brooklyn, New York, including two in which ESD exercised its powers under the New York State Eminent Domain (condemnation) Procedure Law.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 20 - Commitments and Contingencies, Continued

(a) Legal Actions, Continued

Atlantic Yards Project, Continued

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. The remaining issue before the Court in this proceeding is valuation of the condemned properties.

Valuation trials for five of the condemned fee parcels have concluded; two of those matters have voluntarily settled. The Court issued its first decision on April 15, 2013 in connection with a small self-storage facility. While the Court found that some upzoning was probable, it rejected claimant's proposed upzoning valuation and adopted, and modified, ESD's sales comparison valuation approach. A fixture claim involving the same property has been settled. The Court issued a decision in a second case on June 21, 2013. The property was a gas station. The Court rejected the claimant's appraisal that proposed a rezoning and new residential development because it failed to consider a Long Island Railroad easement that restricted development at the property. The Court adopted with modification ESD's income capitalization approach to the existing use. The Court decided a third valuation case on May 7, 2014, where 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 has been appealed. The trial of a former four-story building has been scheduled for September 2015. The final Phase I valuation fee trial is yet to be scheduled; settlement discussions concerning such parcel continue.

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 preparing Vesting Date (9/19/14) appraisals for the properties taken.

Pursuant to 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.

All litigations challenging Project approvals – including the two proceedings discussed in last year's audit response, Develop Don't Destroy (Brooklyn), Inc. et al. v. Empire State Development, et al., Index No. 1143631/2009 (Sup. Ct. N.Y., N.Y. County) and Prospect Heights Neighborhood Development Council, Inc., et al. v. Empire State Development, et al., Index No. 116323/2009 (Sup. Ct. N.Y., N.Y. County) – have been dismissed or otherwise concluded. There are currently no pending litigations challenging Project approvals.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 20 - Commitments and Contingencies, Continued

(a) Legal Actions, Continued

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 due the two gas stations has been settled and paid. The remaining issue before the Court in this proceeding is valuation of the three self-storage facilities. ESD and each condemnee have finalized and exchanged vesting date (3/12/12) and rebuttal fee appraisals. Absent settlement, valuation trials are expected to occur in fall 2015. Pursuant to contract, all condemnation awards are paid by Columbia, not ESD, and therefore this litigation is not expected to have a material adverse effect on ESD's financial position.

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.

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 \$ 296.5 million of the allocated HUD funds, and approximately \$ 106 million of the funds received pursuant to the settlements with Deutsche Bank and its insurance carriers.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 20 - Commitments and Contingencies, Continued

(a) Legal Actions, Continued

Lower Manhattan Development Corporation, Continued

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 between now and June 2016. In addition, Bovis has agreed to release over \$10 million in outstanding payments LMDC had not yet made in connection with Bovis's work on the project. Management strongly believes this settlement was in the best interest of the Corporation as litigation would have been protracted and expensive and was not guaranteed to end favorably for LMDC. 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. 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

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 20 - Commitments and Contingencies, Continued

(a) Legal Actions, Continued

Lower Manhattan Development Corporation, Continued

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.

In May 2012, Eddington Security, Inc. ("Eddington"), a subcontractor providing security services for the Project, sued the Corporation, Bovis, and various insurance companies seeking approximately \$3 million in payments allegedly owed as a result of services provided at the Project. Bovis, in turn, asserted cross-claims against LMDC in the Eddington litigation. The court dismissed Eddington's claims against LMDC. Bovis and Eddington subsequently reached a settlement, and on October 25, 2013, Bovis agreed to voluntarily dismiss its cross-claims against LMDC with prejudice.

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, 2015 will have a material adverse impact on the Corporation's financial condition.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 20 - Commitments and Contingencies, Continued

(a) Legal Actions, Continued

Lower Manhattan Development Corporation, Continued

Contingencies related to Lower Manhattan Development Corporation at March 31, 2015 consist of the following:

(1) 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.

(2) Investigations

The acquisition, decontamination, and deconstruction of 130 Liberty Street resulted in a number of government investigations and enforcement actions, relating both to safety conditions on the site and the integrity of invoices submitted to the Corporation. Bovis entered into a deferred prosecution agreement with the New York County District Attorney's Office relating to the causes of the fire, and entered into a deferred prosecution agreement with the United States Attorney's Office for the Eastern District of New York relating to fraudulent billing at the Project and other New York construction sites. Although these investigations have imposed on the Corporation significant legal costs, management does not expect these investigations and actions to have a material adverse impact on the Corporation's financial position as of March 31, 2015.

(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 2015 is approximately \$371.2 million.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 20 - Commitments and Contingencies, Continued

(d) Lease Commitments

In June 2013, ESD entered into a lease with 633 Third TEI Equities LLC for five units consisting of the entire 33rd through 37th 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, 2015 are as follows (excluding escalations and option period):

2016	\$ 6,500,125
2017	6,656,121
2018	6,708,120
2019	6,942,129
2020	7,020,135
Thereafter	<u>23,127,443</u>
TOTAL	\$ <u>56,954,073</u>

Note 21 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" replaces existing standards of accounting and financial reporting for pension plans that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The requirements of this statement are effective for periods beginning after June 15, 2014, which is the fiscal year beginning April 1, 2015 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. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date" addresses an issue regarding application of the transition provisions of GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions." This Statement amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflows of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The requirements of this statement are effective for the same period that the entity implements GASB Statement No. 68. 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

Notes to Consolidated Financial Statements, Continued

Note 21 - Accounting Standards Issued But Not Yet Implemented, Continued

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.

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

<u>Valuation Date</u>	<u>Actuarial</u>		<u>Unfunded Actuarial Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as a Percentage of Covered Payroll</u>
	<u>Value of Assets</u>	<u>Accrued Liability</u>				
April 1, 2012	\$ -	56,957,313	56,957,313	-	22,944,541	248.2%
April 1, 2013	-	69,987,175	69,987,175	-	22,474,730	311.4%
April 1, 2014	-	74,230,439	74,230,439	-	23,667,902	313.6%

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, 2015, 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 12, 2015.

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.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 12, 2015

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, 2015.

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, 2015.

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.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 12, 2015

FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: West Henrietta (Finger Lakes Region – Monroe County) – Retrotech 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

General Project Plan

I. Project Summary

Grantee: Retrotech, Inc. (“Retrotech” or the “Company”)

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

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

Project Location: 1275 John Street, West Henrietta, Monroe County

Proposed Project: Facility construction and purchase of new machinery and equipment as part of relocation to new building

Project Type: Business expansion involving job retention and creation

Regional Council: The Finger Lakes Regional Economic Development Council has been made aware of this item. The project is consistent with the Finger Lakes Regional Plan to optimize business creation, retention and expansion, and supports advanced manufacturing, a key industry sector.

Employment:	Initial employment at time of ESD Incentive Proposal:	87
	Current employment level:	111
	Minimum employment on January 1, 2016:	110

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>	
Building Construction by LeFrois		
Builders & Developers ("LeFrois")	\$2,815,000	
Machinery & Equipment	316,139	
Furnishings & Fixtures	<u>361,787</u>	
 Total Project Costs	 <u>\$3,492,926</u>	
 <u>Financing Sources</u>	 <u>Amount</u>	 <u>Percent</u>
ESD-Grant	\$500,000	14%
LeFrois Builders-Bank Loan*	2,111,250	60%
LeFrois Builders Equity**	703,750	20%
Company Equity	<u>177,926</u>	<u>6%</u>
 Total Project Financing	 <u>\$3,492,926</u>	 <u>100%</u>

*As a major contractor/developer, LeFrois deals with many banks that compete for its projects. As such, LeFrois does not wish to disclose the name of the lender or the interest rate. This is a 10-year loan with first lien on the building.

**Part of overall equity for the project

III. Project Description

A. Company

Industry: Custom-engineered automated material handling systems

Company History: Formed in 1987, Retrotech, Inc. specializes in the design, installation, modernization, and support of automated material handling systems. Retrotech provides turnkey solutions for fully automated warehousing and production storage systems including robotic picking and palletizing with light and voice directed technologies, supplemented by a broad array of conveying and sorting technologies.

Ownership: Privately owned by Savoye SA, headquartered in France.

Size: The Company's main facility is located in Henrietta, NY. Retrotech also leases a facility in Naperville, Illinois.

Market: The Company serves a wide variety of industries including the consumer product and protein food (poultry, beef and pork) markets. Clients include Proctor & Gamble, Wegmans, LiDestri Foods, and Cargill. Competitors include Dematic, based in Luxembourg, and Ohio-based Intelligrated.

ESD Involvement: The Company's French parent, Savoye, purchased Retrotech in 2011, with a vision for growing the Company and making Retrotech its North American base for integrating, testing and producing versions of Savoye's material handling equipment. Retrotech experienced significant growth in the past five years and needed a larger facility. It identified one out-of-state location and two alternative locations in the Finger Lakes Region. In each case, the building was to be constructed by a developer and leased to the Company. In late 2013, In order to reduce costs and make the project feasible in New York, the Company approached ESD for assistance. ESD offered a \$500,000 capital grant, which the Company accepted in February 2014. ESD funding was critical in the Company decision to remain and expand in New York.

Competition: Illinois

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

B. The Project

Completion: June 2015

Activity: LeFrois Builders & Developers constructed a 40,850-square-foot building in Henrietta, which Retrotech is leasing. The Company has purchased machinery and equipment including crane movement systems, video and conferencing equipment, computer servers and related infrastructure and office furniture for the new facility.

Results: Retain 87 existing jobs, which were at risk of moving to another state, and create 23 new jobs. The Company has already exceeded this number, having created 24 new jobs. The facility will support Retrotech's rapid growth.

Grantee Contact: Dan Malone, Finance Director
1275 John Street, Suite 400
West Henrietta, NY 14586
Phone: (585) 924-6333

ESD Project No.: Y803

Project Team:	Origination	Kevin Hurley
	Project Management	Edward Muszynski
	Contractor & Supplier Diversity	Vikas Gera
	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 \$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. 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 \$250,000 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$250,000) upon documentation of construction, machinery/equipment and furnishings/fixtures project costs totaling approximately \$3,492,926, completion of the project substantially as described in these materials, including a Certificate of Occupancy, and documentation of the employment of at least 87 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 (\$125,000) will be disbursed upon documentation of the employment of at least 101 Full-time

- Permanent Employees at the Project Location (Employment Increment of 14), provided Grantee is otherwise in compliance with program requirements;
- c) a Third Disbursement of an amount equal to 25% of the grant (\$125,000) will be disbursed upon documentation of the employment of at least 110 Full-time Permanent Employees at the Project Location (Employment Increment of 9), 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 3, 2014, 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 \$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.
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	87
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A	B
Reporting Date	Employment Goals
February 1, 2016	87+X+Y
February 1, 2017	87+X+Y
February 1, 2018	87+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=14, and Employment Goals shall equal [87 + X = 101] 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=9, and Employment Goals shall equal [87 + X + Y = 110] 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 87 jobs which were at risk of relocation to another state. In addition, the Company will create 23 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 Illinois. 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 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 \$5,633,160;
- Fiscal cost to NYS government is estimated at \$500,000;
- Project cost to NYS government per direct job is \$8,586;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$5,192;
- Ratio of project fiscal benefits to costs to NYS government is 11.27:1;
- Fiscal benefits to all governments (state and local) are estimated at \$9,829,571;
- Fiscal cost to all governments is \$500,000;
- All government cost per direct job is \$8,586;
- All government cost per total job is \$5,192;
- The fiscal benefit to cost ratio for all governments is 19.66:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$72,427,552, or \$752,024 per job (direct and indirect);
- The economic benefit to cost ratio is 144.86 :1;
- Project construction cost is \$2,815,000 which is expected to generate 24 direct job year and 15 indirect job year of employment;
- For every permanent direct job generated by this project, an additional 0.66 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.

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

ESD staff has determined that the purchase of equipment, furniture and fixtures 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. As the project involves a newly constructed building at the project site, ESD staff has confirmed that the Town of Henrietta, as lead agency, has completed an environmental review of the new building, pursuant to the requirements of SEQRA and the implementing regulations of the New York State Department of Environmental Conservation (6 NYCRR Part 617). This review found the project would not have a significant effect on the environment. The present request for ESD funding constitutes a Type II action, as stated above, and does not constitute an action beyond those actions already considered by the lead agency in its environmental review. Therefore, 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 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%. The overall goal shall include a Minority Business Enterprise Participation Goal of 15% and a Women Business Enterprise Participation Goal of 15% 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
Project Photograph
Project Finance Memorandum
Benefit-Cost Analysis

June 25, 2015

West Henrietta (Finger Lakes Region – Monroe County) – Retrotech 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

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 Retrotech Capital -- 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 Retrotech, Inc. a grant for a total amount not to exceed Five Hundred Thousand Dollars (\$500,000) 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

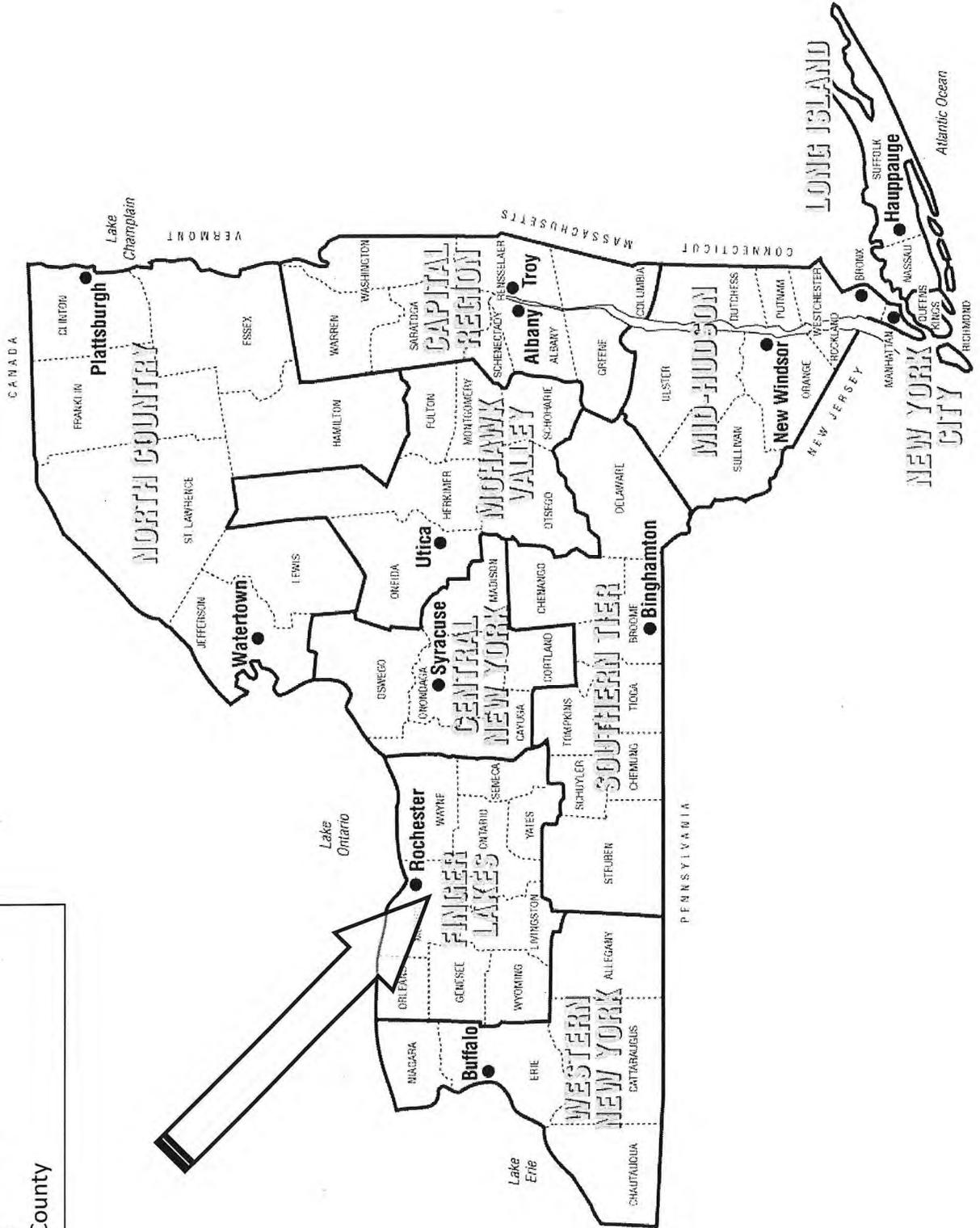
RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in the administration of the grant; and be it further

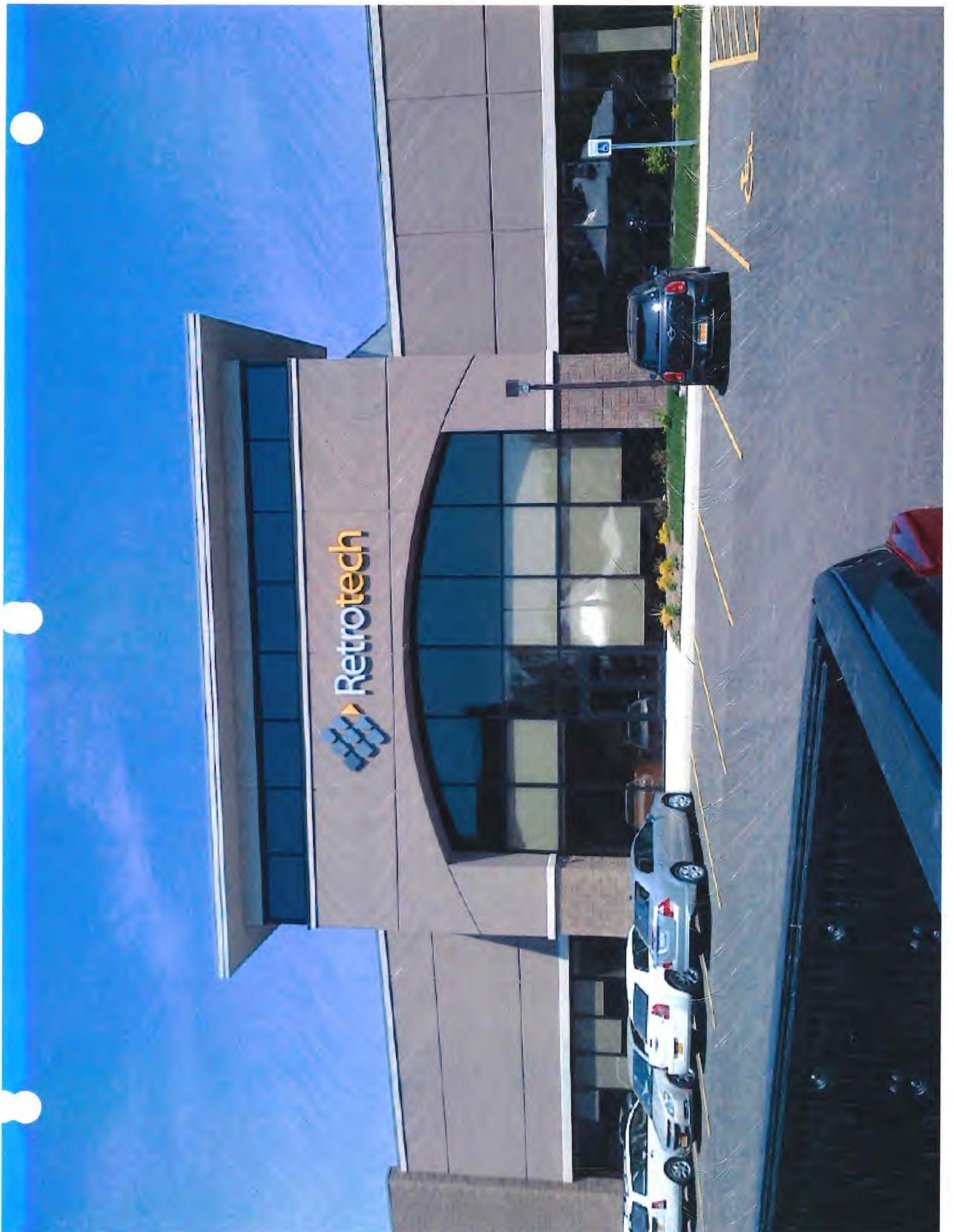
RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

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.

* * *

Retrotech Capital
Henrietta
Monroe County





 Retrotech

FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: North Lawrence (North Country Region – St. Lawrence County) –
Upstate Niagara Cooperative 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

General Project Plan

I. Project Summary

Grantee: Upstate Niagara Cooperative Inc. (“Upstate” or the “Company”)

ESD* Investment: A grant of up to \$400,000 for a portion of the cost of 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 Location: 22 County Route 52, North Lawrence, St. Lawrence County

Proposed Project: Purchase, start up and upgrade a dairy facility to produce yogurt and
dairy products

Project Type: Business expansion with job retention and job creation

Regional Council: The North Country Regional Council has been made aware of this item. The
Incentive Proposal was accepted in May 2011, predating the Regional Council
process. The project supports the Regional Council’s Plan to support existing
employers, especially in the dairy industry which is a key sector in the North
Country economy.

Employment:	Initial employment at time of ESD Incentive Proposal:	51
	Current employment level:	63
	Minimum employment on January 1, 2017:	85

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Real Estate Acquisition	\$ 5,000,000
Machinery & Equipment	6,000,000
Engineering & Renovations	2,000,000
Yogurt Production Equipment	<u>1,000,000</u>

Total Project Costs \$14,000,000

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$ 400,000	3%
Company Equity	<u>13,600,000</u>	<u>97%</u>
Total Project Financing	<u>\$14,000,000</u>	<u>100%</u>

III. Project Description

A. Company

Industry: Production of Dairy Products

Grantee History: Formed in 1960, Upstate Niagara Cooperative Inc. is headquartered in Buffalo. Over 360 dairy farm families in Western New York own the cooperative, which produces and markets a variety of dairy products under its own brand "Upstate Farms" and also produces private label dairy products for national distribution.

Ownership: Upstate is a privately owned cooperative

Size: Upstate's facilities are located Buffalo, Rochester and North Lawrence

Market: Consumer foods and dairy products. The Company competes in retail stores with other regional and national brands for market share for consumer dairy products.

ESD Involvement: Upstate developed plans to purchase and upgrade an existing underperforming dairy facility in North Lawrence which was planned for shutdown by the prior owners. In 2011, the Company requested ESD assistance to help facilitate the acquisition and reduce the costs of

improvements and equipment upgrades. ESD responded with a \$400,000 capital grant, which the Company accepted. Without ESD assistance, the project's feasibility would have been at risk.

Competition: N/A

Past ESD Support: Since 2008, the Company has received \$775,000 in ESD assistance for three projects, two of which are completed and have funds disbursed.

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	V335	\$350,000	June, 2008	May 2009	M&E
	W589	125,000	June, 2011	June 2013	M&E
	Y821	300,000	July 2015	November 2015	M&E

B. The Project

Completion: December 2014

Activity: Upstate Niagara has purchased, renovated and equipped a 100 year-old underperforming dairy facility in North Lawrence, St. Lawrence County. The Company has also purchased and installed new state-of-the-art equipment for the production of regular and Greek style yogurt

Results: The Company has retained 51 jobs and will create an additional 34 new jobs. Upstate has already created 12 new jobs. The expanded facility now produces regular and Greek style yogurt.

Grantee Contact: Lawrence Webster, Chief Operating Officer
25 Anderson Road
Buffalo NY 14225
Phone: (716) 892-3156

ESD Project No.: X393

Project Team:	Origination	John Vandeeo
	Project Management	John Vandeeo
	Contractor & Supplier Diversity	Denise Ross
	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 \$400,000 capital grant (\$4,000) 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. 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.

Up to \$400,000 will be disbursed to the Grantee in three installments as follows:

- a) an Initial Disbursement of an amount equal to 50% of the grant (\$200,000) upon documentation of real estate and machinery and equipment project costs totaling \$11,000,000, completion of the project substantially as described in these materials, and documentation of the employment of at least 51 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 (\$100,000) will be disbursed upon documentation of, additional \$3 million in project costs including

- purchase and installation of additional \$1 million in new equipment, (cumulative \$14,000,000), the employment of at least 65 Full-time Permanent Employees at the Project Location (Employment Increment of 14), provided Grantee is otherwise in compliance with program requirements;
- c) a Third Disbursement of an amount equal to 25% of the grant (\$100,000) will be disbursed upon documentation of the employment of at least 85 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 reimbursed by ESD's grant must be incurred on or after August 28, 2013, 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 \$400,000, 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	51
A	B
Reporting Date	Employment Goals
February 1, 2016	51+X+Y
February 1, 2017	51+X+Y
February 1, 2018	51+X+Y
February 1, 2019	51+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=14, and Employment Goals shall equal $[51 + X = 65]$ 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 $[51 + X + Y = 85]$ 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, Upstate Niagara will maintain its employment level of 51 jobs, which were at risk of elimination due to a plant shutdown. In addition, the Company will create 34 new jobs.

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

Without ESD assistance to reduce project costs and make the Company's facility production costs competitive, 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 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 \$1,896,013;
- Fiscal cost to NYS government is estimated at \$400,000;
- Project cost to NYS government per direct job is \$10,458;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$6,236;
- Ratio of project fiscal benefits to costs to NYS government is 4.74:1;
- Fiscal benefits to all governments (state and local) are estimated at \$3,131,771;
- Fiscal cost to all governments is \$400,000;
- All government cost per direct job is \$10,458;
- All government cost per total job is \$6,236;
- The fiscal benefit to cost ratio for all governments is 7.83:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$17,089,430 or \$266,423 per job (direct and indirect);
- The economic benefit to cost ratio is 42.72:1;
- Project construction cost is \$2,000,000 which is expected to generate 23 direct job years and 9 indirect job years of employment;
- For every permanent direct job generated by this project, an additional .68 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is 1 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

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 Diversity policy will apply to the Project. The Company shall be required to use "good faith efforts" (pursuant to NYCRR § 142.8) to achieve an overall Minority and Women Business Enterprise ("MWBE") Participation goal of 23%, a Minority Business Enterprise ("MWBE") participation goal of 13% and a Women Business Enterprise ("WBE") Participation goal of 10%, 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 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.

VII. Additional Submissions to Directors

Resolutions
New York State Map
Project Finance Memorandum
Benefit-Cost Analysis

June 25, 2015

North Lawrence (North Country Region – St. Lawrence County) – Upstate Niagara Cooperative 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

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 Upstate Niagara Cooperative 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, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Upstate Niagara Cooperative Inc. a grant for a total amount not to exceed Four Hundred Thousand Dollars 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 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 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Bronx (New York City Region – Bronx County) – Bronx Overall Economic Development Corp – ESD Operating Funds

REQUEST FOR: Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Make a Loan and to Take Related Actions

General Project Plan

I. Project Summary

Borrower/Grantee: Bronx Overall Economic Development Corporation (“BOEDC”)

ESD* Investment: A loan of up to \$500,000 to capitalize a revolving small business loan fund.

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

Project Location: Bronx County

Proposed Project: Capitalizing the Bronx Revolving Loan Fund (“BRL Fund”), a revolving loan fund that will expand BOEDC’s outreach to include businesses either outside of the Empowerment Zone boundaries or unable to access more traditional sources of financing.

Project Type: Business expansion involving job retention and creation.

Regional Council: The Regional Council has been made aware of this item.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Loan Capital	\$900,000

Total Project Costs	<u>\$900,000</u>	
<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
BOEDC Equity	\$400,000	44%
ESD Loan	\$500,000	66%
Total Project Financing	<u>\$900,000</u>	<u>100%</u>

III. Project Description

A. Borrower

Industry: BOEDC is an economic development organization.

Borrower History: The Bronx Overall Economic Development Corporation is a community-based organization established in 1981 under a 301 (a) Planning Grant from the U.S. Economic Development Administration to promote economic development in The Bronx. For over thirty years, BOEDC has been a leader during the economic resurgence of the borough, generating and expanding new employment and business opportunities for residents of the Bronx.

Parts of Upper Manhattan and the Bronx were designated as an urban Empowerment Zone under federal legislation authored by Congressman Charles B. Rangel and signed into law by President Clinton in 1994. BOEDC was selected to administer the Bronx portions of the zone. Funding for the Empowerment Zone is provided by the federal government with matching amounts from the City of New York and the State of New York.

Ownership: BOEDC is a not-for-profit organization.

ESD Involvement: Support for small businesses that generate growth and job creation within Bronx County but are unable to secure adequate capital through traditional financial institutions.

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
Community Development Financial Institutions Fund	X504	\$50,000	October 20, 2011	January 31, 2013	Technical and financial assistance to small businesses and M/WBEs
	Y191	\$30,000	February 21, 2013	March 31, 2014	
NYS Senate budget item	Y553	\$600,000	July 17, 2014	December 31, 2014	Support programs and initiatives to promote the Bronx

B. The Project

Completion: June 2020

Activity: BOEDC will use the funds to provide small businesses with loans for capital improvements, working capital and expansion within the Bronx.

Borrower Contact: Marlene Cintron, President
851 Grand Concourse
Bronx, NY 10451
Phone: (718) 590-3549

ESD Project No.: Z941

Project Team:	Origination	Marion Phillips III
	Project Management	Destiny Burns
	Legal	Eunice Jackson
	Contractor & Supplier Diversity	Vikas Gera
	Finance	John Bozek

C. Financial Terms and Conditions

1. The Company will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
2. 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.

3. Rate/Term: 5 year term at an annual interest rate of 1% (interest only through year 4).
4. Disbursement terms:
Up to Five Hundred Thousand Dollars (\$500,000) will be disbursed as a loan ("Loan") to the Grantee in two installments as follows:
 - a) an initial disbursement of Two Hundred Fifty Thousand Dollars (\$250,000) ("Initial Disbursement") upon execution of a loan agreement and receipt of required documentation, provided all project approvals have been received and funds are available;
 - b) a second disbursement of Two Hundred Fifty Thousand Dollars (\$250,000) ("Second Disbursement") upon BOEDC submitting to ESD satisfactory proof that BOEDC has made commitments to or has disbursed one hundred percent (100%) of the Initial Disbursement as loans to qualifying small businesses and BOEDC's compliance with reporting and other requirements.
5. Principal Reduction:
 - a) The principal amount of the Loan will be reduced by the amount BOEDC disburses as loans to qualifying small businesses during the term of the Loan in accordance with the BRL Fund program guidelines, provided BOEDC submits to ESD satisfactory proof of the disbursements or commitments.
 - b) If 100% of original Loan amount has not been disbursed as loans to qualifying borrowers by the Loan maturity date, ESD in its sole discretion may recapture and require repayment of the remaining principal balance of the Loan.
6. The Borrower will submit to ESD quarterly internal financial statements certified by an officer of the Borrower and annual reviewed financial statements.
7. ESD must approve the BRL Fund program loan application, marketing material and deal sourcing strategies, due diligence process, loan eligibility and approval guidelines, underwriting policy and guidelines, portfolio management and monitoring processes, and goals.

IV. Statutory Basis

1. The proposed project is authorized under Section 5 of the New York State Urban Development Corporation Act (the "Act").
2. 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.

VI. 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.

VII. 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 (MWBES) in the performance of ESD projects. The Office of Contractor and Supplier Diversity has reviewed the project and has determined that, due to the highly specialized and unique nature of this project, there exists no potential for MWBE participation. As such, participation goals will not be established or required for this project.

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
Finance Memo

June 25, 2015

Bronx (New York Region – Bronx County) – Bronx Overall Economic Development Corporation Bronx Revolving Loan Fund – ESD Operating Funds Loan – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Make a Loan 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 Bronx Overall Economic Development Corporation Bronx Revolving Loan Fund. -- 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 President and Chief Executive Officer or his designee(s) be, subsequent to the making of the loan, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the loan as he or she may deem necessary or appropriate in the administration of the loan 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 25, 2015

Bronx (New York City Region – Bronx County) – Bronx Overall Economic Development Corporation Small Business Assistance Funding – ESD Operating Funds Loan–
Determination of No Significant Effect on the Environment

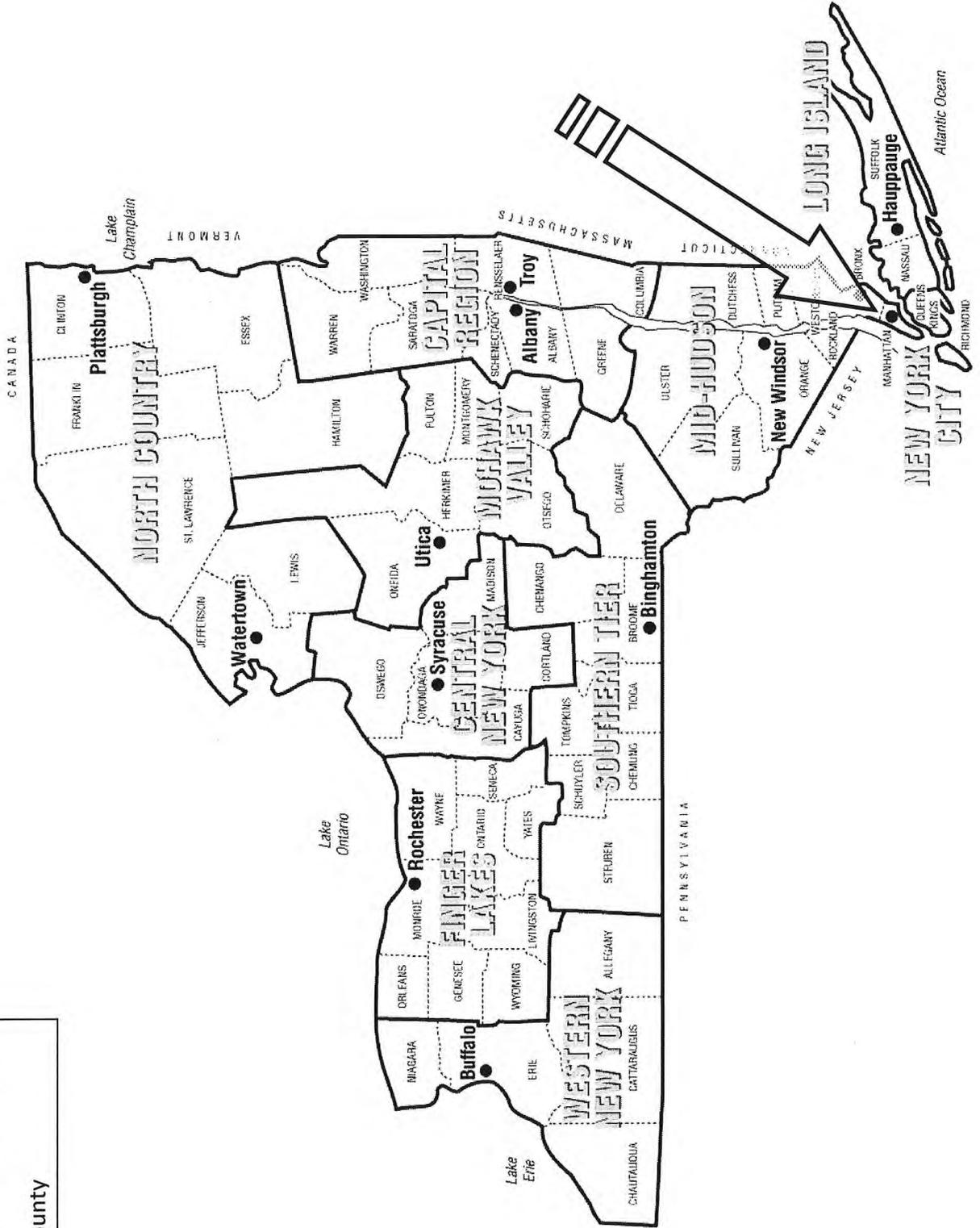
RESOLVED, that based on the material submitted to the Directors with respect to the Bronx Overall Economic Development Corporation Bronx Revolving Loan Fund project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

Bronx Revolving Loan Fund

Bronx

Bronx County





FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Statewide – Craft Beverage Grant Program – Open For Business – Marketing and Tourism Grants for Craft Beverage Industry (Working Capital Grant)

REQUEST FOR: Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Make a Grant and to Take Related Actions

I. Project Summary

Schedule	Project #	Grantee	Project Name	Grant Amount
A	Z884	Adirondack Regional Chamber of Commerce	Adirondack Regional Chamber of Commerce Working Capital	\$168,300

ESD* Investment: Up to a total of \$168,300 of the \$3,000,000 Craft Beverage Grant Program grant assistance to be used for marketing and promotion of craft beverage in New York State.

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

Project Location: Warren, Washington and Saratoga Counties - See Schedule A attached

Proposed Project: See Schedule A attached

Regional Council: Each respective Regional Economic Development Council has been made aware of, and has endorsed, the relevant proposed projects.

Anticipated Funding Source(s): Open For Business

II. Project Cost and Financing Sources

See Schedule A attached.

III. Project Description

A. Background

At his April 2014 summit, the Governor pledged \$3 million to support the craft beverage industry in expanding its marketing, promotion, and tourism initiatives. The Craft Beverage Grant Program (the "Program") will be administered by ESD in consultation with the NYS Department of Agriculture and Markets ("Ag & Markets") and DED Division of Tourism. The Program is divided into two distinct grant programs: the \$2 million Craft Beverage Marketing and Promotion Grants; and the \$1 million Craft Beverage Industry Tourism Promotion Grants.

1. Craft Beverage Marketing and Promotion Grants

ESD has up to \$ 2 million of funding available for the State's Craft Beverage Marketing and Promotion Grant Program. The program will increase the profile, awareness and sales of New York State produced wine, beer, spirits, and hard cider by providing matching funds for the marketing and promotion of these craft beverages. The program and each funded proposal will work to support the Regional Economic Development Councils' long term strategic plans for economic growth in their regions.

ESD will establish a competitive process for the evaluation of applicants. Eligible applicants may receive grants ranging from \$5,000 to \$500,000 for up to 50% of project costs. An Eligible Entity may be awarded a maximum of \$500,000 in each Program year.

Eligible uses of grant funds must be a new activity or be a clear expansion of an existing activity:

- Business to Business (B to B) Marketing and Promotion;
- Business to Consumer (B to C) Marketing and Promotion; and
- Organizational Creation, Capacity Building or Expansion.

2. Craft Beverage Industry Tourism Promotion Grants

ESD has up to \$1 million of working capital (marketing only) funding available for the State's Craft Beverage Industry Tourism Promotion Grants, which helps bolster tourism growth by promoting destinations, attractions, and special events explicitly related to the craft beverage industry, across New York State. The Program and each funded proposal will work to support the Regional Economic Development Councils' long term strategic plans for economic growth in their regions.

B. The Project

ESD will make available a total of \$168,300 to fund one Craft Beverage Grant Program project. The Grantee will carry out its project as described in the individual project description as set forth in Schedule A attached.

ESD Project No.: See Table Above

Project Team:	Origination	Sam Filler
	Project Management	Jillian Drummond
	Contractor & Supplier Diversity	Vikas Gera
	Environmental	Soo Kang

C. Financial Terms and Conditions

ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$168,300 for this project, if ESD determines that 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 – Open for Business

For the State Fiscal year April 1, 2014 through March 31, 2015, the State Legislature enacted Section 19 of Part I of Chapter 55 of the Laws of 2014, providing, inter alia, that the Power Authority of the State of New York is authorized and directed to make a contribution of up to \$90 million to the State Treasury, a portion of which is directed to the credit of ESD in furtherance of ESD’s Statewide economic development initiatives. In State Fiscal Year April 1, 2015 through March 31, 2016, the State Legislature enacted Section 19 of Part I of Chapter 60* of the Laws of 2015, providing, inter alia, that the Power Authority of the State of New York is authorized and directed to make a contribution of up to \$90 million to the State Treasury, a portion of which is directed to the credit of ESD in furtherance of ESD’s Statewide economic development initiatives. No residential relocation is required as there are no families or individuals residing on the site.

*Upon finalization of the Laws of 2015, the referenced Chapter may change to 61.

V. Environmental Review

Unless otherwise noted on a project summary attached as Schedule A, ESD staff has determined that the projects described in Schedule A - D does not constitute an 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 authorization.

VI. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-discrimination & Contractor and Supplier Diversity policy will apply. In accordance with the requirements of Article 15-A of the New York State Executive Law, all projects awarded funding shall be reviewed by ESD's Office of Contractor and Supplier Diversity ("OCSD"), which will, where applicable, set minority and women-owned business enterprise ("MWBE") participation goals. Such goals shall typically be included in the award letter or other contemporaneous communication from OCSD with respect to these requirements.

VII. ESD Employment Enforcement Policy

ESD's Employment Enforcement Policy will not apply since these projects 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) make the findings and determination required by section 10 (g) of the UDC Act; and (2) authorize the making of the grants which are the subject of these materials.

X. Recommendation

Based on the foregoing, I recommend approval of the requested actions.

XI. Additional Submissions to Directors

Resolutions
Schedule A (A)

June 25, 2015

Statewide – Craft Beverage Grant Program – Open For Business – Marketing and Tourism Grant for Craft Beverage Industry (Working Capital Grant) – Findings and Determination Pursuant to Section 10 (g) of the Act; Authorization to a Make Grant 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 Craft Beverage Grant Program – Open For Business – Marketing and Tourism Grant for Craft Beverage Industry (Working 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 areas of the Projects; 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 for up to a total amount not to exceed (\$168,300) from Open For Business 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, and each of them hereby is, authorized, subsequent to the making of the grants, to take such actions and make such modifications to the terms of the grants as he or she may deem necessary or appropriate in the administration of the grants; 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 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.

* * *

A. Adirondack Regional Chamber of Commerce Working Capital (Z884)

June 25, 2015

- Grantee:** Adirondack Regional Chamber of Commerce (the “Organization”)
- ESD Investment:** A grant of up to \$168,300 to be used for craft beverage industry tourism promotion.
- Project Locations:** Warren, Washington and Saratoga counties
- Proposed Project:** Promotion of the craft beer, wine, spirits and cider industry in the southern Adirondacks and northern Capital District.
- Regional Council:** The Capital Regional Economic Development Council has been made aware of this project. The Incentive Offer was accepted in April 2015. The project is consistent with the Regional Plan to promote tourism.

Background:

Organization History – Since 1914, the Adirondack Regional Chamber of Commerce has represented business and economic development in the Greater Glens Falls and Lake George regions. Serving diverse industries within Warren, Washington and Northern Saratoga Counties, the Organization provides opportunity for companies to showcase their ideas and services, education and exposure for businesses to develop and succeed.

Ownership – Adirondack Regional Chamber of Commerce is a not-for-profit organization.

ESD Involvement – A \$168,300 grant from the Craft Beverage Industry Promotion Grants

Past ESD Support – This is the Organization’s first project with ESD.

The Project:

Completion date – January 2016

Activity – The Organization will launch the Adirondack Craft Beverage Trail to promote and enhance the craft beverage industry in Warren, Washington and Northern Saratoga Counties through tours and collaboration. Adirondack Regional Chamber of Commerce will also develop a mobile application and a stand-alone website. The Organization will market throughout New York, Massachusetts, Connecticut, and New Jersey through newspaper and web ads, and other media.

Results – Promote the Adirondack Craft Beverage Trail by advertising craft beer, wine, spirits and cider industry in the southern Adirondacks and northern Capital District in New York State.

Adirondack Regional Chamber of Commerce Working Capital (Z884)

June 25, 2015

Financing Uses	Amount	Financing Sources	Amount	Percent
Media Advertising	\$133,000	ESD Grant	\$168,300	90%
Print and Digital Production Costs	38,500			
Project Related Salaries and Wages	15,000	Grantee Equity	18,200	10%
Total Project Costs	\$186,500	Total Project Financing	\$186,500	100%

Grantee Contact: Greg Chanese, Marketing Manager
Adirondack Regional Chamber of Commerce
800 S. Main Street
Glens Falls, NY 12801
Phone: (585) 394-3620

Project Team:

Origination	Sam Filler
Project Management	Jillian Drummond
Contractor & Supplier Diversity	Vikas Gera
Environmental	Soo Kang

Financial Terms and Conditions:

1. Grantee will be obligated to advise ESD of any materially adverse changes in its financial conditions prior to disbursement.
2. Up to \$168,300 will be disbursed to Grantee upon documentation of eligible project expenditures, and presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after March 15, 2015, to be considered eligible project costs. All disbursements require compliance with program requirements and must be requested by no later than April 1, 2016.
3. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$168,300 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

Non-Discrimination and Contractor & Supplier Diversity:

ESD's Non-discrimination & Contractor and Supplier Diversity policy will apply to the project. The Recipient shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall Minority and Women Business Enterprise ("MWBE") participation goal of 20% 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.

Adirondack Regional Chamber of Commerce Working Capital (Z884)

June 25, 2015

Statutory Basis – Open for Business:

The project was authorized in the 2014-2015 New York State budget and reappropriated in the 2015-2016 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 Grant Recipient has provided ESD with the required Disclosure and Accountability Certifications. Grant Recipient's certifications indicate that Grant Recipient has no conflict of interest or good standing violations and, therefore, staff recommends that the Corporation authorize the grant to the Grant Recipient as described in these materials.

FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – Priority Project – Brooklyn (New York City Region – Kings County) – Brooklyn Navy Yard/Steiner Studios Capital – Empire State Economic Development Fund and Regional Council Capital Fund (Capital Grants)

REQUEST FOR: Authorization to Accept and Approve the Final Environmental Impact Statement (“FEIS”); Authorization to Publish, File and Circulate the FEIS; and Authorization to Take Related Actions

BACKGROUND

On February 19, 2015, the ESD* Directors: (i) authorized adoption of a proposed General Project Plan (“GPP”) for the Brooklyn Navy Yard/Steiner Studios Capital grants project; (ii) authorized acceptance of the Draft Environmental Impact Statement (“DEIS”) for the Steiner Studios Media Campus Project (the “Project”) as satisfactory with respect to its scope, content and adequacy for purposes of commencing public review under the State Environmental Quality Review Act (“SEQRA”) and the implementing regulations of the New York State Department of Environmental Conservation; and (iii) authorized the Corporation to hold a duly noticed public hearing on the DEIS under SEQRA. Pursuant to these authorizations, the DEIS was appropriately filed and publicly distributed on February 19, 2015, the public hearing was held on March 12, 2015 (together with additional statutory hearings on the project under the Urban Development Corporation Act (the “UDC Act”), also as authorized by the Directors) and the period within which the Corporation accepted written comments on the DEIS remained open until March 22, 2015. ESD received comments on the DEIS from the City of New York. The comments included requests for additional information with respect to the transportation and construction impacts analyses. ESD staff has fully responded to the City’s comments.

The Project involves the transformation of approximately 43 acres in the Brooklyn Navy Yard into a state-of-the-art, full-service Media Campus. ESD’s proposed grants of up to \$11,300,000, contingent upon appropriation and the availability of funds, would provide funding for the

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

implementation of the third phase of Steiner Studio's multi-phase master plan. The third phase includes the construction of six new soundstages totaling 176,000 square feet and the renovation of the historic Officer's Club totaling 46,000 square feet. It also includes the installation of a gas/water/sewer/ electric/ teledata infrastructure loop on the approximately 28 acre Naval Annex that will allow future development of approximately 350,000 square feet of new space for media companies and academic partners in fifteen renovated historic structures and six new buildings. Other key components of the infrastructure investment include the construction of a Grand Stair Plaza, Campus Pedestrian Passage and Kent Avenue Vehicular Entrance.

The EIS has now been finalized in conformity with SEQRA and its implementing regulations. The Final Environmental Impact Statement ("FEIS") describes the Project and its goals, assesses probable environmental impacts of the Project (including historic and cultural resources, traffic and other conditions), identifies feasible measures to mitigate significant adverse environmental impacts from the Project, considers the reasonableness and relative environmental merits of alternatives, and responds to comments submitted on the DEIS. A copy of the FEIS is enclosed herewith.

SEQRA requires ESD in its capacity as lead agency for the Project's environmental review to file and publicly distribute the FEIS in the same manner as the DEIS and to afford members of the public an opportunity of not less than 10 days duration to consider the document before issuing a written findings statement and making a determination as to whether to approve the Project. Before the FEIS is issued, however, ESD must make a determination that it is complete. It is important to emphasize that, in approving the FEIS, the Directors are not being asked at this time to approve the grant. The Directors are only being asked to determine that the FEIS is complete, adequately assesses the environmental impacts of the Project and otherwise meets the requirements of SEQRA, and is in proper form for distribution to the public.

FUTURE ACTIVITIES

Following acceptance of the FEIS and providing the requisite time for the public, as well as involved and interested agencies, to consider the document, ESD will then have the ability and authority to make the findings required under SEQRA and the UDC Act and to approve the grants for the proposed Project.

REQUESTED ACTIONS

The Directors are requested: (i) to accept and approve the Final Environmental Impact Statement as complete with respect to scope, content and adequacy; and (ii) to authorize its publication, filing and circulation in accordance with applicable law.

RECOMMENDATION

Based on the foregoing, I recommend approval of the requested actions.

ATTACHMENTS

Resolutions

Final Environmental Impact Statement

June 25, 2015

Regional Council Award – Priority Project - Brooklyn (New York City Region – Kings County) – Brooklyn Navy Yard/Steiner Studios Capital – Empire State Economic Development Fund and Regional Council Capital Fund (Capital Grants) – Authorization to Accept and Approve the Final Environmental Impact Statement (“FEIS”); Authorization to Publish, File and Circulate the FEIS; and Authorization to Take Related Actions

RESOLVED, that in connection with the Steiner Studios Media Campus Project (the “Project”) and on the basis of materials submitted prior to and during this meeting, the Corporation hereby determines that the Final Environmental Impact Statement (“FEIS”) is complete with respect to scope, content and adequacy, and adequately assesses the environmental impacts of the Project, and otherwise meets the requirements of the New York State Environmental Quality Review Act and is in proper form for publication, filing and circulation to the public; and be it further

RESOLVED, that the President and Chief Executive Officer or his designee, and each of the same, hereby is authorized to publish, file and circulate the FEIS and to take any and all such other action as may be deemed necessary or appropriate in connection with the distribution of the FEIS, including without limitation, the publication of a notice relating to such issuance; 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; and be it further

RESOLVED, that any and all acts performed by any officers of the Corporation prior to the date of these resolutions in furtherance of these resolutions, are hereby ratified, adopted, confirmed and approved in all respects.

* * *

Final Environmental Impact Statement

Steiner Studios Media Campus

Includes Executive Summary

Lead Agency:

Empire State Development
633 Third Avenue
New York, NY 10017

Project Sponsor:

Steiner Studios
15 Washington Avenue
Brooklyn, NY 11205

Prepared by:

AECOM USA, Inc.
125 Broad Street
New York, NY 10004

Steiner Studios Media Campus

Final Environmental Impact Statement

Includes Executive Summary

June, 2015

Lead Agency:

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125 Broad Street
New York, NY 10004

FOREWORD*

This Final Environmental Impact Statement (FEIS) for the Steiner Studios Media Campus responds to all substantive comments made on the Draft Environmental Impact Statement (DEIS) that was accepted as complete by Empire State Development (ESD) as lead agency under the State Environmental Quality Review Act (SEQRA).

A DEIS was prepared for the proposed project, and a notice of completion for the DEIS was issued and the DEIS was distributed on February 19, 2015. A joint public hearing on the DEIS and General Project Plan (GPP) was held on March 12, 2015 at Brooklyn Borough Hall located at 209 Joralemon Street in Brooklyn. Notice of the Public Hearing was published in the Brooklyn Daily Eagle and posted on ESD's web site. The public comment period remained open until March 22, 2015. All comments received at the hearing and submitted in writing have been considered in the preparation of this FEIS.

Changes to the FEIS document include the following:

- The relevant portions of the FEIS have been updated to reflect that a Letter of Resolution (LOR) has been executed among the developer, Empire State Development, Brooklyn Navy Yard Development Corporation and New York State Office of Parks, Recreation And Historic Preservation, pursuant to Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law. The LOR, included as Appendix B of the FEIS, sets forth mitigation measures to address adverse impacts to historic resources as a result of the proposed project. The LOR has been added to Appendix B.
- Refinements were made to the traffic analysis to reflect comments from the New York City Department of Transportation (NYCDOT). The refinements focused on modifications to the traffic analysis to reflect NYCDOT's Flushing Avenue Reconstruction project and roadway improvements along Kent Avenue as part of the Brooklyn Waterfront Greenway project. These refinements resulted in a reduction in the number of traffic locations projected to experience significant impacts from three locations in the DEIS to two locations in the FEIS.
- Chapter 25, "Response to Comments" has been prepared to address all relevant oral and written comments on the DEIS and GPP. Appendix D, "Comments on the DEIS and GPP," has also been added to the FEIS.
- Where necessary, the analyses and text of the FEIS have been updated to account for changes in the EIS. Revisions made by the addition of new text are indicated by double underlines.

* The Foreword is new to the FEIS.

1.0 EXECUTIVE SUMMARY

Introduction

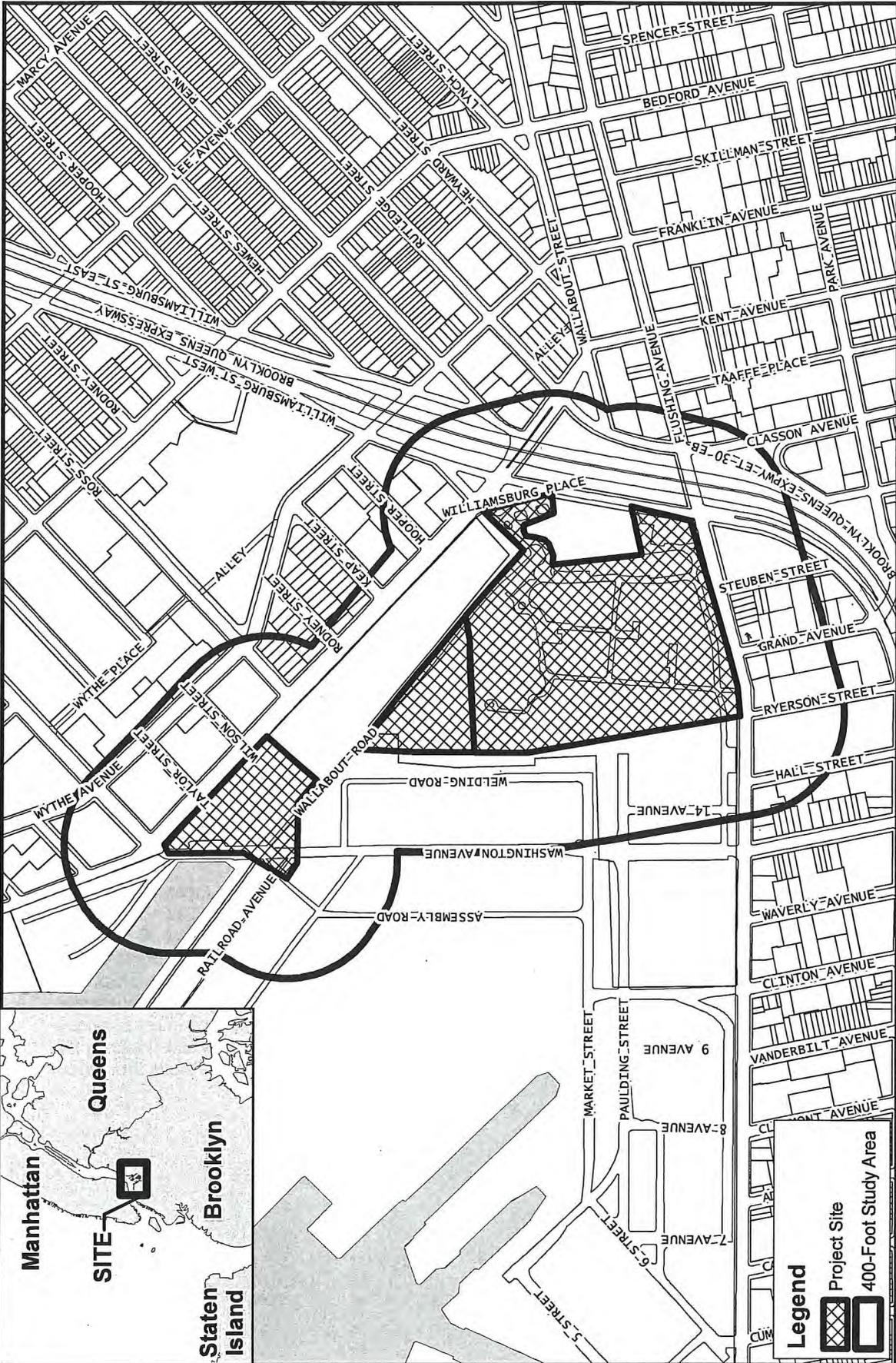
Steiner Studios (the "project sponsor"), working with the Brooklyn Navy Yard Development Corporation (BNYDC), has developed a plan for the future development of a "Media Campus" at the Brooklyn Navy Yard Naval Hospital Annex (Naval Annex), as well as future development in portions of the Navy Yard around the Naval Annex (see **Figures 1.0-1** and **1.0-2**). The project sponsor is seeking financial incentives from the New York State Urban Development Corporation d/b/a Empire State Development (ESD), which would be distributed through the Brooklyn Navy Yard Development Corporation (BNYDC), to help fund some of the key infrastructure improvements needed to implement the Media Campus development inside the Naval Annex and to implement related development that would occur in areas outside the Naval Annex.

The project site is located in the east end of the Brooklyn Navy Yard (BNY), in portions of the area generally bound by Kent Ave, Flushing Avenue, Assembly Road, Clinton Avenue and Williamsburg Street West. The site comprises portions of Block 2023, Lots 1 and 150 on the New York City Tax Map (see **Figure 1.0-3**) and is within Brooklyn Community District 2. The project site is mapped with a M3-1 zoning district.

The larger portion of the approximately 25-acre project site is made up of approximately 18 acres within the Naval Annex, which formerly consisted of a naval hospital and ancillary buildings that supported the BNY, as well as residences for medical staff. The buildings on the Naval Annex site are currently unoccupied and the site contains several historic resources. Approximately seven acres of the project site are located outside the Naval Annex, which currently consist of surface areas that are used for parking and storage.

The approval of the funding by ESD for the infrastructure improvements would facilitate approximately 350,000 square feet of floor area (including both the reuse of approximately 180,000 square feet of existing structures and approximately 170,000 square feet of new structures) inside the Naval Annex. Outside the Naval Annex, the ESD funding for infrastructure improvements would facilitate an additional approximately 70,000 square feet of new development for a new "Backlot." In addition, the project sponsor intends to seek financial incentives from ESD in the future for the development of a 250,000-square-foot Kent Avenue Parking Structure (650 accessory parking spaces) that is envisioned for the area outside the Naval Annex, and therefore this parking structure is considered as part of the project for this environmental review.

Approval of the funding by ESD to the project sponsor (through BNYDC) requires compliance with the environmental review requirements under the State Environmental Quality Review Act (SEQRA) and its implementing regulations set forth in Title 6 of the New York Codes, Rules and Regulations (6 NYCRR) Part 617. The approval of the incentive funding by ESD also requires the adoption and affirmation by ESD of a General Project Plan (GPP). ESD has assumed the role of SEQRA lead agency for the proposed action and has determined that the project has the potential to lead to significantly adverse environmental impacts, thus requiring preparation of an Environmental Impact Statement (EIS). This document provides a detailed description of the proposed action and includes task categories for all technical areas to be analyzed in the EIS. ESD is coordinating the environmental review among other involved and interested agencies and the general public.



Project Site Location

Figure 1.0-1

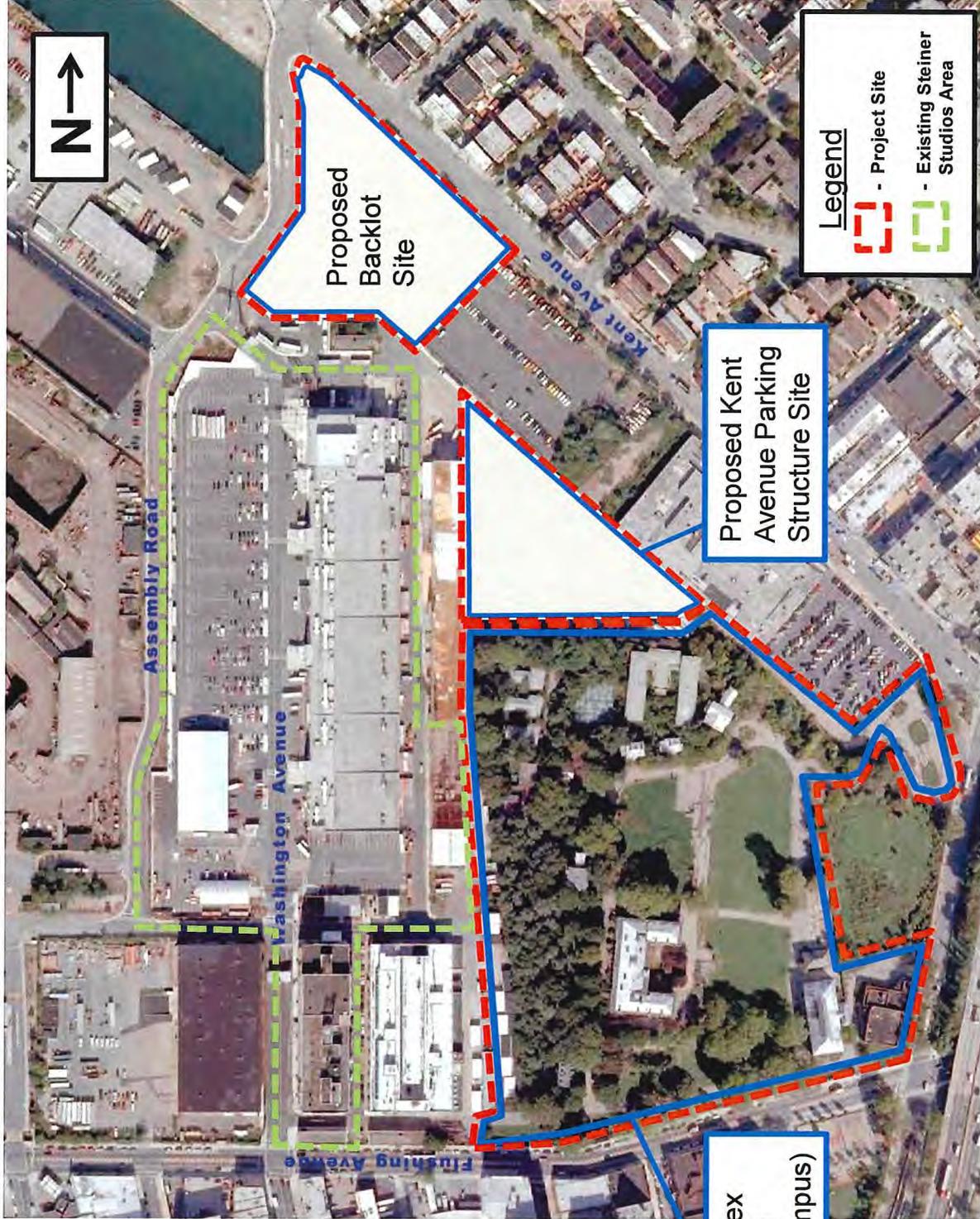


Steiner Studios Media Campus EIS
Brooklyn Navy Yard



Legend

- Project Site
- 400-Foot Study Area



Project Area Map

Figure 1.0-2

Steiner Studios Media Campus EIS
Brooklyn Navy Yard



Naval Annex
(Proposed
Media Campus)

Proposed Kent
Avenue Parking
Structure Site

Proposed
Backlot
Site

Legend

- Project Site
- Existing Steiner Studios Area



FINANCE
NEW YORK
COMMISSIONER

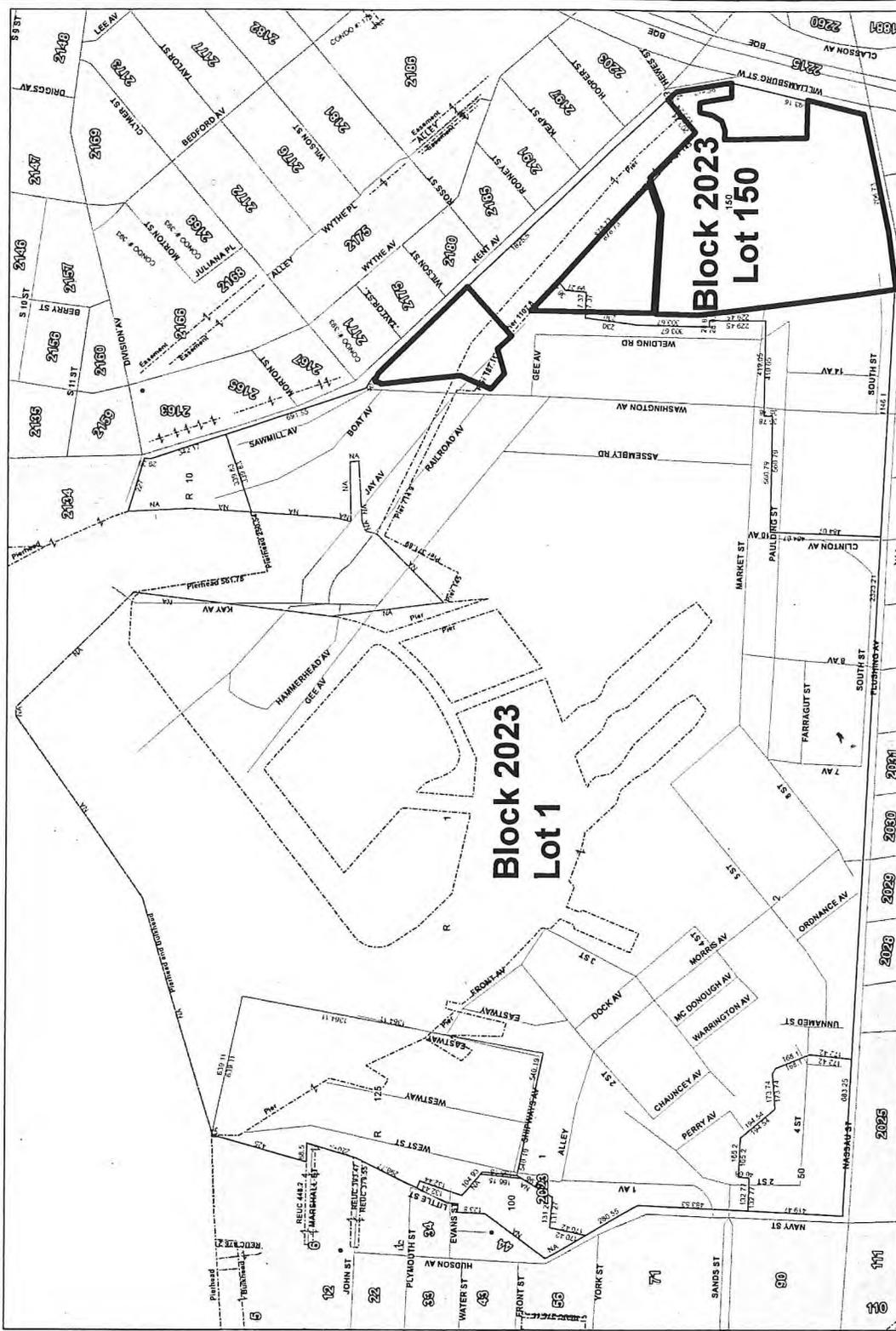
NYC Digital Tax Map

Effective Date : 10-07-2008 08:59:33
 End Date : Current
 Brooklyn Block: 2023



- Legend
- Streets
 - Miscellaneous Text
 - Possession Hooks
 - Boundary Lines
 - Lot Face Possession Hooks
 - Regular
 - Underwater
 - Tax Lot Polygon
 - Contig Number
 - Tax Block Polygon

Project Site



Steiner Studios Media Campus EIS
 Brooklyn Navy Yard

AECOM

Tax Map
 Figure 1.0-3

1.1 DESCRIPTION OF THE PROPOSED ACTION

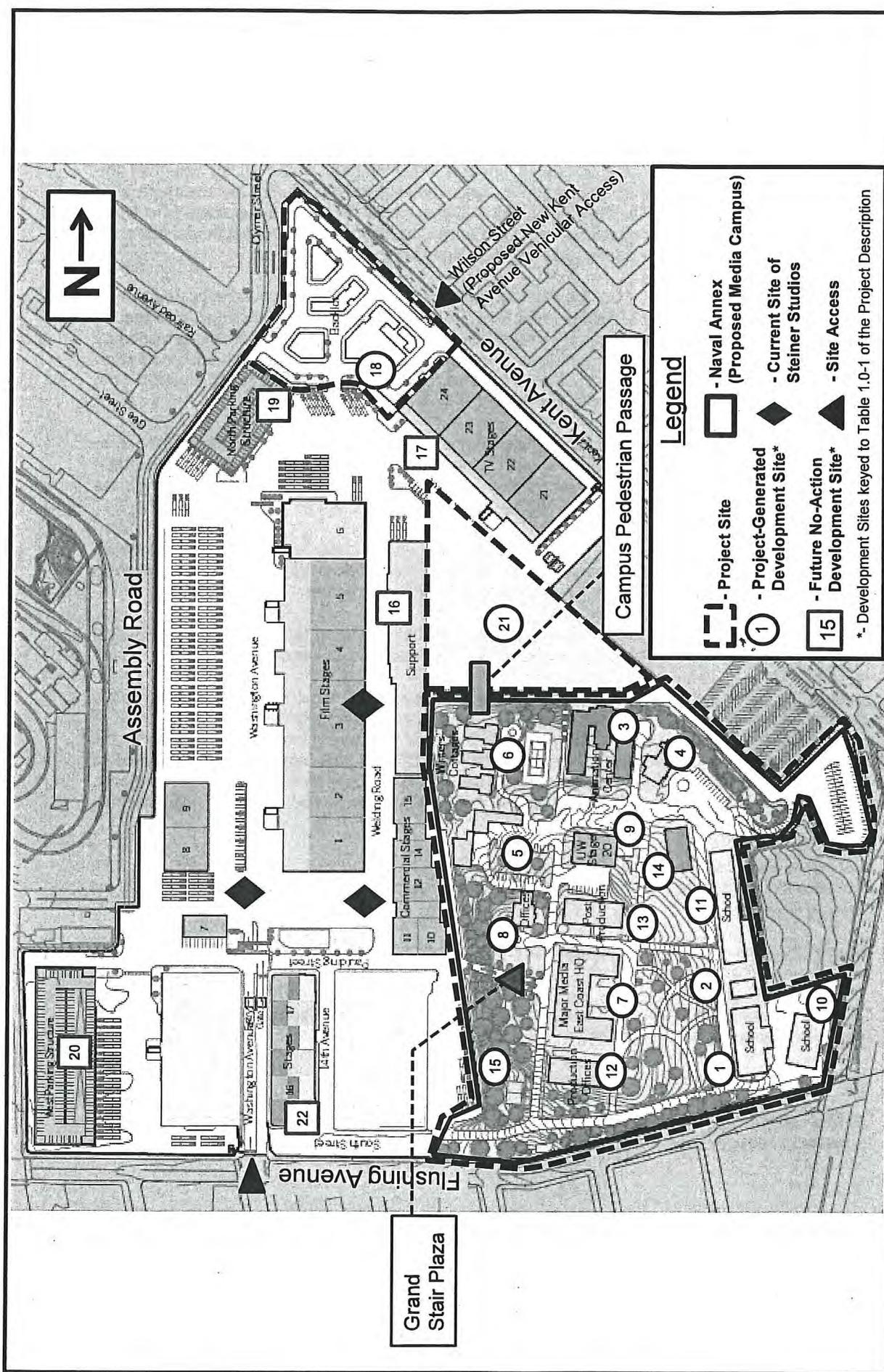
Steiner Studios, working closely with BNYDC, has developed a conceptual plan for future expansion of Steiner Studios operations. Some expansion plan projects have already occurred, for example the redevelopment of Building 1 at 25 Washington Avenue. The remaining Steiner Studios expansion projects would occur over a 12-year period. The Steiner Studios expansion plan includes the creation of a state-of-the-art, full service Media Campus in the former Naval Annex that is located in the southeast corner of the BNY, as well as development in areas that surround the Naval Annex.

In order to realize the development of the Media Campus, key infrastructure improvements need to be made at the project site. Many of the buildings in the Naval Annex are in a state of disrepair and require infrastructure improvements to be re-occupied, for which ESD funding is sought. The funding provided by ESD would allow for a gas, water, sewer, electric and tele-data infrastructure loop to be constructed on the Naval Annex. In addition, other infrastructure measures that the ESD funding would support both inside and outside the Naval Annex (as shown in **Figure 1.0-4**), include the following:

- Grand Stair Plaza – A new landscaped, monumental stair plaza to connect the Naval Annex to Steiner Studios' existing campus and the main portion of the Navy Yard, encouraging pedestrian flow, creating a gathering place for employees and visitors, and making the Naval Annex the visual focus of the east end of the Navy Yard.
- Campus Pedestrian Passage – A new landscaped pedestrian passageway between the Naval Annex and the site of the Kent Avenue Parking Structure that would better link the Naval Annex to the east side of Steiner Studios and the Kent Avenue Parking Structure.
- Kent Avenue Vehicular Entrance – A new studio entrance providing direct access to the Naval Annex and the northern end of the proposed studio lot at Kent Avenue and Wilson Street.

The approval of the funding by ESD for the infrastructure improvements would facilitate approximately 350,000 square feet of floor area (including both the reuse of approximately 180,000 square feet of existing structures and approximately 170,000 square feet of new structures) inside the boundary of the Naval Annex. Of the 350,000 square feet, approximately 105,000 square feet would be allocated to academic uses, with the remaining approximately 245,000 square feet allocated to production support. Below is a list of existing buildings on the Naval Annex that would be renovated and their proposed new uses:

- U.S. Naval Hospital, Surgeon's House, Quarters No. 4, and Bachelor Officers' Quarters – Film and television production office space (e.g., for art, location, accounting, wardrobe and set dressing departments).
- Nurses' Quarters – Post-production center (e.g., for editing, animation, visual effects and sound editing).
- Carriage Houses/Stables – Production support space (e.g., workshops for set construction, scenic artist shops and set dressing).
- Infectious Disease Quarters - Writers' cottages.
- Medical Supply Depot and Lumber Shed - Additional production office space with potential space for related academic uses, including an advanced digital media lab.



**Steiner Studios Media Campus EIS
Brooklyn Navy Yard**

Project Site Development

Figure 1.0-4



Legend

- Project Site
- Project-Generated Development Site*
- Future No-Action Development Site*
- Naval Annex (Proposed Media Campus)
- Current Site of Steiner Studios
- Site Access

*- Development Sites keyed to Table 1.0-1 of the Project Description

Grand Stair Plaza

Campus Pedestrian Passage



In addition to the renovation of the existing buildings, the ESD-funded infrastructure improvements would facilitate the development of several new buildings on the Naval Annex. A new underwater soundstage would be developed; the first of its kind in New York City. Three new office buildings would be developed on the Naval Annex to be used as production office space and post-production space. In addition, new buildings would be developed to support the advanced digital media lab. The Naval Annex's green space would be rehabilitated as a campus landscape. The large field at the center of the Naval Annex (behind the Naval Hospital) would serve as an outdoor gathering space for employees and visitors to the campus.

Outside the Naval Annex, the ESD funding of infrastructure improvements (in particular, the new vehicular entrance) would support the development of a "Backlot", approximately 70,000 square feet of new development near the northern tip of the project site. The Backlot would be the first major production backlot in New York State, with building facades and streets, to substitute for outdoor shooting elsewhere in the city. In addition, Steiner Studios intends to seek financial incentives from ESD in the future for the development of a 250,000- square-foot parking structure on Kent Avenue, northwest of the Naval Annex (the Kent Avenue Parking Structure).

For the purposes of the environmental review, the "proposed action" is the funding by ESD for the infrastructure improvements at the project site. The "proposed project" is the development that would occur at the project site that would be facilitated by ESD funding. Any remaining development projected to occur in the area outside the Naval Annex, as envisioned under Steiner Studios' expansion plans, is not dependent on the approval of funding by ESD. The development that is expected to occur outside the Naval Annex, in the future without the proposed action, would not need extensive infrastructure improvements in order to be built; Steiner Studios plans to finance and construct these projects without funding assistance from ESD or other public funding sources. A summary of development that is expected to occur independent of ESD funding (Development under Future No-Action Scenario) as well the development that ESD funding would facilitate (Development under Future With-Action Scenario), is provided in **Table 1.0-1**, which is keyed to **Figure 1.0-4**. Also shown on **Figure 1.0-4** are the current buildings occupied by Steiner Studios.

Table 1.0-1 Future Development at Steiner Studios with and without the Proposed Action

Key to Figure 2.0-4	Existing Site (Resource Designation, Name Resource also Referred to As)	Proposed Use	Development under Future No-Action Scenario (SF)	Development under Future With-Action Scenario (SF)	Development Generated by Proposed Action (SF)	Projected Employees	Projected Students
Steiner Studios - Development Inside Naval Annex (Media Campus)							
1	Medical Supply Depot (RD, Lab Building)	Production Office, Adv. Digital Media Lab, Academic Use	0	33500	33500	15	224
2	Lumber Shed (R426, Morgue Building)	Production Office, Adv. Digital Media Lab, Academic Use	0	2,100	2,100	2	14
3	Nurses' Quarters (RG, Unmarried Officer's Club)	Post-Production	0	46,633	46,633	149	0
4	Quarters No. 4 (R4, Lab Director's House)	Production Office	0	9,460	9,460	30	0
5	Carriage House/Stable/Garage (R103, R109, R103A)	Production Support	0	7,668	7,668	15	0
6	Infectious Disease Quarters (R5, R6, R7, Bungalows)	Writers' Cottages	0	6,480	6,480	0	0
7	U.S. Naval Hospital (R95)	Production Office	0	58,534	58,534	187	0
8	Surgeon's House (R1)	Production Office	0	9,800	9,800	31	0
9	Not Developed	Underwater Stage	0	20,000	20,000	50	0
10	Not Developed	Production Office, Adv. Digital Media Lab, Academic Use	0	20,000	20,000	92	132
11	Not Developed	Production Office, Adv. Digital Media Lab, Academic Use	0	50,000	50,000	92	330
12	Not Developed	Production Office	0	30,000	30,000	60	0
13	Not Developed	Production Office	0	30,000	30,000	25	0
14	Not Developed	Post-Production	0	20,000	20,000	10	0
15	Bachelor Officers' Quarters (R8, R9)	Production Office	0	5,800	5,800	5	0
Outside Naval Annex (Media Campus)							
16	B&H Building (Building 664)	Production Support/Academic Space	160,383	160,383	0	320	0
17	Parking Area	Kent Stages/Academic Space	175,000	175,000	0	970	0
18	Parking Area	Back Lot	0	70,000	70,000	300	0
19	Back Gate to Steiner Studios	North Parking Structure	88,000	88,000	0	0	0
20	Parking Area	West Parking Structure	315,000	315,000	0	0	0
21	Parking Area	Kent Ave Parking Structure	0	250,000	250,000	0	0
22	25 Washington Ave (Building 1)	Production Office/Production Support/Academic	175,623	175,623	0	190	450

Note: Site 22 – 25 Washington Avenue (Building 1) is partially occupied with 108,785 square feet production-related uses and will be occupied with 66,838 square feet of academic uses in 2015.

1.2 PURPOSE AND NEED

Steiner Studios opened in the BNY in 2004. Since its inception, Steiner Studios has operated a successful film and television production studio that includes soundstages, offices, and support space. In order to meet the growing space and service demands of the New York State media production community, Steiner Studios seeks to expand into the southeastern portion of BNY to allow it to grow as a media production studio in New York State.

The expansion will allow Steiner Studios to add a variety of types of studios, stages and support space that will be able to serve more forms of media in one location, offering efficiency not easily obtained in New York City, and creating synergies and business opportunities not found when an industry is scattered. The long-term goal for Steiner Studios is to be on par, in both size and utilization, with the major studio lots in Los Angeles. To achieve this, Steiner Studios requires a secure, private lot; functional buildings with easy access and ample parking; common space for social and business interaction; and sufficient critical mass for film equipment suppliers, post-production, and media-related companies. The Steiner Studios expansion would allow the company to grow, provide jobs for residents of New York City and contribute to the city's economy. In addition, the expansion would allow the potential for co-locating academic uses with new media uses, giving students exposure to an active media production environment and building local connections to the film industry, leading to continued work in the city after graduation.

As discussed previously, in order to realize some of the development of the Media Campus on the Naval Annex and in areas outside the Naval Annex, key infrastructure improvements need to be made at the project site. Many of the buildings in the Naval Annex are in a state of disrepair and require infrastructure improvements to be re-occupied. The funding provided by ESD to Steiner Studios would allow for a gas, water, sewer, electric and tele-data infrastructure loop to be constructed on the Naval Annex. In addition, other infrastructure measures that the ESD funding would support, both inside and outside the Naval Annex, include the construction of a Grand Stair Plaza, a Campus Pedestrian Passage, and a new Kent Avenue Vehicular Entrance at Kent Avenue and Wilson Street that would provide direct access to the Naval Annex and the northern end of the studio lot. Currently, the lot is primarily accessed through the BNY security gate at the intersection of Flushing and Washington Avenues and secondarily accessed through BNY Security's gate at the intersection of Kent Avenue and Clymer Street, north on Kent Avenue from where the new entrance would be located. The new entrance would allow for streamlined entry to Steiner Studios, in particular to the Media Campus and the Backlot. The project would also provide for the renovation and adaptive reuse of historic resources on the Naval Annex site. The proposed action would facilitate infrastructure improvements that would allow the historic buildings in the Naval Annex to be renovated and re-occupied with new uses.

1.3 REQUIRED APPROVAL AND REVIEW PROCEDURES

The project sponsor is seeking financial incentives from ESD, a public benefit corporation of the State of New York, for key infrastructure improvements that would enable Steiner Studios to develop a Media Campus at the Naval Annex, as well as future development in portions of the Navy Yard around the Naval Annex. The approval of the incentive funding by ESD also requires the adoption and affirmation of a General Project Plan (GPP) by ESD. Approval of the funding by ESD and a GPP requires compliance with the environmental review regulations under the State Environmental Quality Review Act (SEQRA). Because the proposed project includes nonresidential facilities which will meet or exceed 240,000 square feet in total, the proposed action is considered a Type I Action per 6 NYCRR Section 617.4 (b)(6)(v). ESD has determined that the preparation of an EIS is warranted to review the environmental impacts of the proposed action.

The proposed Media Campus potentially would include academic uses related to film production, which are not permitted within the M3-1 zoning district in which the project site is located. To allow for such uses, the project sponsor would pursue either a zoning text amendment from the New York City Planning

Commission or a zoning override from the Office of the Mayor for Housing and Economic Development¹ at the time that specific plans have been developed.

1.4 PROBABLE IMPACTS OF THE PROPOSED PROJECT

Land Use, Zoning and Public Policy

The proposed project would provide for the rehabilitation and adaptive reuse of historic structures in the Naval Annex, as well as new uses in the area outside the Naval Annex. The new development would be compatible with and complementary to surrounding land uses and would not introduce a land use that would be considered out of character with the project site or within the study area. The proposed project would not alter or change the zoning on the project site or within the study area and would comply with all applicable bulk zoning regulations. To allow for future academic uses on site the project sponsor would pursue either a zoning text amendment from the New York City Planning Commission or a zoning override from the Office of the Deputy Mayor for Economic Development at the time that specific plans have been developed. Academic uses on site would be complementary to the as-of-right uses proposed for the project site. Furthermore, the proposed project would not conflict with applicable public policies including, PlaNYC, State Coastal Program, and the city's WRP, Industrial Business Zones and SMIA. Therefore, the proposed action is not expected to result in significant adverse impacts to land use, zoning or public policy.

Socioeconomic Conditions

There are currently no residential uses on the project site and no residential development is proposed as part of the proposed project. Therefore, no impacts from direct or indirect residential displacement would be expected as a result of the proposed action. No direct business displacement would occur under the proposed project, as there are currently no businesses on the project site. Furthermore, the proposed project would not impair the ability of a specific industry to operate in the city. The proposed action would not affect business conditions in a specific industry, or involve a citywide regulatory change that would adversely affect the economic and operational conditions of any types of businesses or processes.

While the proposed project would result in an increase of commercial square feet of more than 200,000 square feet, the increase in commercial space is not expected to result in significant adverse impacts due to indirect business displacement. The proposed project would consist of production studio space for film and TV and some associated academic space, expanding upon similar uses that already exist and are planned in the study area. There would not be a significant concentration of retail space that would exceed 200,000 square feet at the project site. In addition, the project site would be within the walled confines of the BNY, an insular location, and would not introduce a commercial use that would compete with local businesses in the surrounding area. Thus, the proposed project is not expected to introduce uses to the local economy that would indirectly affect socioeconomic conditions and make it difficult for local businesses to remain in the area. Rather, local businesses, such as retail and food establishments, may benefit from the new employees and students generated by the proposed project adding to their customer base. Therefore, no significant adverse impacts to socioeconomic conditions are expected as a result of the proposed project and no further assessment is warranted.

Community Facilities and Services

The proposed project would not directly affect any of the community facilities that serve the area surrounding the project site. Further, no new residential population would be generated by the proposed action that would affect the existing service levels of existing community facilities. Therefore, there would be no significant adverse impacts to community facilities and services as a result of the proposed action

¹ Formerly known as the Office of the Deputy Mayor for Economic Development.

Open Space

The proposed action would not result in any direct effects on any open space resources, as the project would not result in a physical loss of any public open spaces either by encroaching on any open spaces or displacing any open spaces. The proposed action would not change the use of any open space so that they no longer serve the same user population, nor would the proposed action limit public access to an open space or result in increased noise, air pollutant emissions, odors, or shadows on any public open spaces that would affect their usefulness.

According to the *CEQR Technical Manual*, an open space impact would be considered significantly adverse when the decrease in open space ratio (OSR) is five percent or more in an area that is neither underserved nor well-served by open space. The proposed project would result in an OSR decrease from 0.30 acres of open space per 1,000 nonresidents to 0.27 acres of open space per 1,000 nonresidents, a decrease of approximately 11.3 percent. In the Future With-Action condition, the passive open space ratio of 0.27 would remain above the city's planning goal of 0.15 acres per 1,000 nonresidents.

The proposed project is not expected to result in any significant adverse impacts to open space resources in the study area. The OSR for the nonresidential population would not decline below the city's guideline goal of 0.15 acres in the future with the proposed project. Furthermore, workers and students at the expanded Steiner Studios campus would have access to private open space. Given the insular nature of the proposed Steiner Studios Media Campus, it is expected that much of the demand for passive open spaces would be met by the passive open space amenities that would be created as part of the project. Therefore, a detailed open space assessment is not warranted and significant adverse open space impacts are not expected for the proposed action.

Shadows

There would be new project-generated shadows on sunlight-sensitive resources, including the Wallabout Channel Barge Basin and the Navy Yard Cemetery Park, from new development on the project site. However, as discussed below, the duration and coverage of the new shadows on each resource would be limited and would not affect the vitality or usage of the sunlight-sensitive resources identified in the study area.

Wallabout Channel Barge Basin

The shadow from the proposed project would not result in a substantial reduction in sunlight on the Wallabout Channel Barge Basin. While the shadow from the proposed Backlot would reach the Wallabout Channel Barge Basin on all four analysis dates, it would be relatively limited in duration and during all representative analysis periods the shadow would be off the resource by mid-morning. The portion of the project-generated shadow that reaches the Wallabout Channel Barge Basin covers only a small portion of the water body compared to the overall size of the channel. Further, the area around the channel is not built-up, allowing most of the channel to receive a substantial amount of sunlight exposure during the course of the day. Thus, the project-generated shadow that would be cast on the Wallabout Channel Barge Basin would not have an effect on marine wildlife or any other natural resources existing in this surface water body and no significant adverse shadow impact on this sunlight-sensitive resource is expected as a result of the proposed project.

Navy Yard Cemetery Park

The shadows from the proposed project on the Naval Annex would not result in a substantial reduction in sunlight on the future Navy Yard Cemetery Park. During the analysis date with the greatest duration of project-generated shadows, December 21st, project-generated shadows would enter the open space at 8:51 a.m. and exit the open space at 2:53 p.m., for total duration of approximately six hours and two minutes. However, the maximum coverage of the shadows on the resource during this analysis date would never be greater than 35 percent of the total park area. In addition, the period of maximum exposure from project-generated shadows comes during a cold-weather month when the park is not

expected to be heavily used. Furthermore, the December analysis date falls outside the growing season and shadows occurring during this time are unlikely to affect vegetation.

During the remaining analysis dates, March 21st, May 6th and June 21st, the maximum shadow coverage would range from 25 to 40 percent of the total area of the Navy Yard Cemetery Park. However, the duration of the shadows during these analysis dates would be substantially less than the December 21st analysis date. As noted in the *CEQR Technical Manual*, the minimum requirement of sunlight during the growing season (March to October) is generally four to six hours a day. The Navy Yard Cemetery Park, during the March, May and June analysis dates, would receive at least six hours of sunlight. In addition, according to BNYDC, the Navy Yard Cemetery Park was designed to be self-sustaining with shade tolerant plantings and is not expected to be sunlight-sensitive. Furthermore, given the very low density of the Naval Annex, the area of the park site would not receive shadows from other buildings in the area. Therefore, there would be sufficient sunlight for the growing season and new shadows would not affect the overall usage and enjoyment of the park. Project-generated shadows cast on the Navy Park Cemetery Park would not lead to a significant adverse shadow impact on sunlight-sensitive resources.

Thus, significant adverse impacts from project-generated shadows would not result from the proposed action.

Historic and Cultural Resources

Archaeological Resources

The State/National Register Historic Places (S/NRHP) -eligible Naval Hospital Archaeological Site (#A04701.014975) would be directly affected by the below-ground installation of the upgrades to the utility infrastructure required as part of the Naval Hospital Building rehabilitation. The replacement/installation of utility infrastructure has the potential to affect all facades of the Naval Hospital and its wings. The proposed project could have an adverse effect on the Naval Hospital Archaeological Site because the planned ground disturbance associated with necessary utility infrastructure improvements could directly impact known and potential archaeological features that comprise the site.

In 2000, the Navy, the New York State Historic Preservation Office (SHPO), and Advisory Council on Historic Preservation (ACHP) entered into a Programmatic Agreement (PA) which set forth methods to mitigate the potential adverse effect of disposal of NAVSTA Brooklyn out of federal ownership. The PA included a *Standard Archeological Covenant* as Attachment 2, which relates directly to the Naval Hospital Archaeological Site (#A04701.014975). SHPO has advised through the consultation process that additional archaeological survey work will be required on the Naval Hospital Archaeological Site prior to the initiation of project actions. It is anticipated that a Phase II archaeological survey would be conducted in areas of proposed ground disturbance that lie within the Naval Hospital Archaeological Site, once such areas of disturbance have been specifically defined. The purpose of a Phase II survey is to provide a detailed evaluation of an identified cultural resource(s) that cannot be avoided by reasonable modification to the proposed project. Depending upon the results of the Phase II survey, Phase III data recovery excavations may also be required, where artifacts or other data are retrieved from the site.

As described below under "Mitigation," a Letter of Resolution (LOR) has been prepared that describes the archaeological activities to be undertaken to mitigate the adverse effect to the Naval Hospital Archaeological Site prior to project implementation. The LOR signatories include the SHPO, the project sponsor, BNYDC, and ESD. The LOR, including the detailed measures to mitigate the adverse effect on the S/NRHP-eligible Naval Hospital Archaeological Site (#A04701.014975), are found in Appendix B. The New York City Landmarks Preservation Commission (LPC) is conducting a coordinated review with SHPO for this undertaking and concurred with SHPO's archaeological findings in its comment letter dated January 21, 2015.

Architectural Resources

The proposed action would have a significant adverse effect on the Brooklyn Navy Yard Historic District because contributing resources would be removed and altered within the Naval Annex portion of the district. In accordance with Section 14.09 of the New York State Historic Preservation Act of 1980, and the historic preservation covenant in the PA and deed, the project sponsor must consult with the SHPO to arrive at mutually agreeable and appropriate measures that the project sponsor would implement to mitigate the adverse effect.

While the proposed project would lead to a significant adverse impact on the S/NRHP-listed Brooklyn Navy Yard Historic District due to the demolition of some contributing resources, it would allow for the rehabilitation of 15 contributing resources, including the following:

- Surgeon's House (Building R1)
- Quarters No. 4/Lab Director's House (Building R4)
- Infectious Disease Quarters/Bungalow (Building R5)
- Infectious Disease Quarters/Bungalow (Building R6)
- Infectious Disease Quarters/Bungalow (Building R7)
- Bachelor Officers' Quarters (Building R8)
- Bachelor Officers' Quarters (Building R9)
- U.S. Naval Hospital (Building R95)
- Carriage House (Building R103)
- Stable (Building R109)
- Garage (Building R103A)
- Guard House and Gate Keeper Lodge (Building R104)
- Lumber Shed/Morgue (Building R426)
- Medical Supply Depot/Lab (Building RD)
- Nurses' Quarters/Unmarried Officers' Club (Building RG)

Although the 15 contributing resources within the Naval Annex would be rehabilitated, and new construction would be designed in a context-sensitive manner in consultation with the SHPO as per the historic preservation covenant in the PA and deed, removal of five contributing resources, and opening of the contributing wall on the north and west would result in physical alteration to the Brooklyn Navy Yard Historic District. The significance of the Naval Annex within the district is tied, in part, to its variety of historic buildings in a self-contained, historic setting. The proposed changes would directly modify the integrity of the historic district, including its design, setting, feeling, and association. Therefore, implementation of the proposed action would result in a significant adverse impact on the Brooklyn Navy Yard Historic District.

The resources within the Naval Annex are subject to a standard historic preservation covenant that was incorporated into both the PA and quitclaim deed between the federal government and BNYDC/City of New York. Steiner Studios, as a lessee at BNY, is subject to the covenant, as the requirements of the covenant will be imposed on Steiner through the lease from BNYDC. It requires the grantee to covenant to the SHPO to treat resources in accordance with the *Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings*. Specifically, the covenant indicates that "[n]o construction, alteration, rehabilitation, remodeling, demolition, disturbance of the ground surface, or other action shall be undertaken or permitted to be undertaken within "Historic Site" that would materially affect the integrity or the appearance of the attributes described above without prior approval by the SHPO and a record of such" (Department of the Navy, May 29, 2001). The 15 contributing resources listed above would therefore be rehabilitated in accordance with the Secretary of the Interior's Standards for Rehabilitation as required by the PA and quitclaim deed. However, as the proposed action would lead to a significant adverse impact on the historic district, because of the removal of five contributing resources, mitigation measures, as described below under "Mitigation," will be implemented via a LOR among the SHPO, the project sponsor, BNYDC, and ESD. The Letter of Resolution is found in Appendix B.

Urban Design and Visual Resources

All development that would occur as a result of the proposed action would be developed "as-of-right," i.e., in conformance with the bulk regulations of the New York City Zoning Resolution, and constructed within the existing zoning envelope. In addition, the proposed project would have a beneficial effect on existing visual resources as it would lead to key infrastructure improvements needed at the historic Naval Annex that would facilitate the redevelopment of the project site. Many of the buildings in the Naval Annex are in a state of disrepair and require extensive renovations to be re-occupied. The project would provide for the adaptive reuse of the historic resources on the Naval Annex site, allowing the historic buildings in the Naval Annex to be renovated and re-occupied with new uses. Thus, no significant adverse impacts to urban design and visual resources are expected as a result of the proposed action.

Natural Resources

The proposed project would not directly impact any regulated habitats (e.g., wetlands, open waters, etc.) and would not have any indirect effects on these habitats. Development at the project site, which would occur over the next decade or so, would only impact a portion of the natural habitat, which until the late 1990s, was regularly maintained and landscaped.

It is estimated that approximately 2,700 square feet of existing buildings at the Naval Annex would be removed and their area would be landscaped with lawns and other plantings as part of the greenspace that would form the rehabilitated campus setting at the Naval Annex, in the future with the proposed project. Approximately 1.1 acres of existing overgrown areas at the Naval Annex would be removed and replaced with new development proposed at the Naval Annex. Further, approximately 0.2 acres of existing lawns would be occupied by the footprint of future buildings. The removal of these undeveloped habitats (lawns and overgrown areas) would not result in a significant environmental impact. The fauna that are expected to utilize the project site as a long-term habitat resource are species that have adapted to an urban environment and would find other suitable habitats nearby.

No known "built resources" that are known to contain or may be used as habitat for protected species, as defined in the Federal Endangered Species Act (50 CFR 17) or the State's Environmental Conservation Law (6 NYCRR Parts 182 and 193) exist within the project site. No threatened and endangered species, or rare habitats, were observed on site during the 2014 site investigation. Furthermore, because of the long history of anthropogenic use of the site, it is likely that the native plant species present have volunteered from off-site or were planted by humans.

The project site is located within a disturbed urban setting and does not contain any natural resources of significance (e.g., wetlands, beaches, dunes, bluffs, thickets, significant grasslands, meadows, woodlands, or forests) as defined in the *CEQR Technical Manual*, nor is the site located immediately adjacent to any natural resources. The proposed project would not involve the disruption of subsurface conditions that might affect the function or value of an adjacent or nearby natural resource. Therefore, significant adverse impacts related to natural resources are not expected as a result of the proposed action, and further assessment of the impact to natural resources is not warranted.

Hazardous Materials

A Phase I Environmental Site Assessments conducted for the project site identified potential sources of contamination. Phase II site investigation activities were also conducted at the project site, including the collection of soil and groundwater samples for laboratory analysis. The Phase II site investigation confirmed evidence of petroleum contamination and other exceedances of soil and groundwater guidelines and standards.

As part of the overall development of the project site, the project sponsor is committed to the proper handling and disposal of hazardous materials on site in accordance with local, state and federal regulations and guidance. A soils management plan would be developed and implemented for the removal of any soils excavated from the project site and any dewatering required during the construction

activities that require discharge to sewers would be performed in compliance with the appropriate effluent limitation through permits obtained from New York City Department of Environmental Protection, and as such sewage discharge from the site would be treated on site as required and sampled in accordance with permit requirements. The project sponsor would develop a Remedial Action Plan and Construction Health and Safety Plan to avoid the potential of significant impacts related to Hazardous Materials. A vapor barrier or other form of vapor control would be installed below the proposed new construction at the project site and any petroleum-contaminated soil, groundwater, or underground storage tanks unexpectedly encountered during site development would be reported to the appropriate government agency. With implementation of these measures, the proposed project would not result in any significant adverse impacts related to hazardous materials that would affect public health.

Water and Sewer Infrastructure

Water Supply

The project site would generate a water supply demand of approximately 113,400 gallons per day (gpd), which represents a very small fraction of the city's water supply demand of 1.3 billion gallons per day. Therefore, since the proposed action would not result in development that consumes an exceptional amount of water, the proposed action would not result in a significant adverse impact on the city's water supply.

Wastewater Treatment

Wastewater generated from the project site would be treated by the Newtown Creek Waste Water Treatment Plant (WWTP). The capacity of the Newtown Creek WWTP would continue to have a SPDES permitted capacity of 310 million gallons per day. By the year 2027, the proposed project would generate approximately 42,000 gpd of sanitary sewage. The increase represents a very small fraction of the capacity of the Newtown Creek WWTP. Since the wastewater generated by the proposed project is well within the capacity of the treatment plant, no significant adverse impacts to the city's wastewater treatment services would occur as a result of the proposed action.

Stormwater Management

The proposed project would increase the amount of runoff above the amount that would occur in the existing condition due to the increase in impervious surfaces (roofs, pavement, roadways, etc.) within the Naval Annex, Backlot and Kent Avenue Parking Structure areas. Stormwater Best Management Practices would be incorporated into the final site plans for each of the project components to meet the requirements for on-site detention of stormwater. Thus, the proposed project would not result in significant adverse impacts from stormwater.

Solid Waste and Sanitation Services

The *CEQR Technical Manual* states that if a proposed project's generation of solid waste in the future with the proposed project would not exceed 50 tons per week, it may be assumed that there is sufficient public or private carting and transfer station capacity in the metropolitan area to absorb the increment, and further assessment is generally not required. The proposed project's incremental increase of approximately 7.2 tons per week would not lead to significant adverse impacts to municipal or commercial solid waste collection and disposal services. Therefore, the proposed project would not have a significant adverse impact on the city's solid waste and sanitation services.

Energy

It is expected that the proposed project, when operational, would consume approximately 94,395 million British Thermal Units (BTUs) per year. This would not be considered a significant demand for energy and the project site would be served by available energy suppliers. The proposed project would comply with the New York State Energy Conservation Code and would not affect the transmission or generation of

energy. Therefore, the proposed project would not result in significant adverse impacts to the consumption or supply of energy.

Transportation

Traffic

The traffic generated by the proposed project would cause two of the five study area intersections to have one or more congested movements in one or more of the analyzed peak hours, as discussed below:

- **Flushing Avenue/Washington Avenue:**
 - The westbound through/right-turn lane is projected to experience a potentially significant traffic impact during the weekday AM peak hour under the Future With-Action Condition, according to the stated criteria. During the weekday AM peak hour, delays for motorists in this lane are projected to increase from 204.2 seconds per vehicle (LOS "F") under Future No-Action Conditions, to 212.1 seconds per vehicle (LOS "F") under Future With-Action Conditions.
 - The northbound approach is projected to experience potentially significant traffic impacts during the weekday AM and PM peak hours under the Future With-Action Condition, according to the stated criteria. During the weekday AM peak hour, delays for motorists on the northbound approach are projected to increase from 81.7 seconds per vehicle (LOS "F") under Future No-Action Conditions, to 151.8 seconds per vehicle (LOS "F") under Future With-Action Conditions. During the weekday PM peak hour, delays for motorists on the northbound approach are projected to increase from 39.7 seconds per vehicle (LOS "F") under Future No-Action Conditions, to 50.9 seconds per vehicle (LOS "F") under Future With-Action Conditions.
- **Flushing Avenue/Williamsburg Street West:**
 - The eastbound through/right-turn lane is projected to experience a potentially significant traffic impact during the weekday PM peak hour under the Future With-Action Condition, according to the stated criteria. During the weekday PM peak hour, delays for motorists in this lane group are projected to increase from 425.5 seconds per vehicle (LOS "F") under Future No-Action Conditions, to 434.9 seconds per vehicle (LOS "F") under Future With-Action Conditions.

As discussed in the "Mitigation" section below, several traffic network improvements are proposed as mitigation measures for the significant adverse traffic impacts projected to occur as a result of the proposed project. With these recommended improvements in place, the potential traffic impacts of the proposed project during the weekday AM and PM peak hours can be mitigated.

Parking

The project sponsor intends to seek financial incentives from ESD in the future for the development of a 250,000-square-foot Kent Avenue Parking Structure that is envisioned for the area outside the Naval Annex. This garage is planned to accommodate a total of approximately 650 accessory parking spaces. The projected parking demand for the proposed project is expected to be adequately accommodated within the proposed garage. Therefore, no significant adverse parking impacts would occur with the proposed project.

Transit

The proposed project would generate fewer than 200 new subway trips during the weekday midday peak hour, and more than 200 new subway trips during the weekday AM and PM peak hours. However,

following a spatial assignment of the weekday AM and PM peak hour trips among the multiple subway stations within one mile of the Navy Yard, no one subway station is projected to experience an incremental increase of more than 200 subway trips. Furthermore, the proposed project would generate fewer than 200 new public bus trips during each of the three weekday peak hours. Therefore, the proposed project is not projected to result in any significant adverse transit impacts.

Pedestrians

The number of pedestrian trips generated by the proposed project would exceed the 200-trip preliminary screening threshold. The pedestrian assessment performed for the proposed project demonstrated that all of the pedestrian elements at the Flushing Avenue/Washington Avenue intersection are projected to operate at LOS "C" or better, with the exception of:

- 1) The north crosswalk, which is projected to operate at LOS "D" during the weekday midday peak hour. However, there is no change to the pedestrian space at this crosswalk under the With-Action Condition, relative to the No-Action Condition, and thus no significant adverse pedestrian impact.
- 2) The east-west sidewalk on the northwest corner, which is projected to operate at LOS "D" during the weekday midday peak hour, with a decrease in the projected pedestrian space under the With-Action condition that is within the allowable CEQR threshold for a significant adverse pedestrian impact.

Therefore, no significant adverse pedestrian impacts are projected to occur at this intersection during the weekday AM, midday, and PM peak hours as a result of the proposed action.

Air Quality

The proposed project would not exceed the 170-peak-hour trip-CEQR preliminary screening threshold for CO and no CO microscale impact analysis is warranted by the project. According to the PM_{2.5} hot spot screening results at each affected intersection, all intersections pass the screening based on conservative peak-hour traffic increments and no further hot spot PM_{2.5} analysis is warranted. Potential impacts from CO concentrations at the proposed parking structure were assessed at multiple receptor locations. The predicted CO levels are well below the respective 35 ppm of 1-hour average NAAQS and 9 ppm of 8-hour average NAAQS and the proposed parking structure would not result in significantly adverse air quality impacts from CO concentrations.

All renovated existing buildings and newly constructed buildings associated with the proposed project would be located a sufficient distance from each other within the project site and no stationary source project-on-project air quality impacts would occur as a result of the proposed project. Moreover, all renovated existing buildings and newly constructed buildings associated with the proposed project would be located a sufficient distance from any existing development surrounding the project site and no stationary source air quality impacts would occur as a result of potential project-related impacts to existing development in the surrounding area.

A review of permit records provided by New York City Department of Environmental Protection (DEP) was conducted of NYCDEP-registered manufacturing facilities with known pollutants within 400 feet of the project site. The predicted concentrations using the conservative screening model at the proposed Facility are below the applicable NAAQS and/or NYSDEC AGC/SGC guideline thresholds and potential air quality impacts on the proposed project as a result of operation of existing neighborhood minor sources would not be significant, and further assessment is not warranted. Thus, the proposed project would not result in any significant adverse impact related to air quality.

Greenhouse Gas (GHG) Emissions and Climate Change

Energy expended from vehicle use associated with the proposed project would result in approximately 4,816.2 metric tons of GHG emissions on an annual basis. Stationary source operational GHG emissions are estimated to be approximately 4,414.55 metric tons on an annual basis. The proposed project is supportive of transit and non-motorized commuting options. It is expected that the new and renovated buildings would utilize energy-efficient features and be compliant with the New York City Energy Conservation Code. Furthermore, all construction work at the project site would meet the standards of the New York City Building Code and the Best Available Flood Hazard Data available from FEMA at the time of their construction. Thus, the project is consistent with the citywide GHG reduction goal and would not result in a significant climate change impact.

Noise

Based on the results of the noise monitoring program performed for the proposed project, the academic buildings clustered around the southeastern portion of the project site would require a composite Outdoor-Indoor Transmission Class (OITC) rating greater than or equal to the 31 dB(A) window wall attenuation for façades facing Flushing Avenue and Williamsburg Street West. The OITC classification is defined by ASTM International (ASTM E1332-10) and provides a single-number rating that is used for designing a building façade including walls, doors, glazing, and combinations thereof. Steiner Studios is committed to adhering to these design specifications, and the buildings that would house academic uses on the project site would provide sufficient attenuation to achieve the city's interior noise level guideline of 45 dB(A) or lower at sensitive receptors. In addition, the proposed buildings' mechanical systems (i.e., heating, ventilation, air conditioning and refrigeration systems) would be designed to meet all applicable noise regulations (i.e., Subchapter 5, §24-227 of the New York City Noise Control Code, the New York City Department of Buildings Code and Section 926 of the New York City Mechanical Code) and to avoid producing levels that would result in any significant increase in ambient noise levels. Therefore, significant adverse noise impacts are not expected to occur as a result of the proposed project.

Public Health

According to the CEQR Technical Manual, for most proposed projects a public health analysis is not necessary. Where no significant unmitigated adverse impact is found in CEQR analysis areas, such as air quality, water quality, hazardous materials, or noise, no public health analysis is warranted. The proposed project would not result in significant adverse impacts in these technical areas; and as such would not result in significant public health impacts.

Neighborhood Character

Of the relevant technical areas specified in the *CEQR Technical Manual* that comprise of neighborhood character, the proposed project would not cause significant adverse impacts related to land use, socioeconomic conditions, historic and cultural resources, urban design and visual resources, transportation, noise, open space and shadows. The project site is separated from the surrounding community by a wall and the development proposed for the site would not affect the technical areas (except for transportation) that comprise neighborhood character. Furthermore, moderate adverse effects that would affect such a defining feature, either singly or in combination, have also not been identified. The proposed action would not result in a significant adverse neighborhood character impact and would not result in a significant adverse impact to a defining feature of the neighborhood and no further analysis is necessary.

Construction Impacts

Construction activities, although temporary in nature, can sometimes result in significant adverse impacts and have disruptive and noticeable effects on the area that surrounds a project site. As stated in the *CEQR Technical Manual*, a project's construction activities may affect a number of technical areas analyzed for the operational period, for example air quality, noise, and traffic. The determination of

significance and need for related mitigation is generally based on the duration and magnitude of the potential construction impacts.

Steiner Studios, working closely with BNYDC, has developed a conceptual plan for future expansion of the Steiner Studios operations. Construction activities generated by the proposed project would be gradual, taking place over a 12-year period. The schedule of construction at the project site would ultimately depend on market considerations and need for particular project elements. However, a conceptual reasonable worst-case construction scenario has been developed to determine if there would be a potential for significant adverse construction-related impacts. As demonstrated in detail in the Construction Chapter of the EIS, construction-related activities are not expected to have any significant adverse impacts on transportation, air quality, noise, historic resources, hazardous materials, natural resources, or other technical areas as a result of the proposed project. Therefore, no significant adverse construction impacts are expected as a result of the proposed action.

Alternatives

As part of the proposed project, 15 contributing resources to the BNY Historic District would be rehabilitated; however, five contributing resources to the BNY Historic District are proposed to be demolished. An alternative that adaptively reuses all contributing resources to the BNY Historic District was considered, but it was concluded that it is not feasible to reuse the five contributing resources that are proposed to be removed from the Naval Annex. An Alternatives Analysis was prepared for the proposed project and was reviewed by SHPO and the agency provided their concurrence that there are no prudent or feasible alternative to demolition of these few resources. Therefore, there is no feasible alternative that would allow for the adaptive reuse of all contributing resources that would preclude the need for the removal of the five identified contributing resources. The functional inefficiencies resulting from retaining these five resources, and the high costs associated with renovations, would render the project financially and programmatically infeasible and would prevent the project from moving forward.

The No-Action Alternative, analyzed throughout the EIS as the Future No-Action Condition, was assessed as an alternative to the proposed action. The No-Action Alternative consists of normal and anticipated growth patterns by the 2027 analysis year of the proposed project, along with other separately planned projects within the surrounding area, but does not include the construction of the proposed Steiner Studios Media Campus. While the No-Action Alternative analysis would reduce or eliminate significant adverse transportation and historic and cultural resource impacts generated by the proposed project, the goals and objectives of the project sponsor would not be achieved under this alternative.

Mitigation

Archaeological Resources

The proposed project could have an adverse effect on the S/NRHP-eligible Naval Hospital Archaeological Site (#A04701.014975) because the planned ground disturbance associated with necessary utility infrastructure improvements could directly impact known and potential archaeological features that comprise the site. In compliance with Section 14.09 and the archeological covenant included in the PA, consultation with the SHPO was conducted to develop appropriate measures to mitigate the adverse effect.

The archaeological covenant includes seven stipulations, the first of which is most relevant to the status of the Naval Hospital Archaeological Site in the current study area. The first stipulation states that no disturbance of the ground surface shall be undertaken or permitted to be undertaken, which would affect the physical integrity of [the site] without the express prior written permission of the SHPO, signed by a fully authorized representative thereof. Should the SHPO require, as a condition of the granting of such permission, that the Grantee conduct archeological data recovery operations or other activities designed to mitigate the adverse effect of the proposed activity on the [site], the Grantee shall at his/her/its expense conduct such activities in accordance with the Secretary of the Interior's *Standards and Guidelines for*

Archeological Documentation (48 FR 447344-37). The PA and the Archeological Covenant are found in **Appendix B**.

The project sponsor has consulted with SHPO concerning the Steiner Studios expansion plans. In a letter to the BNYDC dated June 16, 2014 (see **Appendix B**), the SHPO has recommended that any areas of planned ground disturbance within 50 feet of any designated sensitive area should be subjected to archaeological examination. Figure 3.6-6 depicts the Naval Hospital Archaeological Site (which includes areas of known and potential archaeological resources) that was taken from the SHPO site form with the addition of a fifty foot zone of sensitivity extending from these resources, as per SHPO recommendations.

A Letter of Resolution (LOR) has been prepared that describes the archaeological activities to be undertaken to mitigate the adverse effect to the Naval Hospital Archaeological Site prior to project implementation. The LOR signatories include the SHPO, the project sponsor, BNYDC, and ESD. The LOR, including the detailed measures to mitigate the adverse effect on the S/NRHP-eligible Naval Hospital Archaeological Site (#A04701.014975), are found in **Appendix B**. The LPC is conducting a coordinated review with SHPO for this undertaking and concurred with SHPO's archaeological findings in its comment letter dated January 21, 2015 (**Appendix B**).

Historic Architectural Resources

The proposed project would have a significant adverse impact on the Brooklyn Navy Yard Historic District, because contributing resources would be removed and altered within the Naval Annex portion of the district. In accordance with Section 14.09 of the New York State Historic Preservation Act of 1980, and the historic preservation covenant in the PA and the quitclaim deed, the project sponsor has consulted with SHPO and has prepared a LOR that describes the mitigation measures to be undertaken prior to project implementation. The LOR signatories include the SHPO, the project sponsor, BNYDC, and ESD. The LOR, including the detailed measures to mitigate the adverse effect on the Brooklyn Navy Yard Historic District, are found in **Appendix B**.

Transportation

Potential significant traffic impacts are projected to occur at the following intersections and traffic movements by time period:

- **Flushing Avenue/Washington Avenue**
 - Weekday AM peak hour (westbound through/right-turn lane)
 - Weekday AM and PM peak hours (northbound approach)
- **Flushing Avenue/Williamsburg Street West**
 - Weekday PM peak hour (eastbound through/right-turn lane)

Based on these potential traffic impacts, the following transportation improvements are recommended:

- **Flushing Avenue/Washington Avenue:**
 - Prohibit on-street parking on the west side of Washington Avenue, from Flushing Avenue to Park Avenue, to provide for two southbound travel lanes.
 - Restripe the northbound approach to accommodate one exclusive left-turn lane and one shared through/right-turn lane.
 - Restripe the southbound approach (Steiner Studios access driveway) to accommodate one exclusive left-turn lane, one exclusive through lane, and one shared through/right-turn lane.

- Reallocate one second of green time from the north-south phase to the east-west phase during the weekday AM peak hour.
- **Flushing Avenue/Williamsburg Street West:**
 - Restripe the eastbound approach on Flushing Avenue from Steuben Street to Williamsburg Street West to widen both vehicular travel lanes from approximately 11 feet to 11.3 feet with a corresponding reduction in the width of the center median from approximately 8.0 feet to approximately 7.4 feet (a reduction of approximately 0.6 feet).

These improvements are designed to accommodate the future traffic volumes projected to occur on the roadway network during critical periods of peak traffic activity under the future with the proposed project; specifically, during the peak 15-minute period of the weekday AM and PM peak hours. With these recommended improvements in place, the potential traffic impacts of the proposed action during the weekday AM and PM peak hours can be mitigated.

Unavoidable Adverse Impacts

As part of the proposed project, 15 contributing resources to the BNY Historic District would be rehabilitated; however, five contributing resources to the BNY Historic District are proposed to be demolished. An alternative that adaptively reuses all contributing resources to the BNY Historic District was considered, but it was concluded that it is not feasible to reuse the five contributing resources proposed to be removed. The functional inefficiencies resulting from retaining these five resources, and the high costs associated with their adaptive reuse, would render the project financially and programmatically infeasible and would preclude the project from moving forward.

Growth Inducing Aspects of the Proposed Action

The proposed project would occur inside the walled confines of the Brooklyn Navy Yard and would expand Steiner Studios' existing media production studios, as well as potentially expand future academic uses that would be co-located with Steiner Studios. Local businesses, such as local retail and food establishments, as well as support businesses, such as catering companies, would benefit from the activated project site adding new employees and students to their customer base. Thus, the project would be consistent and compatible with adjacent land uses within and surrounding the Brooklyn Navy Yard. While the proposed action would facilitate upgrades to the infrastructure capacity at the project site, these upgrades to infrastructure capacity are related to key infrastructure improvements needed at the project site to allow for its redevelopment and would not have a growth-inducing impact in areas outside of the study area. Many of the buildings in the Naval Annex are in a state of disrepair and require infrastructure improvements to be reoccupied.

Irreversible and Irretrievable Commitment of Resources

The project would redevelop the historic Naval Annex at the Brooklyn Navy Yard, while at the same time develop new buildings at the project site that would complement the renovated historic buildings. The proposed project would require the irreversible and irretrievable commitment of energy, construction materials, human effort, and funding. The buildings and structures removed in the Brooklyn Navy Yard Historic District would also constitute a resource loss and potential impacts are discussed in detail in Chapter 3.6, "Historic and Cultural Resources." However, many of the historic buildings on the site would remain and be renovated, and in combination with new development proposed, the proposed action would allow for the re-use of the historic Naval Annex that has been vacant and in a state of disrepair for many years.



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FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – Priority Project – Alfred (Western New York Region – Allegany County) – Alfred High-Temperature 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

General Project Plan

I. Project Summary

Grantee: Alfred University (“Alfred” or the “University”)

ESD* Investment: A grant of up to \$2,800,000 to be used for a portion of the costs of specialized machinery and equipment.

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

Project Location: 1 Saxon Drive, Alfred, Allegany County

Proposed Project: Building construction and machinery and equipment necessary to complete the Center for High-Temperature Characterization (the “Center” or “CHTC”).

Project Type: Capital Improvements

Regional Council: The priority project is consistent with the Western New York (“WNY”) Regional Economic Development Council’s (“REDC”) Regional Plan to promote higher education and growth in renewable energy industries, as well as attract young people and visitors to the WNY Region. Charles Edmondson, President of Alfred University, is a member of the 29 person WNY Regional Economic Development Council. In conformance with the State’s policy, this individual has recused himself on votes recommending this project.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>	
Construction/Renovation	\$5,405,000	
Machinery and Equipment	<u>4,400,000</u>	
 Total Project Costs	 <u>\$9,805,000</u>	
 <u>Financing Sources</u>	 <u>Amount</u>	 <u>Percent</u>
ESD-Grant	\$2,800,000	29%
Grantee Equity*	<u>7,005,000</u>	<u>71%</u>
 Total Project Financing	 <u>\$9,805,000</u>	 <u>100%</u>

* Equity consists of SUNY Construction Funds

III. Project Description

A. Grantee

Industry: Higher education institution

Grantee History: Founded in 1836, the University was the first private co-educational institution in New York State and the second in the United States. The curricula includes bachelors, masters, and doctoral degrees in astronomy to zoology, ceramic engineering and materials science, communications, fine arts, the humanities, mathematics and computer science, modern languages, performing arts, psychology, and social sciences. Alfred University was listed at #17 in the 2012 U.S. News and World Report rankings of Regional Colleges in the Northern United States.

Ownership: Alfred University is a privately endowed, not-for-profit organization.

Size: The 232-acre University campus consists of more than 50 academic and residential buildings and an additional 400 acres of land for recreational use. Current enrollment includes approximately 2,000 undergraduate

students and 300 graduate students from over 20 countries. Alfred has just over 500 full-time equivalent employees.

Market: The University primarily attracts students with an interest in liberal arts, professional studies, business, art and design and engineering.

ESD Involvement: Over the last several decades, renewable energy technology has been made possible by the development of new materials, engineered to meet exact specifications. Many of these materials are ceramic-based and are required to function at high temperatures (in excess of 1,600 degrees C) or in corrosive environments. As most analytical and characterization equipment is not designed for high-temperature measurement, Alfred and Corning Incorporated collaborated in 2008 to expand and improve Alfred's NYS State College of Ceramics by establishing the Center. The Center would facilitate an integrated approach to high-temperature materials characterization by consolidating various engineering laboratories, which were previously distributed throughout the University, with newly-established high-temperature characterization facilities. By 2010, Alfred had completed the Center, which was being utilized by engineering students for research and for high-temperature analytical and characterization fee-for-services to various industries throughout the state including Corning, General Electric, Delphi, Lockheed Martin and Saint Gobain. However, the University did not have sufficient funds to further expand capabilities to include in-house imaging and testing for renewable energy systems and high-temperature battery applications. As a result of the Governor's REDC Initiative, Alfred was awarded \$2.8 million through Round 1 of the Consolidated Funding Application process to complete the unique, state-of-the-art CHTC, allowing the University to become a highly-specialized research and testing facility.

Past ESD Support: In 2001, ESD Directors approved a \$75,000 grant to increase internet capabilities. The project is complete and all funds have been disbursed.

B. The Project

Completion: December 2016

Activity: The project includes LEED-certified building renovations of the Students Engineering Project Lab ("STEP") Building which will house relocated existing laboratories and new laboratories for wind energy/fluid mechanics, thermal science/solar energy, photovoltaic solar energy, alternative fuels, power conversion and controls; construction of an 8,000-square-foot addition to the McMahon Building which will house five new high-temperature equipment suites with vibration-free

foundations to support advanced electron microscopy and educational facilities to train engineers and scientists; and the acquisition and installation of specialized machinery and equipment including High-Temperature Characterization and Processing equipment.

Results:

The project is expected to expand Alfred's NYS College of Ceramics thereby attracting more young people to the area through larger enrollment; increase the development and analysis of materials that are crucial to the efficiency, cost and durability of renewable energy systems; and significantly expand highly-specialized research and testing services to include unique high-temperature x-ray refraction, thermal analysis, electrical measurement, spectroscopy and thermal-mechanical testing, thereby retaining and creating jobs.

The Center currently operates as a user facility allowing companies to use the facility on a fee basis to conduct proprietary research or companies may retain the services of University personnel to conduct the analyses and interpret the results. Currently, companies in the WNY, Southern Tier, Finger Lakes, Central and Capital Regions are utilizing the Center. Upon project completion, fee services are expected to significantly expand with the attraction of industrial users from across the state and nation, which will increase visitors to Allegany County.

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 \$399,179;
- Fiscal cost to NYS government is estimated at \$2,800,000;
- Ratio of project fiscal benefits to costs to NYS government is 0.14:1;
- Fiscal benefits to all governments (state and local) are estimated at \$684,214;
- Fiscal cost to all governments is \$2,800,000;
- The ratio of project fiscal benefit to cost ratio to all governments is 0.24:1;

- Economic benefits (total fiscal plus total net resident disposable income from project construction employment) are estimated at \$3,603,146;
- The economic benefit to cost ratio is 1.29:1;
- Project construction cost is \$5,405,000 which is expected to generate 53 direct job years and 36 indirect job years of employment;
- The payback period for NYS costs is 1 year.

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

Grantee Contact: Mr. Chris Bond
 Director, Sponsored Research Administration
 1 Saxon Drive
 Alfred, NY 14802
 Phone: (607) 871-2026

ESD Project No.: X696

Project Team:	Origination	Ray Witzleben
	Project Management	Cheryl Krazmien
	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 \$2,800,000 capital grant (\$28,000) 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 \$2,800,000 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 25% of the grant (\$700,000) will be disbursed upon completion of the renovation of existing laboratories and

- documentation of project costs of approximately \$1,705,000, including \$1,200,000 for the acquisition and installation of machinery and equipment, assuming that all project approvals have been completed and funds are available;
- b) a Second Disbursement of 25% of an amount equal to the grant (\$700,000) will be disbursed upon acquisition of the transmission electron microscope and documentation verifying additional project expenditures of approximately \$3,500,000 (aggregate total of approximately \$5,205,000), provided Grantee is otherwise in compliance with program requirements;
 - c) a Third Disbursement of an amount equal to 50% of the grant (\$1,400,000) will be disbursed upon completion of the project substantially as described in these materials including the construction of the McMahan Building and documentation verifying additional project expenditures of approximately \$4,600,000 (aggregate total of \$9,805,000), 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 June 4, 2012 to be considered eligible project costs. All disbursements must be requested by April 1, 2016.

- 5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$2,800,000, 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.
- 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 – Regional Council Capital Fund

The project was authorized in the 2011-2012 New York State budget and re-appropriated in the 2012-2013, 2013-2014, 2014-2015, and 2015-2016 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

The State University Construction Fund, 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

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. The Office of Contractor and Supplier Diversity has reviewed the project and has determined that, due to the highly specialized and unique nature of this project, there exists no potential for MWBE participation. As such, participation goals will not be established or required for this 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 Photographs
Project Finance Memorandum
Benefit-Cost Analysis

Regional Council Award – Priority Project – Alfred (Western New York Region – Allegany County) – Alfred High-Temperature 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

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 Alfred High-Temperature Lab 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 Alfred University a grant for a total amount not to exceed Two Million Eight Hundred Thousand Dollars (\$2,800,000) 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.

* * *

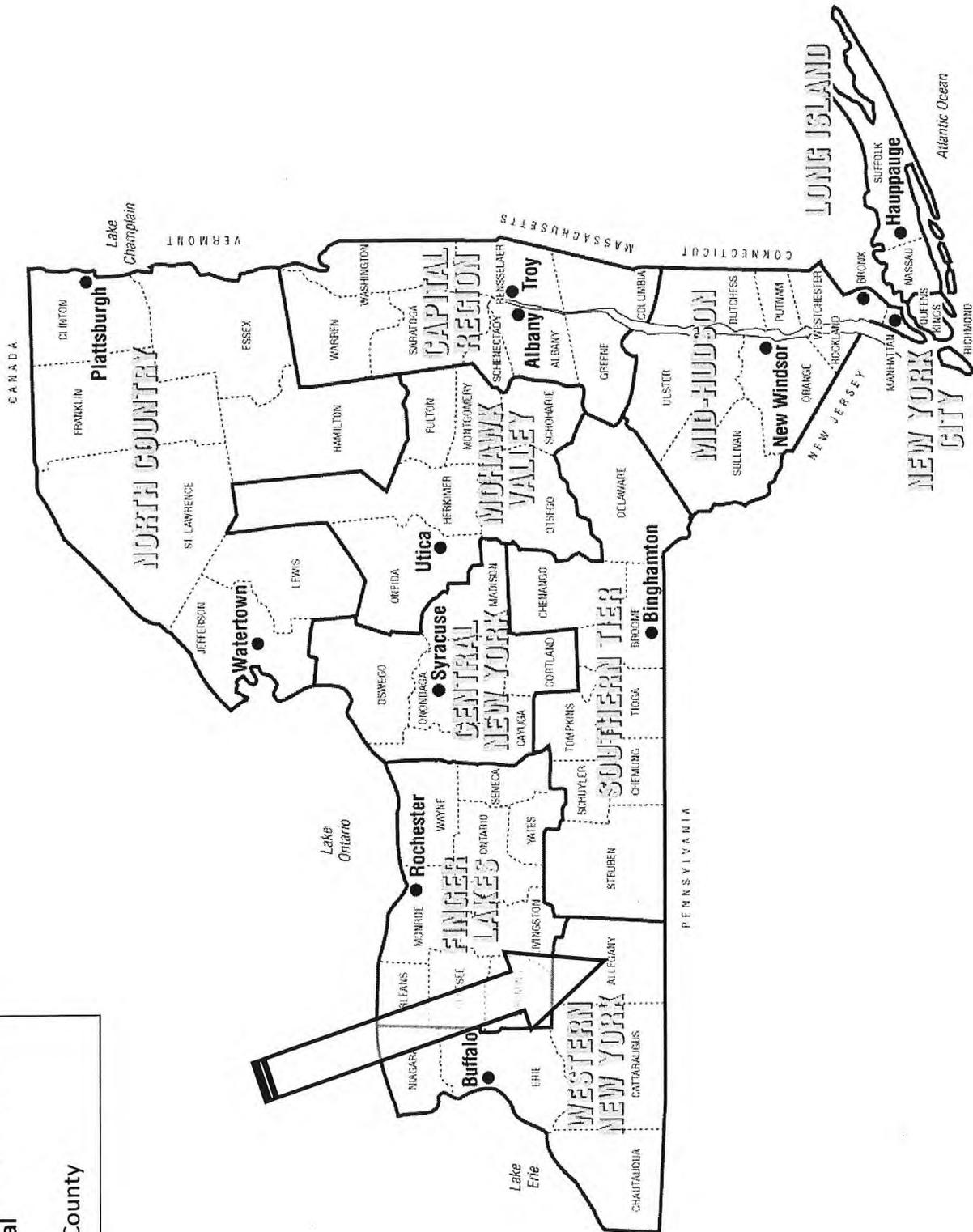
June 25, 2015

Regional Council Award – Priority Project – Alfred (Western New York Region – Allegany County) – Alfred High-Temperature Lab Capital – Regional Council Capital Fund (Capital Grant) – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Alfred High-Temperature Lab 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.

* * *

Alfred High-Temperature
 Lab Capital
 Alfred
 Allegany County



**Project Summary
Benefit-Cost Evaluation¹**

**Economic Growth Project
Alfred University – High-Temperature Lab.**

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): 53
Construction Job Years (Indirect): 36

Evaluation Statistics	Project Result NYS Govt.	NYS Govt. Benchmarks for ESD Projects²	Project Results State & Local Governments	State & Local Government Benchmarks for ESD Projects
Fiscal Costs³	\$2,800,000	\$794,250	\$2,800,000	\$1,020,500
Fiscal Benefits⁴	\$ 399,179	\$2,085,600	\$ 684,214	\$4,271,980
Fiscal B/C Ratio	0.14	3.00	0.24	10.60
	Project Results	Benchmarks for ESD Projects		
Economic Benefits⁵	\$ 3,603,146	\$119,468,000		
Economic B/C Ratio	1.29	20.00		

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.

Alfred High-Temperature Lab Capital, X696

Furnace



FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – Priority Project – Wellsville (Western New York Region – Allegany County) – SUNY Research Foundation SAMC 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

General Project Plan

I. Project Summary

Grantee: The Research Foundation for the State University of New York (“SUNY RF”) on behalf of Alfred State College

Beneficiary: State University of New York (“SUNY”) College of Technology at Alfred State (“Alfred State”)

ESD* Investment: A grant of up to \$500,000 to be used as reimbursement for a portion of new machinery and equipment.

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

Project Location: 2530 River Road, Wellsville, Allegany County

Proposed Project: Construction of the Sustainable Advanced Manufacturing Center (“SAMC”) on Alfred State’s Wellsville Campus

Project Type: Capital Investment

Regional Council: The Priority Project is consistent with the Western New York (“WNY”) Regional Economic Development Council (“REDC”) Plan as it promotes

education and training in state-of-the-art, sustainable advanced manufacturing.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction	\$5,000,000
Production Machinery & Equipment	<u>500,000</u>
Total Project Costs	<u>\$5,500,000</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$ 500,000	9%
Grantee Equity*	<u>5,000,000</u>	<u>91%</u>
Total Project Financing	<u>\$5,500,000</u>	<u>100%</u>

*Equity is in the form of a NYSUNY 2020 Challenge Grant

III. Project Description

A. Grantee

Industry: SUNY RF is an educational corporation that administers externally funded contracts and grants for and on behalf of the State University of New York. 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. SUNY RF 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.

History: SUNY RF was established in 1951.

Ownership: SUNY RF is a not-for-profit educational corporation.

Size: SUNY RF has over 17,000 employees statewide.

ESD Involvement: In 2013, Governor Cuomo awarded \$60 million to four innovative projects in round two of the competitive NYSUNY 2020 Challenge Grant Program. The economic development projects goals are to both create good jobs for New Yorkers and enhance higher education curriculum and training and research programs. Four winning projects were awarded \$15 million each, including the Retooling the Southern Tier initiative which has dedicated \$4.5 million to the construction of the SAMC. This

initiative involves collaboration with local manufacturing employers to build a facility and train students to become qualified in advanced manufacturing. Estimates are that 2,340 jobs will be introduced to the Southern Tier region by 2022. This funding is dedicated to construction costs only, leaving a gap in financing for the machinery and equipment to be installed and utilized at the SAMC. Alfred State completed a Round 3 Consolidated Funding Application process and was awarded \$500,000 by the WNY REDC to assist with these costs. Without ESD funding, the project would be delayed until other sources of funding could be found.

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	W753	\$940,000	August 2009	September 2011	Working Capital – Buffalo Center of Excellence in Bioinformatics and Life Sciences
	W874	\$1,179,666	July 2012	June 2011	
	W876	\$1,155,666	July 2012	July 2012	
	W884	\$815,666	July 2012	November 2012	
	W889	\$1,000,000	November 2012	December 2012	
	W890	\$980,000	November 2012	December 2013	
	W891	\$980,000	June 27, 2014	December 2014	
	X218	\$980,000	June 27, 2014	December 2015	
	X561	\$980,000	June 27, 2014	December 2016	
Buffalo Regional Innovation Cluster	Z200	\$30,000,000	June 27, 2014	June 2019	Capital Grant - Furniture, fixtures, machinery and equipment for the Buffalo-Niagara Institute for Advanced Manufacturing Competitiveness
	Z206	\$15,000,000	July 17, 2014	December 2018	Working Capital and Capital Grant – Establish the New York State Genomic Medicine and Big Data Center
	Z207	\$32,500,000	July 17, 2014	December 2018	

Program	Project #	Amount	Date Start (ESD Directors' Approval date)	Date End (Project Completion: Contract Expiration)	Purpose
Buffalo Regional Innovation Cluster	Z353	\$1,122,500	August 27, 2014	December 2021	Capital and Working Capital Grants – Establish a state-of-the-art training facility at Burgard High School
	Z387	\$2,077,500	August 27, 2014	December 2021	

B. Beneficiary

Industry: Alfred State is a public, coeducational, two- and four-year, nonsectarian college offering courses to earn Bachelors' and Associates' degrees in science, technology, business, and occupational studies as well as one-year certificate programs for coding and court reporting. It is one of the eight University Colleges of Technology within the SUNY system.

History: Alfred State was originally founded in 1908 and by 1948, with significant increase in enrollment after joining the SUNY system, was relocated to an adjacent location allowing for expanded facilities. Its programs are registered by the NYS Education Department and have been approved by the NYS Education Department for the training of veterans. As of today, Alfred State is a senior college, accredited by the Middle States Association of Colleges and Schools.

Size: Alfred State's primarily location is in Alfred, NY, which includes an 800-acre college farm and motorsport facility. Its School of Applied Technology is located in Wellsville, NY on 21 acres of property owned by the Educational Foundation of Alfred, Inc. (the "EFA"). It enrolls 800 students in 18 programs, stressing learning-by-doing and on-the-job laboratory experiences.

Past ESD Support: Since 2003, ESD has awarded \$75,000 to Alfred State to upgrade to its internet bandwidth. The project is complete, all milestones were met, and funds were fully disbursed. In 2014, \$3,200,000 was awarded to Alfred State to establish a state-of-the-art training facility at Burgard High School.

C. The Project

Completion: April 2016

Activity: The \$5 million project involves construction of a new, 16,000-square-

foot, state-of-the art SAMC. In February 2015, a 30-year contract was signed by the EFA and SUNY RF to lease the land located on the Wellsville Campus owned by the EFA. This agreement allowed a majority of SAMC construction funding to be granted by NYSUNY 2020. The SUNY Construction fund is in the process of awarding the contract to low bidder LeChase Construction with work to commence in June 2015. SAMC will be operational by May 2016 with move in of welding and machine tool students in August 2016. SAMC has been designed for using energy efficient building systems, efficient HVAC systems, and utilization of natural and efficient lighting systems. Students will be trained in sustainable practices including efficient use of energy in manufacturing processes and operation of the facility. Machinery and equipment, including energy efficient fume collection air cleaning systems, advanced welding materials, handling equipment and CNC machine tools, will be acquired and installed by May 2016 to be used by students enrolled in programs geared toward sustainable advanced manufacturing in the skilled trades and engineering technology.

Results:

As a result of the project, electrical construction and maintenance, welding technology, and machine tool technology students will be trained using state-of-the-art renewable energy aspects. Specialized equipment allows monitoring of all energy consumption by advanced lighting and HVAC, and students are encouraged to make improvements through waste reduction and LEAN Six Sigma processes. The SAMC will also be used for prototyping and assisting manufacturers in developing new products and systems. The SAMC is expected to enroll 300 students annually in the programs housed within.

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 \$306,072;
- Fiscal cost to NYS government is estimated at \$500,000;
- Ratio of project fiscal benefits to costs to NYS government is 0.61:1;

- Fiscal benefits to all governments (state and local) are estimated at \$535,140;
- Fiscal cost to all governments is \$500,000;
- The ratio of project fiscal benefit to cost ratio to all governments is 1.07:1;
- Economic benefits (total fiscal plus total net resident disposable income from project construction employment) are estimated at \$4,035,629;
- The economic benefit to cost ratio is 8:07:1;
- Project construction cost is \$5,000,000 which is expected to generate 45 direct job years and 28 indirect job years of employment;
- The payback period for NYS costs is 1 year.

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

Grantee Contact: Mr. Peter McClain
 Interim Director of Sponsored Programs and Institutional Research
 10 Upper College Drive
 Alfred, New York 14802
 Phone: (607) 587-3986

Beneficiary Contact: Dr. Craig R. Clark
 Vice President for Academic Affairs
 2530 River Road
 Wellsville, New York 14895
 (607) 587-3913

ESD Project No.: Y886

Project Team:	Origination	Diego Sirianni
	Project Management	Cheryl Krazmien
	Contractor & Supplier Diversity	Vikas Gera/Geraldine Ford
	Finance	John Bozek
	Environmental	Soo Kang

D. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Grantee 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 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 \$500,000 will be disbursed to Grantee upon documentation of project costs totaling \$5 million, upon completion of the project substantially as described in these materials, and upon documentation verifying project completion as ESD may require, 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. Expenditures must be incurred on or after March 11, 2014 to be considered eligible project costs. All disbursements must be requested by April 1, 2016.
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.

IV. Statutory Basis – Regional Council Capital Fund

The project was authorized in the 2013-2014 New York State budget and re-appropriated in the 2014-2015 and 2015-2016 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

The State University Construction Fund, 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 November 12, 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 40%. The overall goal shall include a Minority Business Enterprise Participation Goal of 10% and a Women Business Enterprise 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
Project Photographs
Project Finance Memorandum
Benefit-Cost Analysis

June 25, 2015

Regional Council Award – Priority Project – Wellsville (Western New York Region – Allegheny County) – SUNY Research Foundation SAMC 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

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 SUNY Research Foundation SAMC 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 Designate 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 Designate 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 Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to The Research Foundation of the State University of New York a grant for a total amount not to exceed Five Hundred Thousand Dollars (\$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 Designate 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 Designate 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 Designate 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 25, 2015

Regional Council Award – Priority Project – Wellsville (Western New York Region – Allegheny County) – SUNY Research Foundation SAMC Capital – Regional Council Capital Fund (Capital Grant) – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the SUNY Research Foundation SAMC 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.

* * *

**Project Summary
Benefit-Cost Evaluation¹**

**Infrastructure Project
SUNY RF Alfred State College**

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): 45
Construction Job Years (Indirect): 28

Evaluation Statistics	Project Result NYS Govt.	NYS Govt. Benchmarks for ESD Projects²	Project Results State & Local Governments	State & Local Government Benchmarks for ESD Projects
Fiscal Costs³	\$500,000	\$794,250	\$500,000	\$1,020,500
Fiscal Benefits⁴	\$306,072	\$2,085,600	\$535,140	\$4,271,980
Fiscal B/C Ratio	0.61	3.00	1.07	10.60
	Project Results	Benchmarks for ESD Projects		
Economic Benefits⁵	\$4,035,629	\$119,468,000		
Economic B/C Ratio	8.07	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.

SUNY Alfred SAMC Y886 – North Façade



SUNY Alfred SAMC Y886 – East Façade



FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – Priority Project – Buffalo (Western New York Region – Erie County) – Darwin Martin House 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

General Project Plan

I. Project Summary

Grantee: Martin House Restoration Corporation (the “MHR Corporation”)

ESD* Investment: A grant of up to \$268,000 to be used for a portion of the costs of basement restoration.

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

Project Location: 125 Jewett Parkway, Buffalo, Erie County

Proposed Project: Restoration of the basement of Frank Lloyd Wright’s Darwin Martin House (the “Darwin Martin House”) which will house the newly-established Junior League/Buffalo News Learning Center (the “Learning Center”)

Project Type: Capital restoration of a historic building

Regional Council: This is a Priority Project for the Western New York (“WNY”) Regional Economic Development Council (“REDC”). The project is consistent with the Regional Plan and promotes tourism, cultural and historical education, and youth activities.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Wood Restoration	\$1,135,275
Wall Finishes	25,000
Soft Costs	<u>61,153</u>

Total Project Costs \$1,221,428

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$268,000	22%
Erie County Capital Budget	500,000	41%
NY Office of Parks, Recreation and Historic Preservation-Grant	250,000	20%
Dormitory Authority of the State of NY-Grant	80,000	7%
Grantee Equity*	<u>123,428</u>	<u>10%</u>
Total Project Financing	<u>\$1,221,428</u>	<u>100%</u>

*Grantee Equity is in the form of private contributed funds.

III. Project Description

A. Grantee

Industry: Between 1903 and 1905, world renowned architect Frank Lloyd Wright designed a complex of five residential structures (the "Complex") for wealthy Buffalo entrepreneur Darwin D. Martin and his family. The Complex, which was completed in 1909, is a National Historic Landmark, and a prime example of Frank Lloyd Wright's Prairie House ideal, with strong horizontal lines and planes, deeply overhanging eaves, a central hearth, prominent foundation, and a sheltering, cantilevered roof. The Darwin Martin House, the former primary living quarters, contains 394 examples of Frank Lloyd Wright-designed art glass, including the famed "Tree of Life" window. Frank Lloyd Wright scholars consider the Complex as one of Wright's finest achievements. Today, it attracts more than 25,600 visitors annually.

Grantee History: The Complex remained vacant from 1937 through 1954 after the passing of Darwin Martin. Between 1954 and 1992, the Complex changed hands multiple times. In 1992, the MHR Corporation was established with the mission of raising funds to restore the vacant deteriorated Complex, which had suffered extensive damage due to a long period of

abandonment and alterations to its original plan by owners after 1954. The MHR Corporation owns the Complex which includes the restored Darwin Martin House as well as a reconstructed pergola walkway, conservatory, carriage house, and the Greatbatch Pavilion. The MHR Corporation also owns the Barton House, another historic site and parcel of land contiguous to the Darwin Martin House, where a visitor welcome and interpretive center, designed by Toshiko Mori Architect, opened in 2009. Since 1997, the MHR Corporation has conducted over \$40 million in phased reconstruction and restoration. The final renovation phase is expected to be complete in 2016.

- Ownership:** MHR Corporation is a not-for-profit organization.
- Size:** The MHR Corporation is governed by a Board of Directors, with a paid staff of ten including administrative and retail personnel, tour coordinators, horticulturists and gardeners, and restoration campaign members. Countless volunteers work year-round, to execute educational training and programming, and beautification of the Complex.
- Market:** After receiving National Historic Landmark status in 1986, the Darwin Martin House became a significant tourism asset to the WNY Region by leveraging world-class period architecture as a cultural destination, attracting both national and international tourists for Complex tours and education programs.
- ESD Involvement:** In 2012, the MHR Corporation applied for \$1 million in financial assistance through Round 2 of the Consolidated Funding Application process towards a \$5 million renovation of the Darwin Martin House. In July 2013, ESD awarded \$268,000 towards a \$1.2 million basement restoration allowing for the creation of the Learning Center. Without ESD's assistance, the Grantee did not have sufficient funds to complete the basement restoration project. The remainder of the original \$5 million project will be completed as an additional phase of renovation once sufficient funds are secured.
- Past ESD Support:** In 2006, ESD Directors approved \$7 million in assistance for exterior restoration of the Darwin Martin House and construction of a Visitor's Center. The project was complete in 2009 and the funds were fully disbursed.

B. The Project

- Completion:** May 2015
- Activity:** The project involved restoration, refinishing and/or replacement of

historical woodwork and wall finishes of the Darwin Martin's House basement level "Playroom" transforming it into the state-of-the art, handicapped accessible Learning Center.

Results: The project will promote cultural arts and architecture tourism and expand educational offerings such as Boy and Girl Scouts Merit Badge workshops, woodworking, architecture, engineering, art, history, and design classes.

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 \$83,567;
- Fiscal cost to NYS government is estimated at \$268,000;
- Ratio of project fiscal benefits to costs to NYS government is 0.31:1;
- Fiscal benefits to all governments (state and local) are estimated at \$143,238;
- Fiscal cost to all governments is \$268,000;
- The ratio of project fiscal benefit to cost ratio to all governments is 0.53:1;
- Economic benefits (total fiscal plus total net resident disposable income from project construction employment) are estimated at \$754,308;
- The economic benefit to cost ratio is 2.81:1;
- Project construction cost is \$1,221,428 which is expected to generate 11 direct job years and 8 indirect job years of employment;
- The payback period for NYS costs is one year.

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

Grantee Contact: Ms. Mary Roberts, Executive Director
143 Jewett Parkway
Buffalo, NY 14214
Phone: (716) 856-3858

ESD Project No.: Y125

Project Team:	Origination	Holloway Ortman
	Project Management	Jean Williams
	Contractor & Supplier Diversity	Vikas Gera
	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 \$268,000 capital grant (\$2,680) 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 \$268,000 will be disbursed to Grantee upon completion of the project substantially as described in these materials and documentation of project costs of \$1 million, 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. Expenditures must be incurred on or after July 17, 2013, to be considered eligible project costs. All disbursements must be requested by April 1, 2016.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$268,000, 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 project was authorized in the 2012-2013 New York State budget and reallocated in the 2013-2014, 2014-2015 and 2015-2016 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.

Due to the building's National Historic Landmark status, 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. No further consultation is required.

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%. The overall goal shall include a Minority Business Enterprise Participation Goal of 20% and a Women Business Enterprise Participation Goal of 10% 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
Project Photographs
Project Finance Memorandum
Benefit-Cost Analysis

June 25, 2015

Regional Council Award – Priority Project – Buffalo (Western New York Region – Erie County) – Darwin Martin House 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

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 Darwin Martin House 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, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Martin House Restoration Corporation a grant for a total amount not to exceed Two Hundred Sixty-eight Thousand Dollars (\$268,000) 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

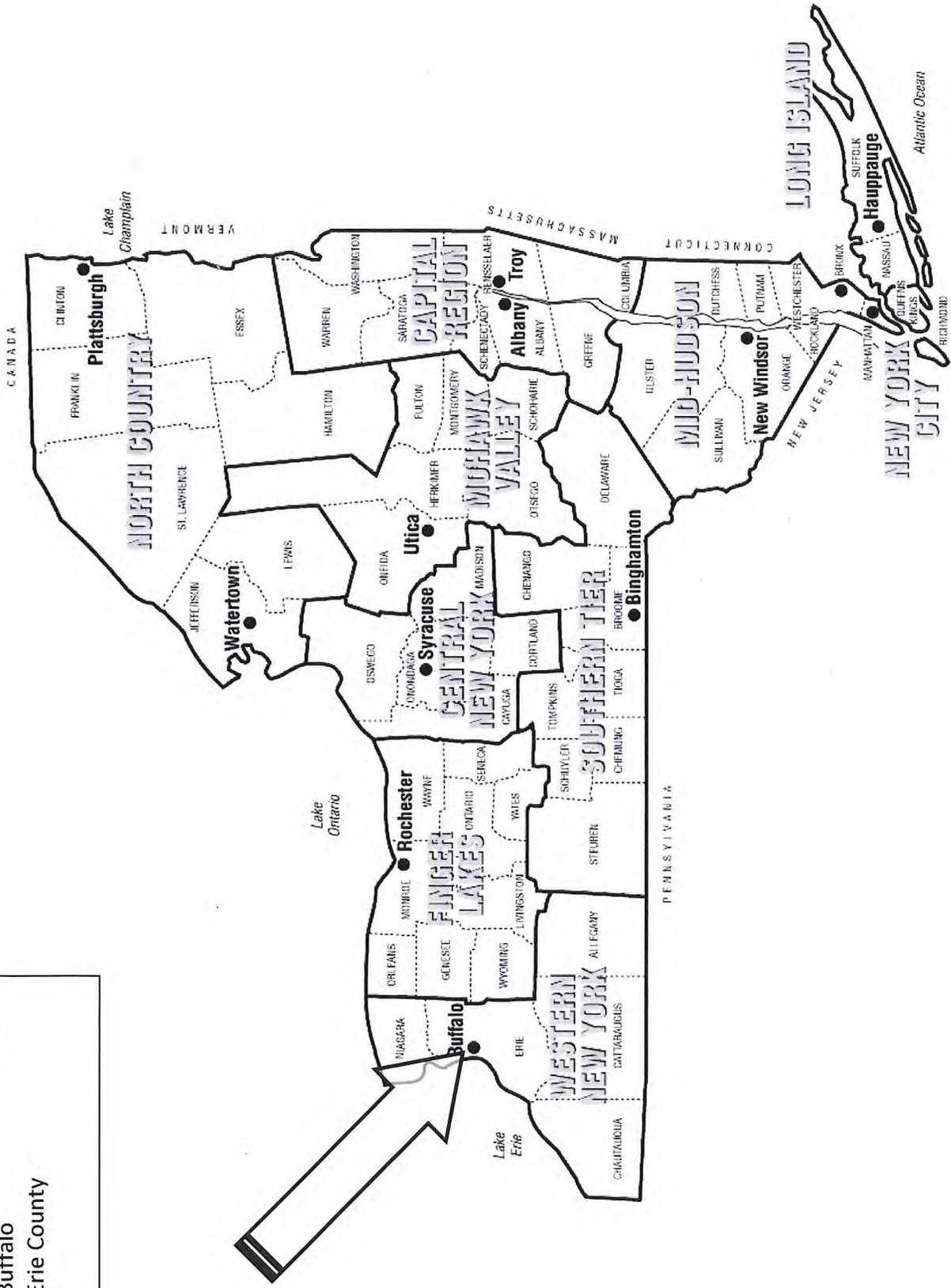
RESOLVED, that the President and Chief Executive Officer or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in the administration 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.

* * *

Darwin Martin House Capital
Buffalo
Erie County



**Project Summary
Benefit-Cost Evaluation¹**

**Economic Growth Project
Darwin Martin House**

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): 11
Construction Job Years (Indirect): 8

Evaluation Statistics	Project Result NYS Govt.	NYS Govt. Benchmarks for ESD Projects²	Project Results State & Local Governments	State & Local Government Benchmarks for ESD Projects
Fiscal Costs³	\$268,000	\$794,250	\$268,000	\$1,020,500
Fiscal Benefits⁴	\$83,567	\$2,085,600	\$143,238	\$4,271,980
Fiscal B/C Ratio	0.31	3.00	0.53	10.60
	Project Results	Benchmarks for ESD Projects		
Economic Benefits⁵	\$754,308	\$119,468,000		
Economic B/C Ratio	2.81	20.00		

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.

Darwin Martin House Capital, Y125



FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – Priority Project – Herkimer (Mohawk Valley Region – Herkimer County) – Living Learning Center 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

General Project Plan**I. Project Summary**

Grantee: Valley Health Services, Inc. ("VHS" or the "Organization")

ESD* Investment: A grant of up to \$1,775,000 to be used for a portion of the cost of 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 Location: 161 Valley Drive, Herkimer, Herkimer County

Proposed Project: Development of a new Living/Learning Community Health Science Center ("Center") in collaboration with Herkimer County Community College (the "College") located on vacant college property

Project Type: Business expansion involving job retention and creation

Regional Council: The project is consistent with the Mohawk Valley Regional Economic Development Council's Plan to improve population health through economic development. The Center project is a regional economic priority because it creates significant new jobs in the education

and growing health care sector, represents over \$12 million dollars in direct new investment in housing infrastructure, supports workforce development through the Certified Nursing Assistant and Home Health Aide courses.

Employment: Initial employment at time of ESD Incentive Proposal: 0
 Current employment level: 18
 Minimum employment on January 1, 2016: 27

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Real Estate Acquisition	\$7,240
Construction/Renovation	10,500,000
Infrastructure/Site Work	662,794
Machinery and Equipment Acquisition	360,168
Engineering & Design	521,836
Furniture	<u>447,962</u>
Total Project Costs	<u>\$12,500,000</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD-Grant	\$1,775,000	14.20%	
NYS Dept. of Health HEAL Phase 12	5,200,000	41.60%	
Bank Financing	2,203,600	17.62%	4.93%/9.5yrs/ 1st lien on RE
Scriven Foundation	1,500,000	12.00%	
Bassett Regional Corporation	300,000	2.40%	
The Community Foundation of Herkimer	200,000	1.60%	
Private donations/capital campaign	51,360	.40%	
J.M. McDonald Foundation	15,000	.13%	
NYSERDA	5,040	.05%	
Grantee Equity	<u>1,250,000</u>	<u>10.00%</u>	
Total Project Financing	<u>\$12,500,000</u>	<u>100%</u>	

III. Project Description

A. Grantee

Industry: Adult services, long-term care, and short-term rehabilitation

Grantee History: Valley Health Services was founded in 1984 and evolved from a 32-bed to a 160-bed long-term care and rehabilitation facility. The Organization holds a three star rating from the Centers for Medicare & Medicaid

Services and is the eighth largest employer in Herkimer County. VHS is an affiliate of the Bassett Health Care Network, an organization that has already made a significant investment to the healthcare infrastructure of the region. VHS provides skilled nursing, long-term care, short-term inpatient rehabilitation and sub-acute care, physical, occupational and speech therapies, wound care, intravenous therapy, outpatient therapies, cardiac rehabilitation, adult day health care at two locations and palliative care. VHS is in compliance with regulations set forth by the New York State Department of Health.

Ownership: VHS is a not-for-profit organization.

Size: All facilities located in Herkimer, NY

Market: Individuals seeking inpatient rehabilitation services

ESD Involvement: The New York State Department of Health released data in March 2010 stating that by 2016, Herkimer County will be in need of an additional 76 nursing home beds. This project also holds the interest of Herkimer County officials who hope to realize their goal of transitioning out of the adult home business (county currently losing approximately \$500K annually operating the home) by providing a placement opportunity for future as well as current residents. The importance of developing a qualified workforce to care for the area's older individuals is instrumental in addressing the healthcare needs and ensuring the desired quality of life for this rapidly growing population. The project will enable the facility to train local students for certificate programs to increase both the supply and quality of the local healthcare workforce. Without ESD support, VHS would not be able to create a space for elderly care and provide the education to meet the needs of the growing aging community.

Competition: N/A

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

B. The Project

Completion: April 2015

Activity: VHS constructed a new assisted living facility complete with an integrated center for health care worker training. The Center will provide a safe, comfortable place to live for those who need assistance and certified health care workers to serve the population over the age of 65.

Results: Create 27 new jobs. The Company has already created 18 of the 27 new jobs.

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 \$1,320,100;
- Fiscal cost to NYS government is estimated at \$1,775,000;
- Project cost to NYS government per direct job is \$102,263;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$80,923;
- Ratio of project fiscal benefits to costs to NYS government is 0.74:1;
- Fiscal benefits to all governments (state and local) are estimated at \$2,222,198;
- Fiscal cost to all governments is \$1,775,000;
- All government cost per direct job is \$102,263;
- All government cost per total job is \$80,923;
- The fiscal benefit to cost ratio for all governments is 1.25:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$10,870,459, or \$495,591 per job (direct and indirect);
- The economic benefit to cost ratio is 6.12:1;
- Project construction cost is \$11,684,630, which is expected to generate 135 direct job years and 60 indirect job years of employment;
- For every permanent direct job generated by this project, an additional 0.26 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.

Grantee Contact: Kathleen Eisenhut, Assistant Administrator
690 W. German Street
Herkimer, NY 13350
Phone: 315-866-3330

ESD Project No.: Y176

Project Team:	Origination	Joseph Falcone
	Project Management	Jillian Drummond
	Contractor & Supplier Diversity	Denise Ross
	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 \$1,775,000 capital grant (\$17,750) 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. 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 \$1,775,000 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$887,500) upon documentation of real estate acquisition and machinery and equipment project costs totaling \$12,500,000, including a Certificate of Occupancy or other

documentation verifying project completion as ESD may require, and documentation of the employment of at least 12 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 (\$443,750) will be disbursed upon documentation of the employment of at least 20 Full-time Permanent Employees at the Project Location (Employment Increment of 8), provided Grantee is otherwise in compliance with program requirements;
- c) a Third Disbursement of an amount equal to 25% of the grant (\$443,750) will be disbursed upon documentation of the employment of at least 27 Full-time Permanent Employees at the Project Location (Employment Increment of 7), 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 June 3, 2013 to be considered eligible project costs. All disbursements must be requested by April 1, 2016.

- 6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$1,775,000, 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	12
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A	B
Reporting Date	Employment Goals
February 1, 2016	12+X+Y
February 1, 2017	12+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=8, and Employment Goals shall equal $[12 + X = 20]$ 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=7, and Employment Goals shall equal $[12 + X + Y = 27]$ 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 – Regional Council Capital Fund

The project was authorized in the 2012-2013 New York State budget and reappropriated in the 2013-2014, 2014-2015 and 2015-2016 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 Herkimer 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 August 28, 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 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
Project Photographs
Project Finance Memorandum
Benefit-Cost Analysis

June 25, 2015

Regional Council Award – Priority Project –Herkimer (Mohawk Valley Region – Herkimer County) – Living Learning Center 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

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 Living Learning Center 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 Valley Health Services a grant for a total amount not to exceed One Million Seven Hundred and Seventy Five Thousand Dollars (\$1,775,000) 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.

* * *

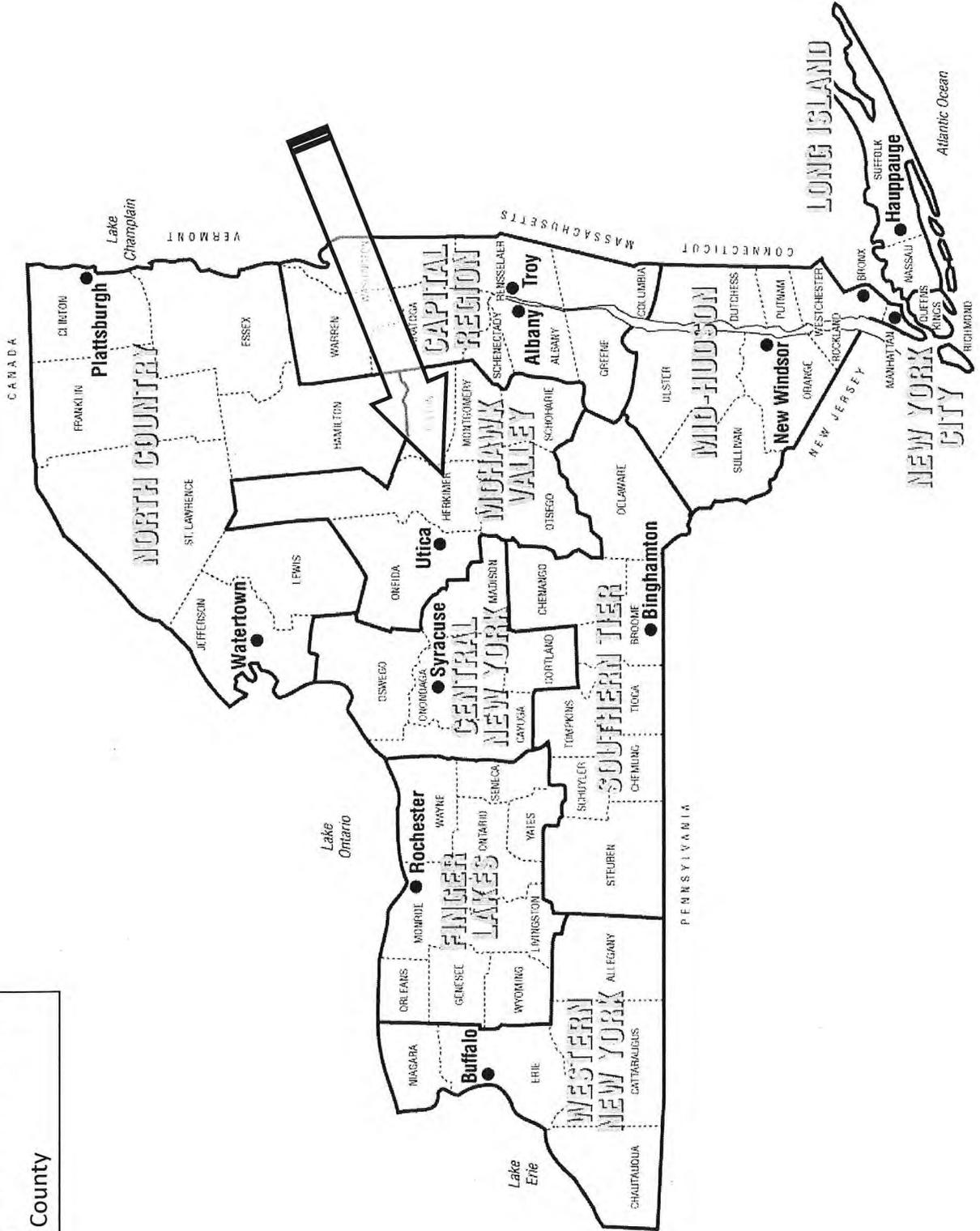
June 25, 2015

Regional Council Award – Priority Project - Herkimer (Mohawk Valley Region – Herkimer County) – Living Learning Center Capital – Regional Council Capital Fund (Capital Grant) – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Living Learning Center Capital Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

Living Learning Center Capital
Herkimer
Herkimer County







FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – Priority Project – Stony Brook (Long Island Region – Suffolk County) – Stony Brook University 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

General Project Plan

I. Project Summary

Grantee: Stony Brook University (“Stony Brook” or the “University”)

ESD* Investment: A grant of up to \$1,000,000 to be used for a portion of the cost of facility renovation and the purchase of machinery and equipment for Stony Brook’s College of Engineering and Applied Sciences

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

Project Location: 100 Nichols Road, Stony Brook, Suffolk County

Proposed Project: Facility expansion and purchase of machinery and equipment

Project Type: Facility and program expansion involving job 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.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Machinery & equipment	\$1,339,198
Property acquisition & rehab	669,840
Labor (salaries of new faculty)	<u>2,100,000</u>

Total Project Costs \$4,109,038

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$1,000,000	24%
SUNY Capital Funds	1,009,038	25%
Grantee Equity	<u>2,100,000</u>	<u>51%</u>
Total Project Financing	<u>\$4,109,038</u>	<u>100%</u>

III. Project Description

A. Company

Industry: Higher education

Company History: 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 State University of New York ("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: Stony Brook University is a public institution of higher education

Size: 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: Long Island is in the midst of a significant shortage of trained professionals in the area of bioengineering. To address this, Stony Brook committed to expanding and improving its bioengineering laboratory facilities. Given the importance of this project and the costs involved, Stony Brook submitted a proposal under Round 1 of the Consolidated Funding Application (“CFA”) to assist with the purchase and installation of equipment in the new bioengineering laboratory. 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. The laboratory is expected to be the cornerstone for an innovative program in biomedical engineering.

Competition: N/A

Past ESD Support: Since 2000, ESD has provided a total of 12 grants to Stony Brook University totaling \$60,610,498. In the past 5 years, funding to Stony Brook is summarized as follows:

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

B. The Project

Completion: December 2015

Activity: The project included the renovation and expansion of laboratory classrooms for the chemical and molecular engineering program. The University purchased and installed state-of-the-art laboratory equipment and hired new faculty to support the expansion of chemical and molecular engineering programs.

Results: As a result of the project the new laboratory facilities are expected to provide a higher degree of laboratory sophistication at the undergraduate level, educate more students, and create opportunities for undergraduate students to engage in research experiences and be hired by local technology and pharmaceutical companies. Since the Fall 2011 semester, Stony Brook's College of Engineering and Applied Sciences increased student enrollment by 35% adding 376 additional students and increasing their total enrollment to 1,438. By March 2012, the University hired 20 new faculty in the classical engineering departments, far exceeding their original goal to hire 5 new faculty in the same time frame. Support for the faculty expansion came, in part, by the NYSUNY 2020 program to increase resources for faculty hiring across the SUNY educational system.

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: Dr Yacov Shamash, Dean of Engineering and VP of Economic Development
100 Nichols Road
Stony Brook, NY 11794
Phone: (631) 632-8380

ESD Project No.: X651

Project Team:	Origination	Barry Greenspan
	Project Management	Charise Liggins
	Contractor & Supplier Diversity	Vikas Gera
	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 \$1,000,000 (\$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. 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 the completion of \$300,000 in facility renovations at College of Engineering and Applied Sciences ("CEAS") buildings, acquisition and installation of \$700,000 in new engineering instruction equipment at CEAS, and the addition of three new engineering professors hired after March 2012, 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 College of Engineering and Applied Sciences payroll expenses of at least \$670,000 for five new faculty hired after March 2012 and upon documentation of a 5% increase in CEAS enrollment rates since December 16, 2011, the date of the Award letter, 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 cumulative new faculty payroll expenses of at least \$670,000 (\$1,340,000 cumulatively) for the last two years and upon evidence of a 15% increase in CEAS enrollment rates since December 16, 2011, the date of the Award Letter.

The goal of the ENGINE program is to increase the available pool of engineers to work for Long Island firms. Therefore, the University must provide documentation that at least 50% of the increased number of CEAS students under the ENGINE program accepted full-time jobs in New York State upon graduation.

Demonstrated expenses for Regional Council Capital Fund reimbursement will be required for the Initial Disbursement; expenses for the Second and Third Disbursement will be supported by overall project costs. Working capital expenses are not an allowable cost for reimbursement for Regional Council Capital Funds.

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 June 12, 2012, to be considered eligible project costs. All disbursements must be requested by April 1, 2016.

5. 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.

IV. Statutory Basis – Regional Council Capital Fund

The project was authorized in the 2011-2012 New York State budget and reappropriated in the 2012-2013, 2013-2014, 2014-2015, and 2015-2016 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 25%. The overall goal shall include a Minority Business Enterprise Participation Goal of 18% and a Women Business Enterprise Participation Goal of 7% 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
- Project Photographs
- Project Finance Memorandum

June 25, 2015

Regional Council Award – Priority Project – Stony Brook University (Long Island Region – Suffolk County) – Stony Brook University 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

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 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 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

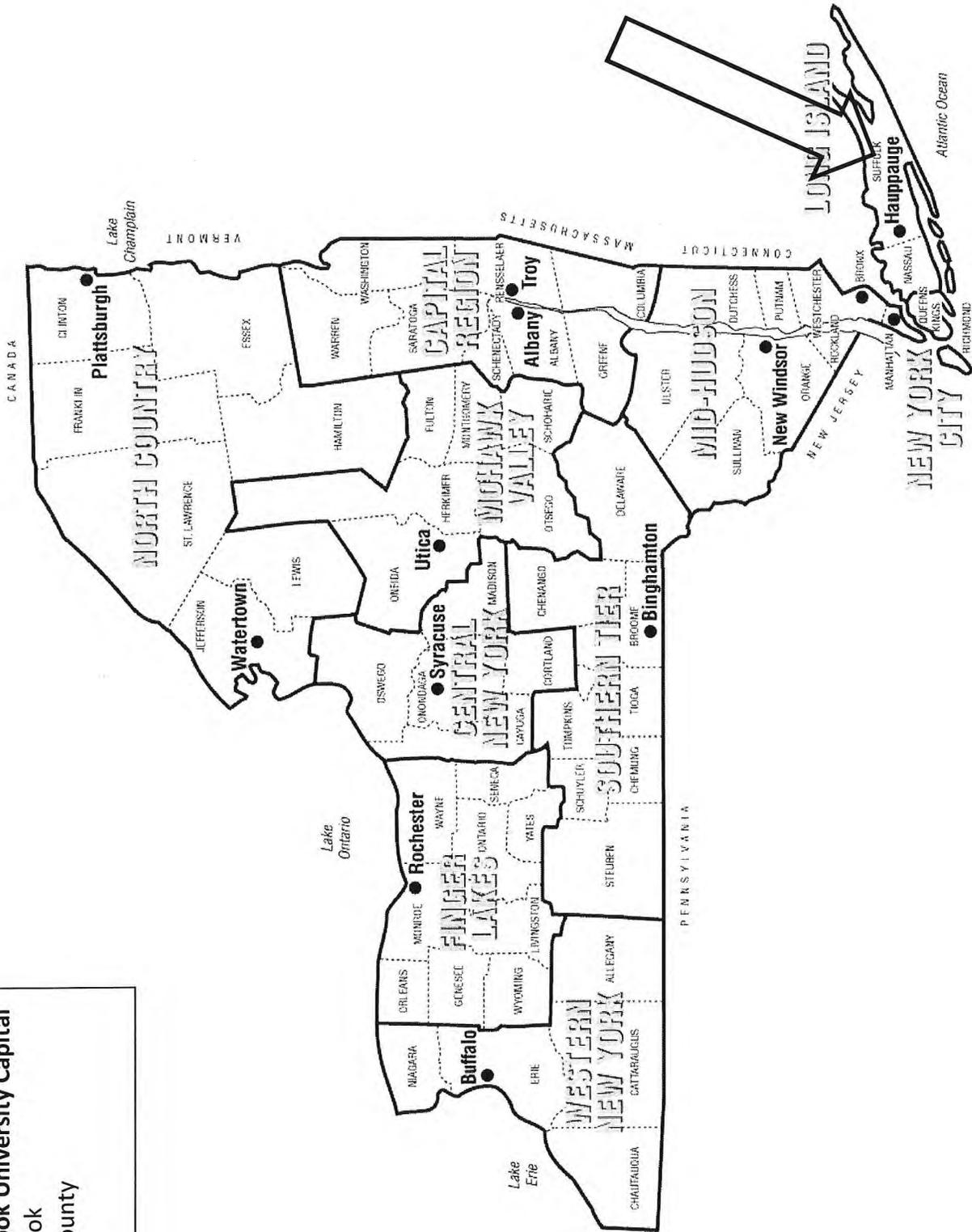
RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in 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 Capital
Stony Brook
Suffolk County











FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – Aquebogue (Long Island Region – Suffolk County) – H. F. Corwin and Sons 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

General Project Plan

I. Project Summary

Grantee: H. F. Corwin and Sons, Inc. (“H. F. Corwin” or the “Company”)

ESD* Investment: A grant of up to \$250,000 to be used for a portion of the cost of construction and electrical for a state-of-the-art duck hatchery

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

Project Location: 10 Edgar Avenue, Aquebogue, Suffolk County

Proposed Project: Construction and electrical work for a new, state-of-the-art duck hatchery

Project Type: Business expansion involving job retention and creation

Regional Council: The project is consistent with the Long Island Regional Economic Development Council Strategic Plan for long-term economic growth, sustainability in preserving the integrity and bio-security of food supply and supporting the growth of agribusiness.

Employment:	Initial employment at time of ESD Incentive Proposal:	80
	Current employment	80
	Minimum employment on January 1, 2016:	82

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>	
Machinery & Equipment	\$1,218,573	
Construction/Installation	984,068	
Infrastructure	358,987	
Direct Engineering	<u>100,000</u>	
Total Project Costs	<u>\$2,661,628</u>	
<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$250,000	9%
Company Equity	<u>2,411,628</u>	<u>91%</u>
Total Project Financing	<u>\$2,661,628</u>	<u>100%</u>

III. Project Description

A. Company

Industry: Agricultural

Company History: H. F. Corwin and Sons, Inc. is a family-owned business that was established in 1908. The present farm is located on 140 acres in Aqueboque in Suffolk County. H. F. Corwin breeds, hatches, and grows ducks and is responsible for approximately 4% of the United States duck production. This entails ready-to-cook ducklings and duckling products. H. F. Corwin and Crescent Duck Farm are the last remaining duck farms on Long Island and are struggling to maintain operations due to development pressures for residential housing.

Ownership: H. F. Corwin is a private, family-owned company.

Size: The Company has 80 employees.

Market: The primary markets are upscale food service distributors like D'Artagnan and LaFrieda Meat Purveyors, who in turn resell products to restaurants and Chinese trades. H.F. Corwin's primary competitor is Maple Leaf Farms in Indiana who produces over 60% of the nation's duck food supply.

ESD Involvement: Preserving the integrity and the bio-security of food supply is of utmost importance to H. F. Corwin. At any point, there are over 150,000 ducks on the farm and upgrades to the hatchery are needed to prevent diseases from spreading to all of the ducks. The state-of-the-art single batch process will contribute to the sterility of the hatchery and prevent widespread contamination of the duck farm. Significant investment is needed to be done in order to make upgrades. Through Round 2 of the Consolidated Funding Application, ESD awarded H. F. Corwin funding to assist with upgrades to the duck hatchery.

Competition: N/A

Past ESD Support: In 2006, H. F. Corwin was awarded \$424,800 through the Environmental Investment Program to support the development of a new waste treatment plant.

B. The Project

Completion: April 2016

Activity: H. F. Corwin is planning on constructing a new 11,000-square-foot duck hatchery. The new hatchery will provide for a single-batch hatching process versus the present continuous-batch duck hatching process. The hatchery will be built on existing land on the 140 acre farm in Aquebogue, Long Island. To properly supply the hatchery and the rest of the farm with power, the entire electric farm distribution system will be modernized and sized accordingly. This requires a new utility electric service, transformer, a new 2,500 amp service and transfer switches, poles, underground and overhead electric lines throughout the 140 acre farm. Further, a new 2-story refrigeration plant will be constructed to provide enough refrigeration capacity (i.e. ice and chilled water) to store fresh ducklings before shipment.

Results: Retain 80 existing jobs and create 2 new jobs. The project will also increase duck production on the farm by 20,000 ducks per year (net impact of \$200,000 in increased sales).

Grantee Contact: Doug Corwin, President
10 Edgar Avenue
Aquebogue, NY 11931
Phone: (631) 722-8000

ESD Project No.: Y219

Project Team:	Origination	Brian Scripture
	Project Management	Charise Liggins
	Contractor & Supplier Diversity	Vikas Gera
	Design & Construction	Joseph Burkard
	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 \$250,000 capital grant (\$2,500) 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 \$250,000 will be disbursed to the Grantee in two installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$125,000) will be disbursed upon documentation of completion of upgrades to electrical distribution system in compliance with Design and Construction requirements, including certification by an authorized entity, project costs totaling \$1,000,000, and documentation of the employment of at least 80 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 50% of an amount equal to the grant (\$125,000) upon completion of the hatchery in compliance with Design and Construction requirements, including Town of Riverhead Department of Buildings Letter of

Acceptance, employment of at least 82 Full-time Permanent Employees at the Project Location (Employment Increment of 2), and project expenditures of an additional \$1,000,000 (\$2,000,000 cumulative) 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 28, 2013, to be considered eligible project costs. All disbursements must be requested by April 1, 2016.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$250,000, 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	80
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A	B
Reporting Date	Employment Goals
February 1, 2016	80+X
February 1, 2017	80+X
February 1, 2018	80+X

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=2, and Employment Goals shall equal $[80 + X = 82]$ 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.

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 80 and create 2 new jobs.

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

ESD assistance is needed to fill a financing gap to lower the costs of upgrading one of the few remaining duck hatchery on Long Island.

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.

Evaluated over a seven-year period, the following are anticipated project impact (dollar values are present value):

- Fiscal benefits to NYS government from the project are estimated at \$1,376,885;
- Fiscal cost to NYS government is estimated at \$250,000;
- Project cost to NYS government per direct job is \$6,256;

- Project cost to NYS government per job (direct plus indirect) is estimated at \$5,847;
- Ratio of project fiscal benefits to costs to NYS government is 5.51:1;
- Fiscal benefits to all governments (state and local) are estimated at \$2,436,836;
- Fiscal cost to all governments is \$250,000;
- All government cost per direct job is \$6,256;
- All government cost per total job is \$5,847;
- The fiscal benefit to cost ratio for all governments is 9.75:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$10,613,851, or \$248,245 per job (direct and indirect);
- The economic benefit to cost ratio is 42.46 :1;
- Project construction cost is \$1,084,068 which is expected to generate eight direct job year and five indirect job year of employment;
- For every permanent direct job generated by this project, an additional 0.08 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. Design and Construction

D&C staff will review the project budget, project schedule, plans & specifications and visit the duck hatchery in Aquebogue (Town of Riverhead) to view completed electrical and general construction for the scoped project. There will be two payments which will be reviewed and recommended for payment only when D&C requirements have been satisfied.

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

VI. 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 for the New York State Department of Environmental Conservation. The project meets the criteria for a Type II action under Part 617.5(c)(3), which states: "agricultural farm management practices, including construction, maintenance and repair of farm buildings and structures, and land use changes consistent with generally accepted principles of farming" are not subject to review under Part 617. Therefore, no further environmental review is required in connection with the project.

VII. 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 24%. The overall goal shall include a Minority Business Enterprise Participation Goal of 10% and a Women Business Enterprise Participation Goal of 14% related to the total value of ESD's funding.

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

June 25, 2015

Regional Council Award – Aquebogue (Long Island Region – Suffolk County) – H. F. Corwin and Sons 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

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 H. F. Corwin and Sons Capital – Empire State Development 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 H. F. Corwin and Sons Inc. a grant for a total amount not to exceed Two Hundred and Fifty Thousand Dollars (\$250,000) 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

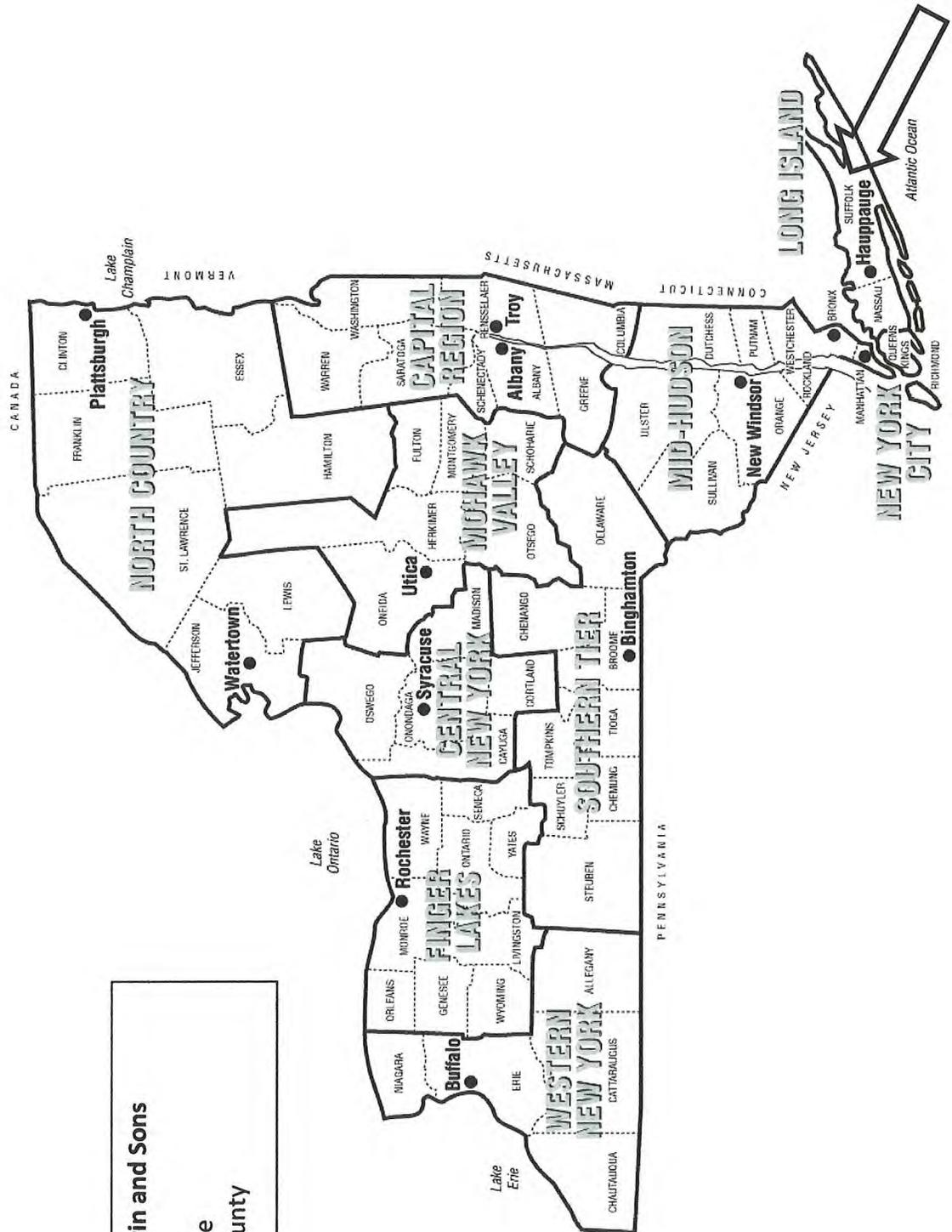
RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in 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.

* * *

H. F. Corwin and Sons
Capital
 Aquebogue
 Suffolk County



FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – Syracuse (Central New York Region – Onondaga County) – The Gear Factory 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

General Project Plan

I. Project Summary

Grantee: Vibrant Syracuse Spaces, LLC d/b/a The Gear Factory (the “Company”)

ESD* Investment: A grant of up to \$680,000 to be used for a portion of the cost of building renovation and infrastructure upgrades, including a new green roof.

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

Project Location: 200 South Geddes Street, Syracuse, Onondaga County

Proposed Project: Building renovations including new windows, a new second exit, conversion of the elevator from cargo to passenger, new HVAC, mechanical and electric systems to attract new artisan manufacturers with studio, work units and event space

Project Type: Real estate development for art and cultural businesses

Regional Council: The project is consistent with the Central New York Regional Economic Development Council’s Plan to strengthen targeted industry concentrations that leverage unique economic assets and revitalize the region’s urban cores, main streets and neighborhoods.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction/Renovation	\$1,360,294
Architectural, Engineering and Permits Fees	<u>46,500</u>
Total Project Costs	<u>\$1,406,794</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$680,000	48%
Green Improvement Grant	200,000	14%
National Grid Grant	80,000	6%
Company Equity	<u>446,794</u>	<u>32%</u>
Total Project Financing	<u>\$1,406,794</u>	<u>100%</u>

III. Project Description

A. Company

Industry:	Real estate holding company/Arts Center
Company History:	Established in 2005, Vibrant Syracuse Spaces, LLC is a domestic limited liability company created to act as the legal real estate holding entity for the property located at 200 S. Geddes Street, Syracuse (the "Gear Factory").
Ownership:	The Company is privately owned.
Size:	The facility is located in Syracuse, NY.
Market:	The Company is committed to provide space and opportunities for regional artisans, musicians, and creative entrepreneurs.
ESD Involvement:	In 2005, the Company bought the Gear Factory, a dilapidated building located on the corner of West Fayette and South Geddes Streets, one of the city's roughest neighborhoods. The Company planned to convert the facility into studio, manufacturing and work spaces for entrepreneurs in Central New York. In March 2013, the Company approached ESD for financial assistance to renovate the Gear Factory building. As a result of the Governor's Regional Economic Development Council Initiative, in April 2013, ESD awarded the Company a \$680,000 capital grant through Round 2 of the Consolidated Funding Application process to help with financing of the project.

Competition: N/A

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

B. The Project

Completion: December 2015

Activity: The Company started the renovation and improvements to the 65,000-square-foot former manufacturing building, including all new windows, installation of a second means of egress, conversion of the cargo elevator to passenger, new HVAC, sprinkler system, and new mechanical and electric systems. In addition, the project includes a new green roof and improvements to the front entrance to comply with the American Disability Act requirements.

Results: As a result of the project, the Gear Factory building will be the place for people and businesses in the music industry and artisan manufactures including blacksmiths, luthiers, furniture makers, film producers, photographers, and other creative entrepreneurs.

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 \$82,464;
- Fiscal cost to NYS government is estimated at \$680,000;
- Ratio of project fiscal benefits to costs to NYS government is 0.12:1;
- Fiscal benefits to all governments (state and local) are estimated at \$140,568;
- Fiscal cost to all governments is \$680,000;
- The ratio of project fiscal benefit to cost ratio to all governments is 0.21:1;
- Economic benefits (total fiscal plus total net resident disposable income from project construction employment) are estimated at \$736,465;

- The economic benefit to cost ratio is 1.08:1;
- Project construction cost is \$1,206,794 which is expected to generate 11 direct job years and 7 indirect job years of employment;
- The payback period for NYS costs is one year.

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

Grantee Contact: Rick Destito, Owner and President
 200 South Geddes Street
 Syracuse, NY 13204
 Phone: (315) 374-6487

ESD Project No.: Y350

Project Team:	Origination	Ray Lawrence
	Project Management	Javier Roman-Morales
	Contractor & Supplier Diversity	Vikas Gera
	Finance	Jonevan Hornsby
	Design & Construction	Marty Piecuch
	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 \$680,000 capital grant (\$6,800) 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 \$680,000 will be disbursed to Grantee as reimbursement for eligible expenses during the course of design and/or renovations no more frequently than quarterly, in compliance with the requirements of ESD's Design and Construction 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 renovations, as evidence 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 [reimbursed by ESD's grant] must be incurred on or after December 19, 2012, to be considered eligible project costs. The cost of roofing, which was incurred on September 19, 2012 and completed prior to December 19, 2012 shall be included in the overall project budget. 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 \$680,000, 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 – Regional Council Capital Fund

The project was authorized in the 2012-2013 New York State budget and reappropriated in the 2013-2014, 2014-2015 and 2015-2016 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 project involves financial assistance with construction costs related to the repurposing of a 65,000-square-foot building in the City of Syracuse. This building, also known as the Gear Factory will be utilized as an art manufacturing studio. Once construction is underway, D&C will, at its option, attend construction meetings and monitor construction progress. D&C will review and approve all change orders and contractor requisitions, and verify that all requirements have been satisfied prior to the approval and release of ESD funds. D&C will review the completed construction documents, project bidding and, at its discretion, visit the

site before funds are distributed. The project will be reviewed in conjunction with D&C's requirements and forms.

VI. 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.

VII. 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%. The overall goal shall include a Minority Business Enterprise Participation Goal of 15% and a Women Business Enterprise Participation Goal of 15% 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
Project Finance Memorandum
Benefit-Cost Analysis

June 25, 2015

Regional Council Award – Syracuse (Central New York Region – Onondaga County) – The Gear Factory 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

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 Gear Factory 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 Vibrant Syracuse Spaces, LLC d/b/a The Gear Factory a grant for a total amount not to exceed Six Hundred and Eighty Thousand Dollars (\$680,000) 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

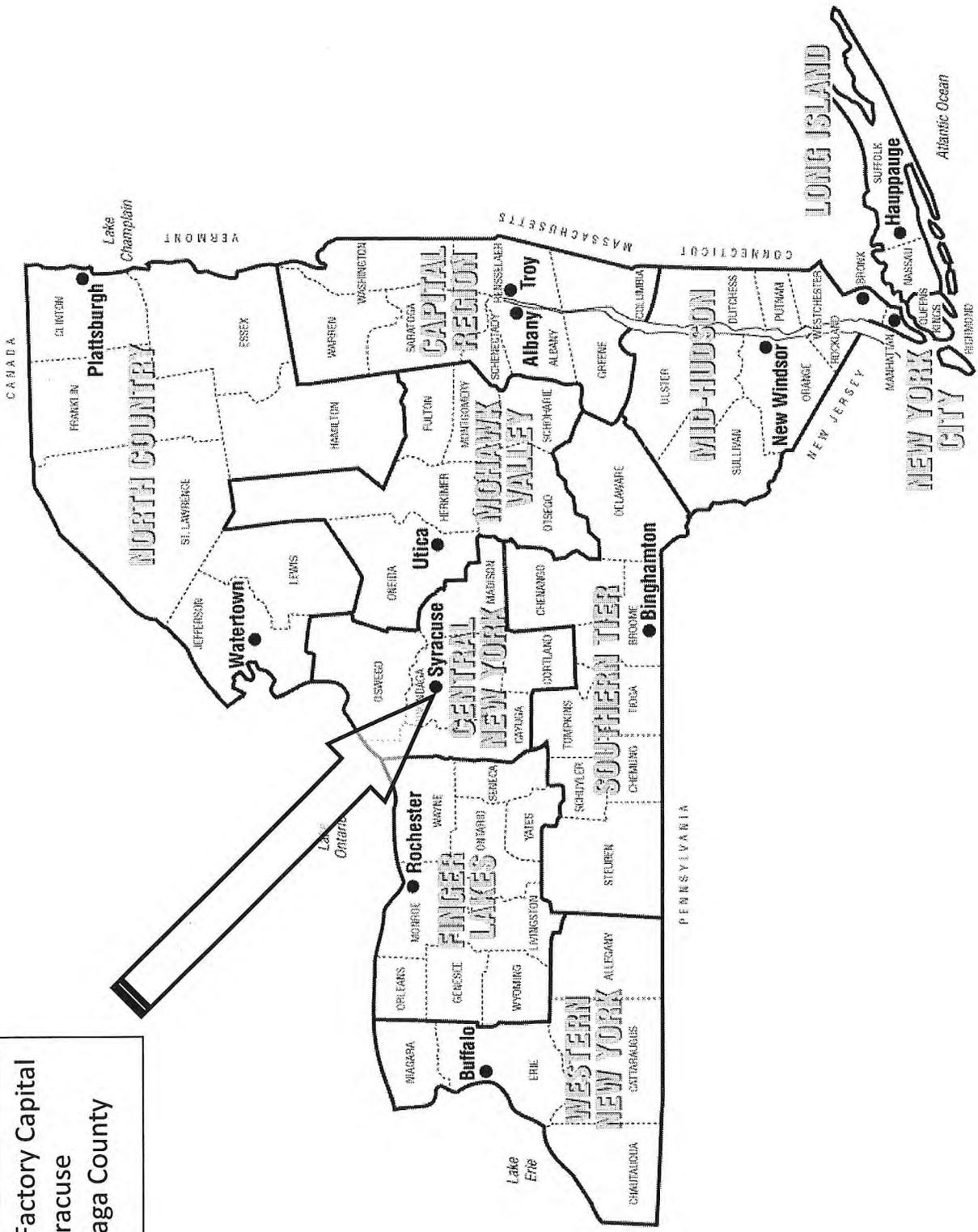
RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in 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.

* * *

The Gear Factory Capital
Syracuse
Onondaga County



**Project Summary
Benefit-Cost Evaluation¹**

**Economic Growth Project
The Gear Factory**

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): 11
Construction Job Years (Indirect): 7

Evaluation Statistics	Project Result NYS Govt.	NYS Govt. Benchmarks for ESD Projects²	Project Results State & Local Governments	State & Local Government Benchmarks for ESD Projects
Fiscal Costs³	\$680,000	\$794,250	\$680,000	\$1,020,500
Fiscal Benefits⁴	\$82,464	\$2,085,600	\$140,568	\$4,271,980
Fiscal B/C Ratio	0.12	3.00	0.21	10.60
	Project Results	Benchmarks for ESD Projects		
Economic Benefits⁵	\$736,465	\$119,468,000		
Economic B/C Ratio	1.08	20.00		

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 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Oswego (Central New York Region – Cayuga County) – Novelis 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: Novelis Corporation (“Novelis” or the “Company”)

ESD* Investment: A grant of up to \$5,000,000 to be used for a portion of the cost of 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 Location: 448 County Route 1A, Oswego, Oswego County

Proposed Project: The Company will construct and equip a 125,000-square-foot manufacturing building, and an 81,840 square ft. pre-engineered aluminum scrap facility at its Oswego plant.

Project Type: Business expansion involving job retention and creation

Regional Council: The project is consistent with the Central New York Regional Economic Development Plan to promote advanced manufacturing which serves expanding local and global markets.

Employment: Initial employment at time of ESD Incentive Proposal: 843

Current employment level:	969
Minimum employment on January 1, 2016:	933

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>	
Building Construction/Renovation	\$69,000,000	
Production Machinery & Equipment	115,000,000	
Furniture, Fixtures, and Equipment	700,000	
Design and Planning	<u>16,000,000</u>	
 Total Project Costs	 <u>\$200,700,000</u>	
 <u>Financing Sources</u>	 <u>Amount</u>	 <u>Percent</u>
ESD-Grant	\$5,000,000	3%
Company Equity	<u>195,700,000</u>	<u>97%</u>
 Total Project Financing	 <u>\$200,700,000</u>	 <u>100%</u>

III. Project Description

A. Company

Industry: Aluminum rolling manufacturing and recycling

Company History: Created in 2005 as a spin-off from aluminum producer Alcan Inc., Novelis Corporation is a wholly-owned indirect subsidiary of Novelis Inc., a global aluminum company. Headquartered in Atlanta, Georgia, Novelis produces 17 percent of the world's flat-rolled aluminum products and is the global leader in recycling used beverage cans. For more than 40 years, Novelis and its predecessors have been leading the global innovation of aluminum for the auto industry, pioneering new alloys, treatments and finishes that enable automakers to create lighter weight, fuel efficient cars and trucks. The Company is the leading producer of rolled aluminum products in Europe and South America, number two in both North America and Asia and the global leader in aluminum beverage can recycling.

Ownership: The Company is privately held.

Size: Novelis Inc. has 25 operating facilities around the world in 11 countries and employs nearly 11,000 people. Its operation is divided into 4 regions: North America, Europe, Asia, and South America. The Company operates 1.6 million square foot recycling facility in Oswego, New York. The Oswego plant operates modern equipment used for recycling beverage

cans and other scrap metals, ingot casting, hot rolling, cold rolling and finishing.

Market: The majority of the Company's efforts are directed towards manufacturing of aluminum products for beverage can sheets and automobile sheets. The Company serves customers in key sectors, including beverage and food packaging, transportation, construction and electronics.

ESD Involvement: In 2011, Novelis notified ESD of the Company's decision to invest \$180 million within the Northeast region to expand its production capacity of sheet aluminum for the automotive market. The Company believed its Oswego County plant was the preferred location for this investment. The expansion project would facilitate the production of an additional 440 million pounds of aluminum sheet a year for the automotive industry. However, in order to complete the \$234 million project, a financing gap needed to be filled. To encourage the Company to proceed with the expansion project in New York State and to reduce the costs, ESD provided an incentive proposal to the Company for a \$5 million capital grant. In October 2013, Novelis accepted ESD's offer to help further expansion of its manufacturing operations in Oswego County.

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
Empire State Economic Development Fund	X405	\$5,000,000	June 21, 2012	January 16, 2015	Capital – Business expansion

B. The Project

Completion: April 2015

Activity: The Company is currently undertaking a \$200 million expansion of its 180,000 square-foot existing plant location in Oswego, New York, of which at least \$60 million has already been completed. The project includes the acquisition, construction and installation of two new high-

performance aluminum finishing lines for automotive applications.

Results: Retain 843 existing jobs and create 90 new jobs. The Company has already created the 90 new jobs.

Grantee Contact: Andrew Quinn, HR Leader
448 County Rte 1A
Oswego, NY 13126
Phone: 315-349-0212

ESD Project No.: Y635

Project Team:	Origination	Ray Lawrence
	Project Management	Jillian Drummond
	Contractor & Supplier Diversity	Vikas Gera
	Finance	John Bozek
	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 \$5,000,000 capital grant (\$50,000) 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 \$5,000,000 will be disbursed to the Grantee in three installments as follows:
- a) an Initial Disbursement of an amount equal to 50% of the grant (\$2,500,000) upon documentation of machinery and equipment project costs totaling \$60 million, and documentation of the employment of at least 843 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 (\$1,250,000) will be disbursed upon documentation of the employment of at least 888 Full-time Permanent Employees at the Project Location (Employment Increment of 35), provided Grantee is otherwise in compliance with program requirements;
 - c) a Third Disbursement of an amount equal to 25% of the grant (\$1,250,000) will be disbursed upon documentation of the employment of at least 933 Full-time Permanent Employees at the Project Location (Employment Increment of 45), provided Grantee is otherwise in compliance with program requirements.

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	843
---------------------	-----

A	B
Reporting Date	Employment Goals
February 1, 2016	843+X+Y
February 1, 2017	843+X+Y
February 1, 2018	843+X+Y
February 1, 2019	843+X+Y
February 1, 2020	843+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=35, and Employment Goals shall equal $[843 + X = 888]$ 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=45, and Employment Goals shall equal $[843 + X + Y = 933]$ 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.

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 October 21, 2013 to be considered eligible project costs. All disbursements must be requested by April 1, 2017.

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 843 and create 90 new jobs.

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

ESD assistance was needed to fill a financing gap 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.

Business Investment

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 \$10,398,548;
- Fiscal cost to NYS government is estimated at \$5,000,000;
- Project cost to NYS government per direct job is \$81,019;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$31,104;
- Ratio of project fiscal benefits to costs to NYS government is 2.08:1;
- Fiscal benefits to all governments (state and local) are estimated at \$17,666,796;
- Fiscal cost to all governments is \$5,000,000;
- All government cost per direct job is \$81,019;
- All government cost per total job is \$31,104;
- The fiscal benefit to cost ratio for all governments is 3.53:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$93,730,790, or \$583,084 per job (direct and indirect);
- The economic benefit to cost ratio is 18.75:1;

- Project construction cost is \$85,000,000 which is expected to generate 770 direct job year and 499 indirect job year of employment;
- For every permanent direct job generated by this project, an additional 1.61 indirect jobs are anticipated in the state's economy;

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 New York State Department of Environmental Conservation ("NYSDEC"), 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 NYSDEC. 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 August 21, 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 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
- Project Finance Memorandum
- Benefit-Cost Analysis

June 25, 2015

Oswego (Central New York Region – Cayuga County) – Novelis 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

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 Novelis 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 Novelis Corporation a grant for a total amount not to exceed Five Million Dollars (\$5,000,000) from the 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 25, 2015

Oswego (Central New York Region – Cayuga County) – Novelis Capital – Empire State
Economic Development Fund – General Development Financing (Capital Grant) –
Determination of No Significant Effect on the Environment

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

* * *

**Project Summary
Benefit-Cost Evaluation¹**

Novelis Oswego Plant – Business Investment

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 reported in the table below 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 table typically reflects only construction-related activity. Benchmarks for each type of project are noted in the footnotes.

Initial Jobs:	843	Construction Job Years (Direct):	770
New Jobs:	90	Construction Job Years (Indirect):	499

Evaluation Statistics	Project Results NYS Gov't.	NYS Gov't. Benchmarks²	Project Results State & Local Government	State & Local Government Benchmarks
Fiscal Costs³	\$5,000,000	\$794,250	\$5,000,000	\$1,020,500
Fiscal Benefits⁴	\$10,398,548	\$2,085,600	\$17,666,796	\$4,271,980
Fiscal Cost /Direct Job	\$81,019	\$3,000	\$81,019	\$4,110
Fiscal Cost/Total Jobs	\$31,104	\$1,424	\$31,104	\$1,964
Fiscal B/C Ratio	2.08	7.00	3.53	10.60
	Project Results	Benchmarks		
Economic Benefits⁵	\$93,730,790	\$119,468,000		
Econ. Benefits/Total Jobs	\$583,084	\$147,600		
Economic B/C Ratio	18.75	50.00		

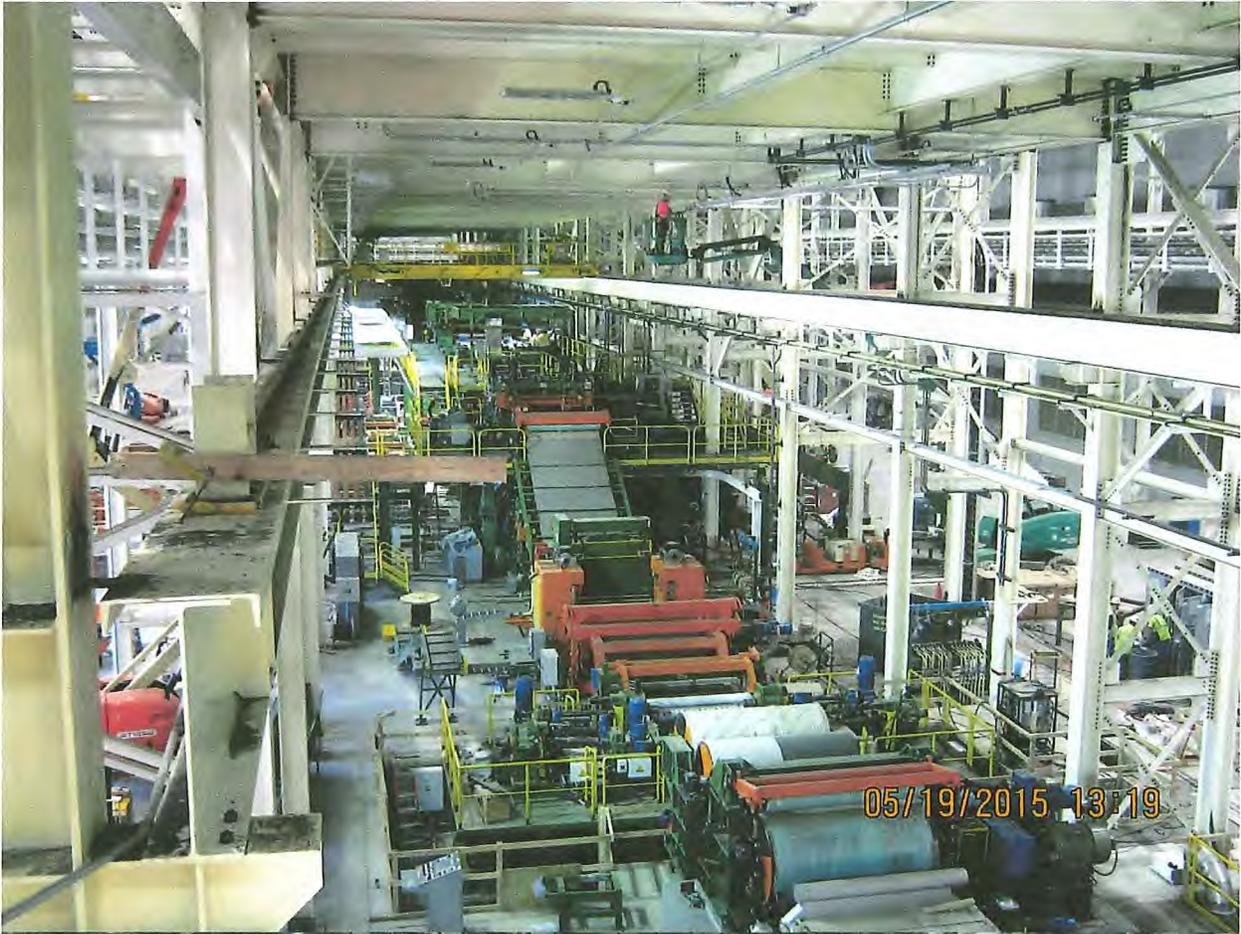
¹ Dollar values are present value calculated over a 7-year period. Separate evaluations are made and reported for New York State government assistance alone and for State and Local government.

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. Business Investment project benchmarks are 7.00 (Fiscal) and 75.00 (Economic). Infrastructure Investment (or Economic Growth Investment) project benchmarks are 3.00 (Fiscal) and 30.00 (Economic).

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 employment, corporate and business incomes, excise and user taxes, property taxes, and other taxes.

⁵ Economic benefits are estimated project benefits measuring fiscal flows to government plus net resident disposable income from project direct and indirect employment net of transfers, without adjusting for individual income earners' opportunity cost of employment.



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FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – Priority Project – Rochester (Finger Lakes Region – Monroe County) – University of Rochester 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

General Project Plan

I. Project Summary

Grantee: University of Rochester (“UR” or the “University”)

ESD* Investment: A grant of up to \$500,000 to be used for a portion of the cost of new equipment for the Health Sciences Center for Computational Innovation (“HSCCI”) and for the Upstate Stem Cell cGMP Facility (“USCGF”)

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

Project Locations: 300 Science Parkway (HSCCI Data Research Center); and 601 Elmwood Avenue (Upstate Stem Cell cGMP Facility), Rochester, Monroe County

Proposed Project: New machinery and equipment for two medical research facilities

Type: Industry-university collaboration

Regional Council: HSCCI has been designated a Priority Project by the Finger Lakes Regional Economic Development Council and unanimously endorsed by two of its work groups, Advanced Healthcare and Life Sciences. USCGF was unanimously endorsed by Life Sciences. The president of the University of Rochester is co-chair of the 21-member Finger Lakes Regional Economic

Development Council. In conformance with the State's policy, this individual has recused himself on votes recommending this project. The Council includes 14 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>	
Production Machinery & Equipment	<u>1,000,000</u>	
Total Project Costs	<u>\$1,000,000</u>	
<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD – Grant	\$500,000	50%
Grantee Equity	<u>500,000</u>	<u>50%</u>
Total Project Financing	<u>\$1,000,000</u>	<u>100%</u>

III. Project Description

A. Grantee

Industry: Higher education, research and healthcare

History: Formed in 1850, the University of Rochester is an institution of higher education, research and health care chartered by the State Board of Regents. Combined with its medical center and hospital, the University is the largest employer in the Finger Lakes Region, with the equivalent of over 22,000 full-time jobs as of December 2013. UR's Medical Center ("URMC"), the region's largest acute care facility, comprises the majority of those jobs with approximately 18,456 full-time equivalent employees. UR's research represents a source of innovation and new technologies that can be harnessed for commercial potential. The University has a strong track record of helping convert its discoveries into commercial ventures. For the past several years, UR has been among the top 15 universities in the nation in terms of the royalty revenue it receives from its licensed technologies. As of October 2013, the University of Rochester has created 49 start-up companies, holds more than 440 U.S. and foreign patents, and has more than 140 licensing agreements for its technologies.

Ownership: UR is a private university.

Size: UR's educational and main medical facilities are located in Rochester, NY. Other medical facilities are located throughout the Finger Lakes region.

Market: Health care research

ESD Involvement: This request supports economic development initiatives located at two UR facilities: HSCCI, its medical supercomputing center; and USCGF, its upstate stem cell center. HSCCI, which previously received ESD assistance, allows the University to expand its next generation supercomputing infrastructure to extend the computing and analytics environment for medical researchers to generate and validate genomic sequence information. USCGF supports new clinical genomics and diagnostic assays and the production of stem cells for human use. Both open new doors of inquiry for scientists to analyze huge volumes of data and create complex models and simulations not previously possible. Both will position Upstate New York as a hub of innovation and technology in health care.

As a result of the Governor’s Regional Economic Development Council initiative, UR was awarded \$500,000 through Round 3 of the Consolidated Funding Application (“CFA”) process. The project, building on previous ones, is expected to advance medical knowledge and innovation to improve the quality, delivery and cost-effectiveness of health care and spur significant regional economic growth. ESD funding is critical to leveraging resources to support HSCCI and USCGF and to position the State as an international center for biomedical research, to facilitate academia-industry collaborations and to create jobs both at the University and through eventual spin-off companies.

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
Community Projects Fund	X308	\$2,000,000	December 16, 2010	2025	Capital – Upstate Regional Seed Fund
Economic Development Purposes Fund	X807	\$3,300,000	December 20, 2012	2013	Capital – Phase I of Health Research Supercomputing Center (“HSCCI”)
Regional Council Capital Fund	X861	\$1,700,000	December 20, 2012	2013	Capital – Phase I of HSCCI
	Y252	\$5,00,000	June 27, 2014	2015	Capital – Phase II of HSCCI

C. The Project

Completion: June 2015

Activity: The University added electrical infrastructure to its off-campus Health Sciences Center for Computational Innovation, providing electrical redundancy to allow research experiments to proceed uninterrupted and avoid data losses. UR added equipment to its Upstate Stem Cell cGMP Facility, located on its medical campus, to allow the rapid and efficient optimization of stem cell growth under very stringent methods known as current Good Manufacturing Processes (“cGMP”), as required by the US Food and Drug Administration.

Specialized equipment for the Upstate Stem Cell cGMP Facility includes a Celigo Imaging Cytometer to allow rapid imaging and selection of optimized cell culture conditions; a QuantStudio high-throughput real-time digital PCR (polymerase chain reaction) platform to enable rapid and simultaneous expression of genes; and a Scienion SciFlexArrayer, which is a piezoelectric spotting system able to produce highly multiplexed (100’s to 1000’s) bimolecular arrays for proteomic experiments.

These technologies rapidly generate complex data sets applicable to understanding basic biology and a wide range of clinical conditions. For example, UR is using this technology at its New York Influenza Center of Excellence and its Respiratory Pathogens Research Center, both funded by the National Institutes of Health, to study immune responses to the flu virus, and to develop new rapid methods for identifying and classifying novel strains of flu and other respiratory infections.

Results: The improvements to HSCCI’s data center are expected to transform regional cancer care. By optimizing stem cell growth, the additions to the USCGF are expected to allow the cGMP methods to be scaled up and allow new stem cell therapies. Both components funded by ESD’s grant are expected to stimulate regional economic activity by generating innovative new technologies that can be spun off into commercial ventures and make the region attractive for relocation of existing companies.

Building upon the success of the HSCCI, in October 2013, UR committed \$50 million to creation of a new Institute for Data Science (the “Institute”), on top of over \$50 million previously dedicated. This is a top University priority for the University’s 2013-18 strategic plan and includes a new, \$25 million, 50,000-square-foot state-of-the-art facility that will be home for the Institute, which is designated as the New York State Center of Excellence for Data Science.

USCGF is a fully validated facility designed for the manufacture of stem cells for early-phase clinical trials as well as research grade monoclonal antibody products. The USCGF is a key component of the University's Stem Cell and Regenerative Medicine Institute and aims to serve as a regional resource for both academic and industrial scientists.

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: David J. Topham, Ph.D., Vice Provost and Executive Director, Health Sciences Center for Computational Innovation
School of Medicine and Dentistry
601 Elmwood Avenue, Box 609
Rochester, NY 14642
Phone: (585) 273-1403

ESD Project No.: Y866

Project Team:	Origination	Kevin Hurley
	Project Management	Edward Muszynski
	Contractor & Supplier Diversity	Vikas Gera
	Finance	John Bozek
	Environmental	Soo Kang

D. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreements, the Grantee 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 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's financial statements or accounts, if so requested by ESD.
4. Up to \$500,000 will be disbursed to Grantee upon documentation of project costs totaling approximately \$1,000,000 as described in these materials, assuming that all project approvals have been completed and funds are available. Payment will be made upon

presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses reimbursed by ESD must be incurred on or after December 11, 2013, to be considered eligible project costs.

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.

IV. Statutory Basis – Regional Council Capital Fund

The project was authorized in the 2013-2014 New York State budget and reappropriated in the 2014-2015 and 2015-2016 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

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 unavailability of certified MWBEs for performance of this contract.

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

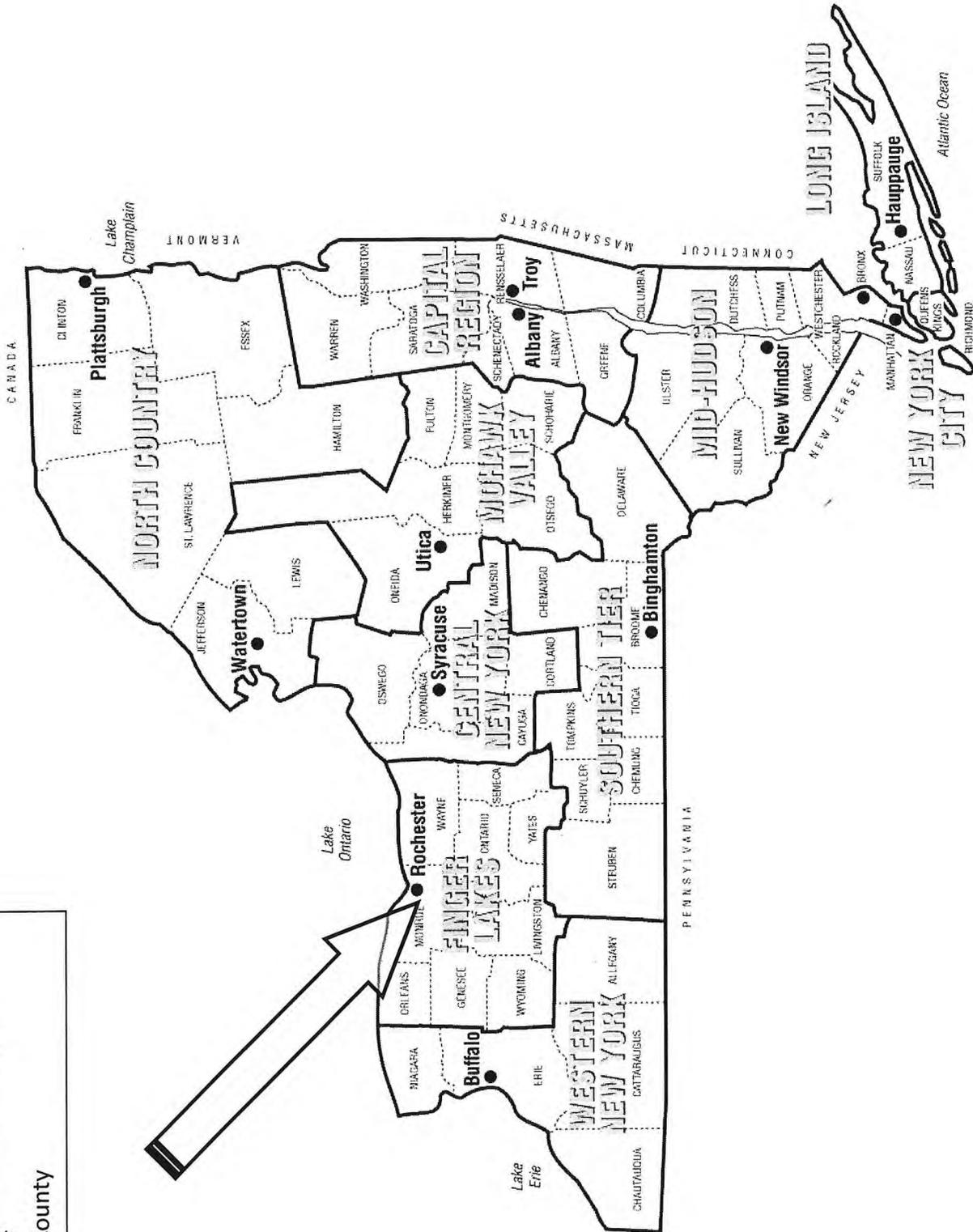
Resolutions

New York State Map

Project Photographs

Project Finance Memorandum

University of Rochester Capital
Rochester
Monroe County



June 25, 2015

Regional Council Award – Priority Project – Rochester (Finger Lakes – Monroe County) – University of Rochester 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

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 Health Sciences Center for Computational Innovation 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, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to the University of Rochester a grant for a total amount not to exceed Five Hundred Thousand Dollars (\$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 or his designee(s) be, subsequent to the making of the grants, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grants as he or she may deem necessary or appropriate in the administration of the grants; 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

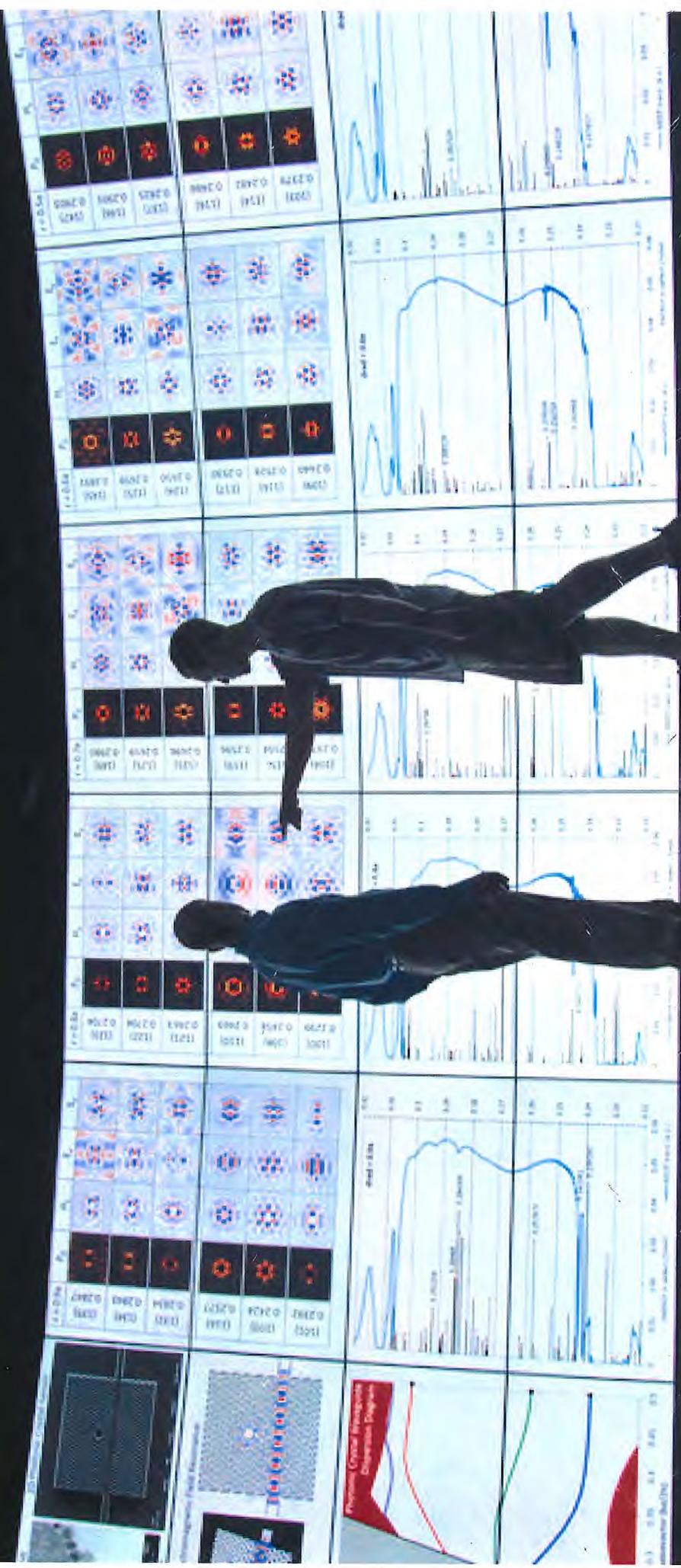
any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

* * *



Blue Gene Q supercomputer

IBM



FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – Heuvelton (North Country Region – St. Lawrence County) – Heuvelton Wastewater Improvements 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

General Project Plan

I. Project Summary

Grantee: Village of Heuvelton (“Heuvelton” or “the Village”)

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: State Street, Heuvelton, St Lawrence County

Proposed Project: Wastewater system improvements

Project Type: Municipal infrastructure improvements

Regional Council: The project is consistent with the North Country Regional Economic Development Council (“NCREDC”). The project will support new and existing business development and improve health, safety and quality of life with upgraded infrastructure in North Country communities.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction	\$2,420,000
Engineering	<u>355,000</u>
Total Project Costs	<u>\$2,775,000</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD-Grant	\$500,000	18%	
NYS Environmental Facilities Loan	2,000,000	72%	0%/30 yrs./1 st Lien on RE
Village Equity	<u>275,000</u>	<u>10%</u>	
Total Project Financing	<u>\$2,775,000</u>	<u>100%</u>	

III. Project Description

A. Grantee

Industry: Local Government

Village History: Incorporated in 1872, the Village of Heuvelton is located in St. Lawrence County in the Lake Ontario-St. Lawrence River-1000 Islands region of Upstate NY.

Ownership: Municipality

ESD Involvement: The Village of Heuvelton needed to upgrade its wastewater system since the system was in need of repair and was inadequate for the needs of the growing community. The NCREDC established a specific infrastructure fund to assist North Country communities with municipal infrastructure projects. The Village applied for funding assistance through the Consolidated Funding Application ("CFA") process and was awarded \$500,000 from the NCREDC. Without ESD assistance the infrastructure project would not be possible.

Past ESD Support: Since 2008, the Village of Heuvelton has received ESD funding awards for 3 projects totaling \$ 1,290,000. One project is complete and funds were fully disbursed. The other 2 projects are in progress.

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
Restore New York	W810	\$490,000	June 2011	June 2015	Capital - Pickens Building Renovation

B. The Project

Completion: December 2014

Activity: The Village planned, designed and installed upgrades and improvements to its wastewater system. The project consisted of replacement of 10,000 feet of sewer pipelines.

Results: The project provides for enhanced quality of life for the community with an improved wastewater system for health and safety and provides for future growth opportunities.

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 \$178,970;
- Fiscal cost to NYS government is estimated at \$500,000;
- Project cost to NYS government per direct job is \$;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$;
- Ratio of project fiscal benefits to costs to NYS government is 0.36:1;

- Fiscal benefits to all governments (state and local) are estimated at \$301,930;
- Fiscal cost to all governments is \$500,000;
- The ratio of project fiscal benefit to cost ratio to all governments is 0.60:1;
- All government cost per total job is \$;
- The fiscal benefit to cost ratio for all governments is:1;
- Economic benefits (total fiscal plus total net resident disposable income from project employment) are estimated at \$1,519,643;
- The economic benefit to cost ratio is 3.04:1;
- Project construction cost is \$2,775,000 which is expected to generate 31 direct job years and 12 indirect job years of employment;
- The payback period for NYS costs is two years.

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

Grantee Contact: Barbara Lashua, Mayor
 Village of Heuvelton
 51 State Street
 Heuvelton NY 13654
 Phone: (315) 344-2214

ESD Project No.: Y617

Project Team:	Origination	John Vandeloo
	Project Management	John Vandeloo
	Contractor & Supplier Diversity	Denise Ross
	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 \$500,000 capital grant (\$5,000) and 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 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 Grantee or by investors, and should be auditable through Grantee 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 to Grantee upon documentation of project costs totaling \$2,775,975, and as evidenced by attainment of certificate of completion, upon completion of the project substantially as described in these materials, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after September 13, 2013, to be considered eligible project costs. All disbursements must be requested by April 1, 2016.
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.
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 – Regional Council Capital Fund

The project was authorized in the 2012-2013 New York State budget and reappropriated in the 2013-2014, 2014-2015 and 2015-2016 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 & Contractor and Supplier Diversity policy will apply to the Project. The Village shall be required to use good faith efforts (pursuant to 5 NYCRR §142.8) to achieve an overall Minority and Women Business Enterprise ("MWBE") participation goal of 23%, Minority Business Enterprise ("MBE") participation goal of 13% and a Women Business Enterprise ("WBE") participation goal of 10% 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
Benefit-Cost Analysis

June 25, 2015

Regional Council Award - Heuvelton (North Country Region – St. Lawrence County) – Heuvelton Wastewater Improvements 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

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 Heuvelton Wastewater Improvements – 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 Village of Heuvelton a grant for a total amount not to exceed Five Hundred Thousand Dollars (\$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

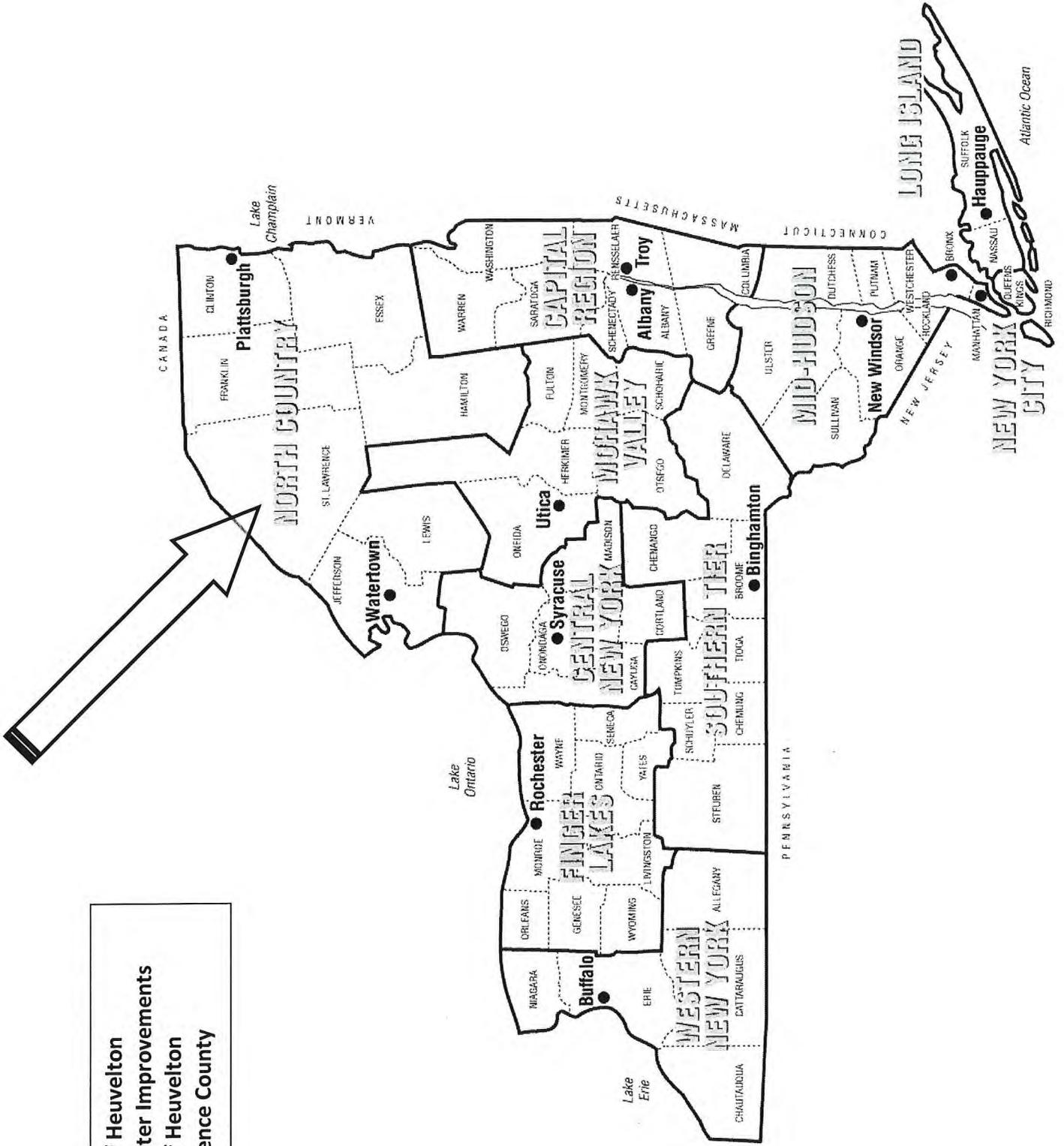
RESOLVED, that the President and Chief Executive Officer or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in the administration 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.

* * *

**Village of Heuvelton
 Wastewater Improvements
 Village of Heuvelton
 St. Lawrence County**



**Project Summary
Benefit-Cost Evaluation¹**

**Infrastructure Project
Village of Heuvelton Wastewater Improvement**

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): 31
Construction Job Years (Indirect): 12

Evaluation Statistics	Project Result NYS Govt.	NYS Govt. Benchmarks for ESD Projects²	Project Results State & Local Governments	State & Local Government Benchmarks for ESD Projects
Fiscal Costs³	\$500,000	\$794,250	\$500,000	\$1,020,500
Fiscal Benefits⁴	\$178,970	\$2,085,600	\$301,930	\$4,271,980
Fiscal B/C Ratio	0.36	3.00	0.60	10.60
	Project Results	Benchmarks for ESD Projects		
Economic Benefits⁵	\$1,519,643	\$119,468,000		
Economic B/C Ratio	3.04	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 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Market NY Grant Program – Regional Tourism Marketing Competition –
Market New York Program (Working Capital & Capital Grants)

REQUEST FOR: Findings and Determinations Pursuant to Section 10 (g) of the Act;
Authorization to a Make Grant and to Take Related Actions

I. Project Summary

Schedule	Project #	Grantee	Project Name	Grant Amount
A	Z165	Schenectady Museum Association	Suits Bueche Planetarium at miSci Capital	\$20,137
B	Z713	Phoenicia Festival of the Voice Foundation	Phoenicia International Festival of the Voice Working Capital	\$65,000
C	Z684	Proctors Theatre	Proctors We Are Broadway Working Capital	\$150,000
D	Z667	Albany Convention Visitor Bureau	Capital Sports Events Working Capital	\$125,000
E	Z665	CNY Arts Inc.	CNY Arts Economic Development Working Capital	\$100,000

ESD* Investment: Up to a total of \$20,137 of \$10,000,000 in Market NY Round 3 Regional Tourism grant assistance and \$440,000 of the \$12,000,000 in Market NY Round 4 Regional Tourism grant to be used for tourism marketing and or tourism capital throughout various regions of New York State

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

Project Locations: Statewide - See Schedule A attached

Proposed Projects: See Schedule A attached

Regional Council: Each respective Regional Economic Development Council has been made aware of, and has endorsed, the relevant proposed projects.

Anticipated
Appropriation

Source(s): Market New York Program

II. Project Cost and Financing Sources

See Schedule A attached.

III. Project Description

A. Background

Round 3 of the Regional Council Consolidating Funding Application included, up to \$10 million for *Market NY* and Round 4 included up to \$12 million was awarded for a program that will support regionally themed New York focused projects. *Market NY* will help to bolster tourism growth by promoting tourism destinations, attractions, and special events. Additionally, Market New York will support capital grant funding for tourism facilities in New York. The Market New York program and each funded proposal will work to support the Regional Council's long term strategic plans for economic growth in the regions, as well as to attract visitors to New York State.

Funding is available for projects intended to create or retain jobs and/or increase tourism in a community or region. Grant funding will be allocated among the ten regions, each represented by a Regional Council, based on each Regional Council's development and implementation of a five-year strategic plan that sets out a comprehensive vision for economic development and specific strategies to implement that vision. Funding will be allocated to projects, including priority projects identified by the regional councils, identified as significant, regionally supported and capable of stimulating economic investment through attraction of tourists to the dedicated area.

B. The Project

ESD will make available a total of \$20,137 to fund one (1) Round 3 capital tourism project, and \$440,000 to fund four (4) Round 4 working capital projects. The grantees have identified and prioritized Regional Marketing and Capital Tourism a projects that supports the Regional Economic Development Council's strategic plans for tourism and will coordinate with New York State's "I LOVE NEW YORK" tourism division to maximize the overall program impact statewide.

The Market NY Grantee will carry out its Regional Marketing Tourism projects as described in the individual project descriptions as set forth in Schedule A attached.

ESD Project No's.: See Table Above

Project Team:	Project Management	See schedule A attached
	Contractor & Supplier Diversity	Vikas Gera
	Environmental	Soo Kang

C. Financial Terms and Conditions

ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$460,137, collectively for these projects, if ESD determines that reallocation of the assistance would better serve the needs of the Grantees 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 – Market New York Program

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

V. Environmental Review

Unless otherwise noted on a project summary attached as Schedule A, ESD staff has determined that the projects described in Schedule A either constitute Type II actions or do not constitute actions 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 projects.

VI. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-discrimination and Contractor Diversity policies will apply to the projects. Each Grantee shall be required to use good faith efforts to achieve an overall Minority and Women Business Enterprise ("MWBE") Participation Goal, each project has been assigned an individual goal by the Office of Contractor & Supplier Diversity based on the elements of the individual project and 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 these projects 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) make the findings and determination required by Section 10(g) of the UDC Act; and (2) authorize the making of the grants which are the subject of these materials.

X. Recommendation

Based on the foregoing, I recommend approval of the requested actions.

XI. Additional Submissions to Directors

Resolutions
Schedule A (A)

June 25, 2015

Statewide – Market NY Grant Program – Regional Tourism Marketing Competition –
Market New York (Capital and Working Capital Grants) – Findings and Determinations
Pursuant to Section 10 (g) of the Act; Authorization to Make a Grant 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 Market NY Grant Program- Regional Tourism Marketing Competition (the “Project”) – Market New York Program and Economic Development Purposes Fund (Capital and Working Capital Grants), 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 areas of the Projects; and be it further

RESOLVED, that the President and Chief Executive Officer Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make a grant for up to a total amount not to exceed (\$460,137) from the Market New York 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 Designate 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 Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized, subsequent to the making of the grants, to take such actions and make such modifications to the terms of the grants as he or she may deem necessary or appropriate in the administration of the grants; 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 Designate 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.

* * *

A. Suits Bueche Planetarium at miSci Capital (Z165)

June 25, 2015

- Grantee:** Schenectady Museum Association (“miSci” or the “Organization”)
- ESD Investment:** A grant of up to \$20,137 to be used for regional tourism facility funding.
- Project Location:** Schenectady County
- Proposed Project:** Renovations at the Suits-Bueche Planetarium that will help miSci to move closer to reaching a long-term goal of providing the Region with the latest astronomy resources, thereby increasing tourism to the region.
- Regional Council:** The Capital Regional Economic Development Council has been made aware of this project. The Incentive Offer was accepted in December 2014. The project is consistent with the Regional Plan to promote tourism.

Background:

Organization History – miSci is an organization that was founded in 1934 and is the only science center in Tech Valley offering a multimedia experience for visitors of all ages. The Organization serves school children from northeastern New York, western Massachusetts, and southern Vermont.

Ownership – The Schenectady Museum Association is a not-for-profit organization, 501 (c) 3.

ESD Involvement – A \$20,137 grant from the Market NY Grant Program

Past ESD Support – This is the Organization’s first project with ESD.

The Project:

Completion date – May 2015

Activity – The Organization will initiate capital improvements at the Suits-Bueche planetarium that include the purchase and installation of a high- definition dome projection system, seating ,installation and floor repair of carpet tiles.

Results – miSci seeks to increase its audience and supporters, as well as to use the Organization’s increased visibility in the Capital Region to expand the tourism economy, and attract new visitors.

Suits Bueche Planetarium at miSci Capital (Z165)

June 25, 2015

Financing Uses	Amount	Financing Sources	Amount	Percent
Construction/Renovation	\$29,387	ESD Grant	\$20,137	30%
Machinery & Equipment	38,840	Company Equity	48,090	70%
Total Project Costs	\$68,227	Total Project Financing	\$68,227	100%

Grantee Contact: William Sudduth
Schenectady Museum Association
15 Nott Terrace Heights
Schenectady, NY 12308
Phone: (518) 382-7890
E-mail: mac.sudduth@miSci.org

Project Team:

Project Management	Kelly Rabideau-Baquerizo
Contractor & Supplier Diversity	Vikas Gera
Environmental	Soo Kang

Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Grantee shall pay a commitment fee of 1% of the \$20,137 capital grant (\$201.37) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. Grantee will be obligated to advise ESD of any materially adverse changes in its financial conditions 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 written 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 \$20,137 will be disbursed to Grantee, in lump sum upon project completion, as evidenced by attainment of a certificate of occupancy or other documentation verifying project completion as ESD may require, and documentation verifying project expenditures of approximately \$68,227. Expenses must be incurred on or after December 11, 2013, to be considered eligible project costs. All disbursements require compliance with program requirements and must be requested by no later than April 1, 2016.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$20,137 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

Suits Bueche Planetarium at miSci Capital (Z165)

June 25, 2015

event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors

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 business in the performance of ESD contracts. For purposes of this Contract, however, goals will not be established due to the unavailability of minority and women-owned businesses for performance of this Contract.

Statutory Basis – Market New York Program:

The project was authorized in the 2014-2015 New York State budget and reappropriated in the 2015-2016 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 Grant Recipient has provided ESD with the required Disclosure and Accountability Certifications. Grant Recipient's certifications indicate that Grant Recipient has no conflict of interest or good standing violations and, therefore, staff recommends that the Corporation authorize the grant to the Grant Recipient as described in these materials.

B. Phoenicia International Festival of the Voice Working Capital (Z713)

June 25, 2015

- Grantee:** Phoenicia Festival of the Voice Foundation (“FofV” or the “Organization”)
- ESD Investment:** A grant of up to \$65,000 to be used for regional tourism marketing funding.
- Project Location:** Ulster County
- Proposed Project:** Development of a marketing plan to attract a wider regional, national and international audience and thereby increasing tourism to the overall region.
- Regional Council:** The Mid-Hudson Regional Economic Development Council has been made aware of this project. The Incentive Offer was accepted in May 2015. The project is consistent with the Regional Plan to promote tourism.

Background:

Organization History – FofV, a program of the Phoenicia Festival of the Voice Foundation, utilizes the power of the human voice to inspire, empower and heal. Through captivating, internationally acclaimed performances, the Festival of the Voice Foundation seeks to serve the purpose of exposing and popularizing the vocal arts, making them approachable and novel, discovering and developing new talents, locally, nationally and internationally and lastly, acts as an economic engine to increase the value and popularity of the Catskills area.

Ownership – FofV is a not-for-profit organization, 501(c)3.

ESD Involvement – A \$65,000 grant from the Market NY Grant Program

Past ESD Support – This is the Organization’s first project with ESD.

The Project:

Completion date – August 2015

Activity – The Organization will initiate an expanded multi-media marketing plan to include international partnerships to build further awareness of this New York State event and destination.

Results – FofV seeks to increase its audience and supporters, as well as to use the Organization’s increased visibility in the Mid-Hudson Region to expand the tourism economy, and attract new visitors.

Phoenicia International Festival of the Voice Working Capital (Z713)

June 25, 2015

Financing Uses	Amount	Financing Sources	Amount	Percent
Multi-Media Advertising	\$81,250	ESD Grant	\$65,000	80%
		Company Equity	16,250	20%
Total Project Costs	\$81,250	Total Project Financing	\$81,250	100%

Grantee Contact: Barbara Mellon Kolb
Phoenicia Festival of the Voice Foundation
PO Box 327
Phoenicia, NY 12464
Phone: (845) 586-3588
E-mail: b.mellonkolb@phoeniciavoicfest.com

Project Team: Project Management Kelly Rabideau-Baquerizo
Contractor & Supplier Diversity Vikas Gera
Soo Kang Environmental

Financial Terms and Conditions:

1. Grantee will be obligated to advise ESD of any materially adverse changes in its financial conditions prior to disbursement.
2. Up to \$65,000 will be disbursed to Grantee upon documentation of eligible project expenditures, and presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after December 11, 2014, to be considered eligible project costs. All disbursements require compliance with program requirements and must be requested by no later than April 1, 2017.
3. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$65,000 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

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.

Phoenicia International Festival of the Voice Working Capital (Z713)

June 25, 2015

Statutory Basis – Market New York Program:

The project was authorized in the 2014-2015 New York State budget and reappropriated in the 2015-2016 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 Grant Recipient has provided ESD with the required Disclosure and Accountability Certifications. Grant Recipient's certifications indicate that Grant Recipient has no conflict of interest or good standing violations and, therefore, staff recommends that the Corporation authorize the grant to the Grant Recipient as described in these materials.

C. Proctors We Are Broadway Working Capital (Z684)

June 25, 2015

- Grantee:** Arts Center and Theatre of Schenectady Inc. d/b/a Proctor's Theatre ("Proctors" or the "Organization")
- ESD Investment:** A grant of up to \$150,000 to be used for regional tourism marketing funding.
- Project Location:** Schenectady County
- Proposed Project:** Development and implementation of a marketing plan to promote the "We Are Broadway" series of events and to attract an increased audience to this attraction and to the overall region.
- Regional Council:** The Capital Regional Economic Development Council has been made aware of this project. The Incentive Offer was accepted in May 2015. The project is consistent with the Regional Plan to promote tourism.

Background:

Organization History – Built in 1926, Proctors on State Street in Schenectady was a popular theatre and arcade featuring vaudeville performances, movies and retail shopping. After changing ownership multiple times and almost being torn down in the 1970s, a group of concerned citizens banded together to save Proctors. This non-profit group, known as the Arts Center & Theatre of Schenectady, Inc., worked to repair the property with the help of local and state funds, and reopened the theatre in 1979. Since then, Proctors has proven its value to the community and gained momentum. The 2004 expansion of its main stage, along with the construction of a black box theatre and district energy system became the motivating factor for the revitalization of Schenectady's downtown area. Its diverse arts and community events, regional partnerships, education programming and ticketing services work in collaboration with many organizations to strengthen the regional creative economy.

Ownership – Proctors is a not-for-profit 501(c) (3) organization.

ESD Involvement – A \$150,000 grant from the Market NY Grant Program

Past ESD Support – Funding for the past five years to the grantee is summarized in the following table:

Program	Project #	Amount	Date Start (ESD Director's Approval Date)	Date End (Project Completion Contract Expiration)	Purpose
Market NY Grant	Z135	\$60,000	July 17,2014	September 2014	Working capital grant for a multi-media campaign to promote a special event.

C. Proctors We Are Broadway Working Capital (Z684)

June 25, 2015

The Project:

Completion date – August 2015

Activity – The Organization will initiate a multi-media marketing plan to promote the special “We Are Broadway” events series, to promote the tourism attraction and to increase visitation to one region.

Results – Proctors seeks to increase its audience and supporters, as well as to use the Organization’s increased visibility in the Capital Region to expand the tourism economy, and attract new visitors.

Financing Uses	Amount	Financing Sources	Amount	Percent
Multi-Media Advertising	\$657,000	ESD Grant	\$150,000	18%
Supplies & Materials	\$180,000	Company Equity	\$700,000	82%
Travel	\$8,000			
Production Expenses, Promotional Event	\$5,000			
Total Project Costs	\$850,000	Total Project Financing	\$850,000	100%

Grantee Contact: Phillip Morris
Proctors
432 State Street
Schenectady, NY 12305
Phone: (518) 382-3884 x 182
E-mail: jknudsen@proctors.org

Project Team: Project Management Kelly Rabideau-Baquerizo
Contractor & Supplier Diversity Vikas Gera

Financial Terms and Conditions:

1. The Grantee will be obligated to advise ESD of any materially adverse changes in its financial conditions prior to disbursement.
2. Up to \$150,000 will be disbursed to the Grantee upon documentation of eligible project expenditures, and presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after December 11, 2014, to be considered eligible project costs. All disbursements require compliance with program requirements and must be requested by no later than April 1, 2017.
3. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$150,000 for this project if ESD determines that the reallocation of the

C. Proctors We Are Broadway Working Capital (Z684)

June 25, 2015

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

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 34% related to the total value of ESD's funding.

Statutory Basis – Market New York Program:

The project was authorized in the 2014-2015 New York State budget and reappropriated in the 2015-2016 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 Grant Recipient has provided ESD with the required Disclosure and Accountability Certifications. Grant Recipient's certifications indicate that Grant Recipient has no conflict of interest or good standing violations and, therefore, staff recommends that the Corporation authorize the grant to the Grant Recipient as described in these materials.

D. Capital Sports Events Working Capital (Z667)

June 18, 2015

- Grantee:** Albany Convention Visitor Bureau (“ACCVB” or the “Organization”)
- ESD Investment:** A grant of up to \$125,000 to be used for regional tourism marketing funding.
- Project Location:** Albany County
- Proposed Project:** Development and implementation of a marketing plan to promote the 2015/2016 MAAC & NCAA series of events in Albany, NY and to attract an increased audience to these events and to the overall region.
- Regional Council:** The Capital Regional Economic Development Council has been made aware of this project. The Incentive Offer was accepted in May 2015. The project is consistent with the Regional Plan to promote tourism.

Background:

Organization History – The Albany County Convention & Visitors Bureau, Inc. was incorporated in 1976 to promote the NYS Capital as a destination for visitors and convention delegates. ACCVB has been assisting meeting specialists for more than 30 years, acting as a community concierge to attract and assure successful meetings, conventions, and events held in Albany. The ACCVB is an independent, not-for-profit corporation and serves as Albany County's Official Tourism Promotion Agency (TPA), as well as an administrator of the Capital-Saratoga Region and Hudson River Valley marketing efforts.

Ownership – ACCVB is a not-for-profit organization.

ESD Involvement – A \$125,000 grant from the Market NY Grant Program

Past ESD Support – This Organization has not received previous funding from ESD.

The Project:

Completion date – April 2017

Activity – The Organization will initiate a multi-media marketing plan to promote the 2015 & 2016 upcoming major collegiate sporting events in Albany in 2015 and 2016. These 2015 and 2016 major events (MAAC and NCAA regional playoffs) will be supported and leveraged to promote future tournaments to the region through a robust marketing plan to increase attendance at events as well as a series of activities will be planned in Albany.

D. Capital Sports Events Working Capital (Z667)

June 18, 2015

Results – ACCVB seeks to increase the awareness and ticket sales of these events in order to increase the visibility of the Capital Region to expand the tourism economy, and attract new visitors.

Financing Uses	Amount	Financing Sources	Amount	Percent
Multi-Media Advertising	\$175,000	ESD Grant	\$125,000	71%
		Company Equity	\$50,000	29%
Total Project Costs	\$175,000	Total Project Financing	\$175,000	100%

Grantee Contact: Michele Vennard
Albany Convention & Visitor's Bureau
25 Quackenbush Square
Albany, NY 12207
Phone: (518) 434-1217
E-mail: mvennard@albany.org

Project Team: Project Management Kelly Rabideau-Baquerizo
Contractor & Supplier Diversity Vikas Gera

Financial Terms and Conditions:

1. Grantee will be obligated to advise ESD of any materially adverse changes in its financial conditions prior to disbursement.
2. Up to \$125,000 will be disbursed to Grantee upon documentation of eligible project expenditures, and presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after December 11, 2014, to be considered eligible project costs. All disbursements require compliance with program requirements and must be requested by no later than April 1, 2018.
3. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$125,000 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

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

D. Capital Sports Events Working Capital (Z667)

June 18, 2015

of 30% related to the total value of ESD's funding.

Statutory Basis – Market New York Program:

The project was authorized in the 2014-2015 New York State budget and reappropriated in the 2015-2016 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 Grant Recipient has provided ESD with the required Disclosure and Accountability Certifications. Grant Recipient's certifications indicate that Grant Recipient has no conflict of interest or good standing violations and, therefore, staff recommends that the Corporation authorize the grant to the Grant Recipient as described in these materials.

E. CNY Arts Economic Development Working Capital (Z665)

June 25, 2015

- Grantee:** CNY Arts Inc. ("CNY Arts" or the "Organization")
- ESD Investment:** A grant of up to \$100,000 to be used for regional tourism marketing funding.
- Project Location:** Onondaga County
- Proposed Project:** Development and implementation of a marketing plan to promote the arts and cultural events and to attract an increased audience to these events and to the overall region.
- Regional Council:** The Central New York Regional Economic Development Council has been made aware of this project. The Incentive Offer was accepted in May 2015. The project is consistent with the Regional Plan to promote tourism.

Background:

Organization History – CNY Arts provides support and assistance to individual artists and arts and cultural organizations through access to grants, capacity-building assistance, education and training, and promotional services. CNY Arts serve the counties of Cortland, Herkimer, Madison, Oneida, Onondaga and Oswego. The Organization's goal is to enhance a greater appreciation for the arts and cultural vibrancy of the region.

Ownership – CNY Arts is a not-for-profit organization, 501(c)3.

ESD Involvement – A \$100,000 grant from the Market NY Grant Program

Past ESD Support – Funding for the past five years to the grantee is summarized in the following table:

Program	Project #	Amount	Date Start (ESD Director's Approval Date)	Date End (Project Completion Contract Expiration)	Purpose
Market NY Grant	Z126	\$100,000	July 17,2014	June 2015	Working capital grant for promotion of arts and cultural tourism events.

The Project:

Completion date – January 2016

Activity – CNY Arts will use the funds to promote arts and cultural events in the region through print, broadcast, web, billboard and public relations. The Organization will package arts and culture through a coordinated, collaborative campaign supporting

E. CNY Arts Economic Development Working Capital (Z665)

June 25, 2015

both the tourism and cultural sectors and thereby attracting cultural tourism dollars, increasing tax revenues, and retaining talent in the region.

Results – CNY Arts seeks to increase the awareness of these arts & cultural events in order to increase the visibility of the Central New York Region, expand the tourism economy, and attract new visitors.

Financing Uses	Amount	Financing Sources	Amount	Percent
Multi-Media Advertising	\$90,000	ESD Grant	\$100,000	75%
Administrative Costs	\$10,000			
Consulting Services	\$34,000	Company Equity	\$34,000	25%
Total Project Costs	\$134,000	Total Project Financing	\$134,000	100%

Grantee Contact: Stephen Butler
CNY Arts, Inc.
421 Montgomery Street, John H. Mulroy Civic Center
Syracuse, NY 13202
Phone: (315) 435-2125
E-mail: sbutler@cnyarts.org

Project Team: Project Management Kelly Rabideau-Baquerizo
Contractor & Supplier Diversity Vikas Gera
Environmental Soo Kang

Financial Terms and Conditions:

1. Grantee will be obligated to advise ESD of any materially adverse changes in its financial conditions prior to disbursement.
2. Up to \$100,000 will be disbursed to Grantee upon documentation of eligible project expenditures, and presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after December 11, 2014, to be considered eligible project costs. All disbursements require compliance with program requirements and must be requested by no later than April 1, 2017.
3. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$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

E. CNY Arts Economic Development Working Capital (Z665)

June 25, 2015

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.

Statutory Basis – Market New York Program:

The project was authorized in the 2014-2015 New York State budget and reappropriated in the 2015-2016 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 Grant Recipient has provided ESD with the required Disclosure and Accountability Certifications. Grant Recipient's certifications indicate that Grant Recipient has no conflict of interest or good standing violations and, therefore, staff recommends that the Corporation authorize the grant to the Grant Recipient as described in these materials.

FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award Projects Consent Calendar

REQUEST FOR: Findings and Determinations Pursuant to Section 10(g) of the Act;
Authorization to Make Grants and to Take Related Actions

Attached is a summary of a Regional Council Award project requesting ESD assistance of \$100,000 and under in the following categories:

	Project Name	Proj #	Grantee	Assistance up to
	Regional Council Capital Fund			
A	Cobleskill Agricultural Society Fairgrounds Capital	Y300	Cobleskill Agricultural Society	\$25,000
B	Valley Cinema Digital Conversion Capital	Z032	Valley Cinema	\$25,000
C	Ansen Corporation Improvements Capital	Y825	Ansen Corporation	\$100,000
			TOTAL	\$150,000

The provision of ESD** financial assistance is contingent upon the availability of funds and the approval of the State Division of the Budget.

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

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.

Office of 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 in the performance of ESD contracts. Accordingly, ESD's Non-discrimination and Supplier Diversity policy 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 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.

Reallocation of Funds

ESD may reallocate each project's funds to another form of assistance, at an amount no greater than the amount approved, for the same project if ESD determines that the reallocation of the assistance would better serve the needs of the recipient 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.

ESD Employment Enforcement Policy

Unless otherwise noted on a project summary, the ESD Employment Enforcement Policy will not apply because these projects do not directly create jobs.

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.

Statutory Basis – Regional Council Capital Fund

The projects were authorized in the 2012-2013, 2013-2014 New York State budget and reappropriated in the 2014-2015 and 2015-2016 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site(s).

Attachments

New York State Map

Resolutions

Project Summaries

June 25, 2015

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

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

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

	Project Name	Proj #	Grantee	Assistance up to
	Regional Council Capital Fund			
A	Cobleskill Agricultural Society Fairgrounds Capital	Y300	Cobleskill Agricultural Society	\$25,000
B	Valley Cinema Digital Conversion Capital	Z032	Valley Cinema	\$25,000
C	Ansen Corporation improvements Capital	Y825	Ansen Corporation	\$100,000
			TOTAL	\$150,000

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.

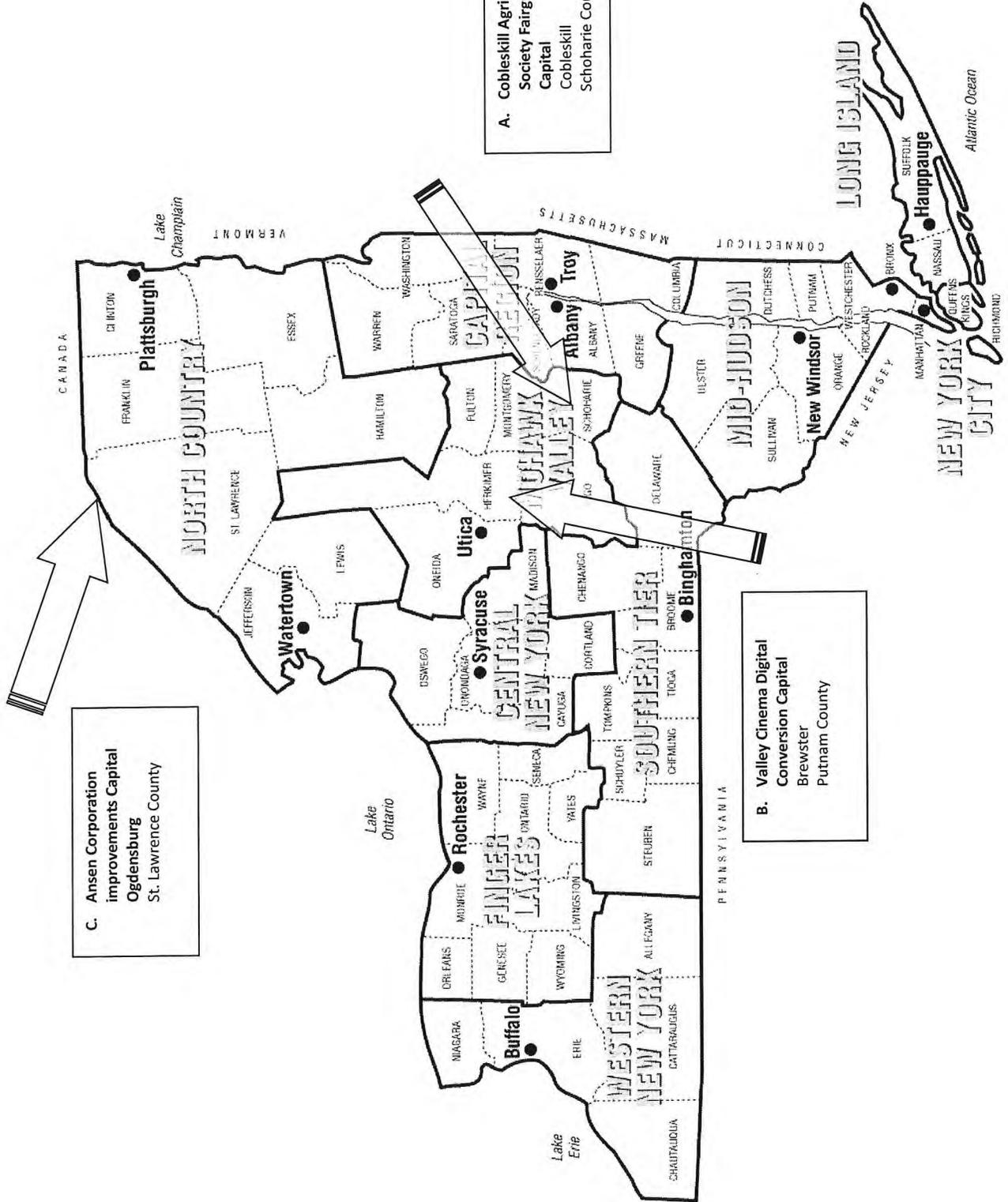
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Regional Council Awards

**C. Ansen Corporation
improvements Capital
Ogdensburg
St. Lawrence County**

**A. Cobleskill Agricultural
Society Fairgrounds
Capital
Cobleskill
Schoharie County**

**B. Valley Cinema Digital
Conversion Capital
Brewster
Putnam County**



A. Cobleskill Agricultural Society Fairgrounds Capital (Y300)

June 25, 2015

General Project Plan

- Grantee:** Cobleskill Agricultural Society (“Cobleskill” or the “Organization”)
- ESD Investment:** A grant of up to \$25,000 to be used for a portion of the cost of construction and renovation.
- Project Location:** 113 Sunshine Drive, Cobleskill, Schoharie County
- Proposed Project:** The Cobleskill Agricultural Society will repair buildings and infrastructure located at the Schoharie County fairgrounds which were damaged by flooding from Hurricane Irene and Tropical Storm Lee.
- Project Type:** Infrastructure improvement
- Regional Council:** The project is consistent with the Mohawk Valley Regional Economic Development Council’s Plan to preserve and build upon its abundant cultural, natural and geographical resources.

Background:

Industry – The Cobleskill Agricultural Society manages the Schoharie County Sunshine Fair (the “Fair”) every summer in Schoharie County.

Grantee History – Founded in 1876, the Cobleskill Agricultural Society manages the annual Fair. Approximately 75,000 to 85,000 people attend the Fair which features children's entertainment, musical performances, tractor pulls, demolition derbies, horse shows, wrestling, rides, and a wide variety of food and attractions. The Fair also showcases animals, domestic and agricultural exhibits. In addition, the Fair attracts a significant number of professionals in the agricultural sector for product expos and business opportunities.

Ownership – Cobleskill is a not-for-profit organization.

Size – The Organization employs one full-time employee and several part time and seasonal employees. When the Fair is operational, approximately 160 staff members are employed.

ESD Involvement – Like many other businesses in Schoharie County, the Cobleskill fairgrounds were severely affected by Hurricane Irene and Tropical Storm Lee in 2011. Continuous rain during that same year resulted in lower attendance at the Fair and subsequent loss of revenue. Flooding caused damage to a majority of the buildings on

Cobleskill Agricultural Society Fairgrounds Capital (Y300)
June 25, 2015

the fairgrounds, washing out track and area soil, damaging brick flooring, and destroying fences. Cobleskill applied to Federal Emergency Management Agency for assistance in repairing the damage but was determined to be ineligible to receive funds.

In July 2012, the Organization applied under Round 2 of the Consolidated Funding Application to offset the cost of repairing the damage to the fairgrounds. ESD made the Organization an offer of assistance in March 2013, which the Organization accepted in April of that year. Without ESD’s assistance, the project could not have taken place.

Competition – N/A

Past ESD Support - This is the Grantee’s first project with ESD.

The Project:

Completion – September 2014

Activity – The project consisted of capital improvements at the fairgrounds to repair damage which was a result of the flooding caused by Hurricane Irene and Tropical Storm Lee. The buildings on the fairgrounds experienced settling and shifting which was a safety hazard for visitors. Cobleskill reconstructed the floors for the Hall of Agriculture Building and repaired several walking paths, traffic lanes and reconstructed the ½ mile track. Other improvements include the installation of new energy efficient lighting throughout the facility. The Organization intends to continue repairing and improving the facility in 2015 with the, purchase of new equipment, roof replacements, and electrical upgrades to the Dairy Barns.

Cobleskill also installed solar paneling and energy efficient equipment and “green” storm water drainage items including a porous pavement and rain gardens.

Results – As a result of the project, repairs and improvements to the Fair facilities were completed. The project helped preserve and maintain the fairgrounds for use by the public.

Evaluated over a seven-year period, project fiscal benefits to New York State government are expected to be \$3,284, which does not exceed the cost to the State.

Financing Uses	Amount	Financing Sources	Amount	Percent
Construction	\$38,400	ESD Grant	\$25,000	42%
Infrastructure	16,000	Company Equity	34,400	58%
Machinery & Equipment	5,000			
Total Project Costs	\$59,400	Total Project Financing	\$59,400	100%

Cobleskill Agricultural Society Fairgrounds Capital (Y300)
June 25, 2015

Grantee Contact - Brendon Becker, Director
 113 Sunshine Drive
 Cobleskill, NY 12043
 Phone: (518) 234-4028

<u>Project Team</u> -	Origination	Jane Kulczycki
	Project Management	Simone Bethune
	Contractor & Supplier Diversity	Denise Ross
	Environmental	Soo Kang

1. Upon execution of the grant disbursement agreement, the Grantee shall pay a commitment fee of 1% of the \$25,000 capital grant (\$2,500) and 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 be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Grantee's written 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 \$25,000 will be disbursed to Grantee upon completion of the project as evidenced by attainment of a certificate of occupancy and/or other documentation verifying project completion, and upon documentation of construction and renovation and machinery and equipment project costs totaling \$59,400, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after April 1, 2013, to be considered eligible project costs.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$25,000, 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.

Statutory Basis – Regional Economic Council Capital Fund

Cobleskill Agricultural Society Fairgrounds Capital (Y300)

June 25, 2015

The project was authorized in the 2012-2013 New York State budget and reappropriated in the 2013-2014, 2014-2015, and 2015-2016 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

B. Valley Cinema Digital Conversion Capital (Z032)

June 25, 2015

- Grantee:** Valley Cinema (The "Company")
- ESD Investment:** A grant of up to \$25,000 to be used for a portion of the cost to purchase machinery and equipment.
- Project Location:** 20 Albany Street, Little Falls, Herkimer County
- Proposed Project:** Convert a two-screen movie theatre from film technology to digital technology.
- Project Type:** Business renovation and modernization
- Regional Council:** The project is consistent with the Regional Economic Development Plan to increase technology within the region.

Background:

Industry – Movie Theater

Company History – Valley Cinema is a two-screen theater in Little Falls, built in 1980.

Ownership - Valley Cinema is privately owned.

Size - All facilities located in Little Falls, NY.

Market – Valley Cinema is one of only two theaters in the County. The theater hosts screenings for the Mohawk Valley Center of the Arts, Herkimer Area Resource Center and the Chamber of Commerce.

ESD Involvement - The Company saw an opportunity to modernize its operations as their existing projection equipment was being phased out. In 2013, the Company approached ESD for assistance to convert to digital projectors in order to stay in business. In March of 2014, ESD offered a \$25,000 grant to assist with their equipment renovation. Without this support, the Company would have been unable to stay in business.

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

The Project:

Completion – February 2015

Valley Cinema Digital Conversion Capital (Z032)

June 25, 2015

Activity - The Company has purchased two digital movie projectors, and made minor renovations to their 500,000-square-foot facility in Little Falls. The equipment renovation will support new customer demand for modern movie presentation.

Results – The project will modernize the equipment at one of the two theaters in Herkimer County allowing for continued and improved operation.

Evaluated over a seven-year period, fiscal benefits to New York State government are expected to be \$604, which does not exceed the cost to the State.

Financing Uses	Amount	Financing Sources	Amount	Percent
Construction/Renovation	\$10,000	ESD Grant	\$25,000	25%
Machinery and Equipment Acquisition	80,000	Company Equity	75,000	75%
Furniture/Fixtures	10,000			
Total Project Costs	\$100,000	Total Project Financing	\$100,000	100%

Grantee Contact - Christopher Anderson
20 Albany Street
Little Falls, New York
Phone: (315) 867-8894

Project Team -

Origination	Jane Kulczycki
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 Company shall pay a commitment fee of 1% of the \$25,000 (\$250) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will be obligated to advise ESD of any 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 written 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.

Valley Cinema Digital Conversion Capital (Z032)

June 25, 2015

4. Up to \$25,000 will be disbursed to Grantee upon, documentation of machinery and equipment project costs totaling \$100,000, and upon completion of the project substantially as described in these materials. 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 March 18, 2014, to be considered eligible project costs. All disbursements must be requested by April 1, 2016.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$25,000, 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.

Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-discrimination & Contractor and Supplier Diversity policy will apply to the project. The Grantee shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall Minority and Women Business Enterprise ("MWBE") participation goal of 20% 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.

Statutory Basis – Regional Economic Council Capital Fund

The project was authorized in the 2014-15 New York State budget and reappropriated in the 2015-16 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

C. Ansen Corporation Improvements Capital (Y825)

June 25, 2015

General Project Plan

Grantee: Ansen Corporation (“Ansen” or the “Company”)

ESD Investment: A grant of up to \$100,000 to be used for a portion of the cost of renovations and the purchase of machinery and equipment

Project Location: 100 Chimney Point Drive, Ogdensburg, St. Lawrence County

Proposed Project: Machinery and equipment upgrades and related facility improvements

Project Type: Business expansion involving job retention

Regional Council: The project is consistent with the Regional Plan to support job retention and job growth in the North Country.

Employment:

Initial employment at time of ESD Incentive Proposal:	100
Current employment level:	100
Minimum employment through January 1, 2018:	100

Background:

Industry - Electronics manufacturing

Company History – Formed in 2013, Ansen Corporation is a contract manufacturing business for specialty electronic sub components such as printed circuit boards. Ansen is an FDA Class III medical device manufacturer and is ISO certified.

Ownership – Privately owned

Size - All facilities located in Ogdensburg, NY

Market – Contract electronic components manufacturing

ESD Involvement - Ansen needed to upgrade some of its technical production equipment to increase competitiveness, productive capacity and expand production capability. The Company applied under Round 3 of the Consolidated Funding Application, and was awarded \$100,000 from the North Country Regional Economic Development Council. Without ESD assistance the equipment upgrade project would not be possible.

Competition – Ansen competes worldwide for contract manufacturing work

Ansen Corporation Improvements Capital (Y825)

June 25, 2015

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

The Project:

Completion – December 2014

Activity - Ansen purchased and installed new production machinery and equipment needed to produce electronic components.

Results - The Company has retained 100 jobs. The new manufacturing equipment will increase production efficiency, increase capacity and expand capabilities to respond to competitive demand for production of more complex electronic components.

Financing Uses	Amount	Financing Sources	Amount	Percent
Machinery & Equipme	\$500,000	ESD Grant	\$100,000	20%
		Company Equity	400,000	80%
Total Project Costs	\$500,000	Total Project Financing	\$500,000	100%

Grantee Contact - Mr. Timothy Perry, Director of Human Resources
100 Chimney Point Drive
Ogdensburg NY 13669
Phone: (315) 393 3573

Project Team -

Origination	Rosemary Redmond
Project Management	John Vandelloo
Contractor & Supplier Diversity	Denise Ross
Environmental	Soo Kang

Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Company shall pay a commitment fee of 1% of the \$100,000 capital grant (\$1,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will be obligated to advise ESD of any 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

Ansen Corporation Improvements Capital (Y825)

June 25, 2015

cost in the form of equity contributed after the Company's written 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 \$100,000 will be disbursed to Grantee upon, documentation of machinery and equipment project costs totaling \$500,000, upon completion of the project substantially as described in these materials, and documentation of the employment of at least 100 Full-time Permanent Employees at the Project Location, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after June 6, 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 \$100,000, 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:

Ansen Corporation Improvements Capital (Y825)
June 25, 2015

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	100
A	B
Reporting Date	Employment Goals
February 1, 2016	100
February 1, 2017	100
February 1, 2018	100

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.

Non-Discrimination and Contractor & Supplier Diversity:

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. Ansen shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise (MWBs) for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith

Ansen Corporation Improvements Capital (Y825)

June 25, 2015

Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 20% related to the total value of ESD's funding.

Statutory Basis – Regional Economic Council Capital Fund

The project was authorized in the 2013-2014 New York State budget and reappropriated in the 2014-2015 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Non-Discretionary Projects

REQUEST FOR: 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
	SUNY 2020 Challenge Grant (Executive)			
A	SUNY Water Research and Education Center at Onondaga Lake Capital	AA031	ESF College Foundation, Inc. on behalf of The State University of New York College of Environmental Science and Forestry	\$20,000,000

I. Statutory Basis

The project was sponsored by the Executive, Assembly or Senate, and was authorized or reappropriated in the 2015-2016 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 25% 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 10%. 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

Resolution
New York State Map
Project Finance Memorandum
Project Summary

June 25, 2015

SUNY 2020 Challenge Grant – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Make a Grant 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 SUNY 2020 Challenge 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(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 SUNY 2020 Challenge Grant, 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

SUNY 2020 Challenge Grant – Executive – Project Summary Table

	Project Name	Proj #	Grantee	Assistance up to
	Local Assistance			
A	SUNY Water Research and Education Center at Onondaga Lake Capital	AA031	ESF College Foundation, Inc. on behalf of The State University of New York College of Environmental Science and Forestry	\$20,000,000
			TOTAL	\$20,000,000

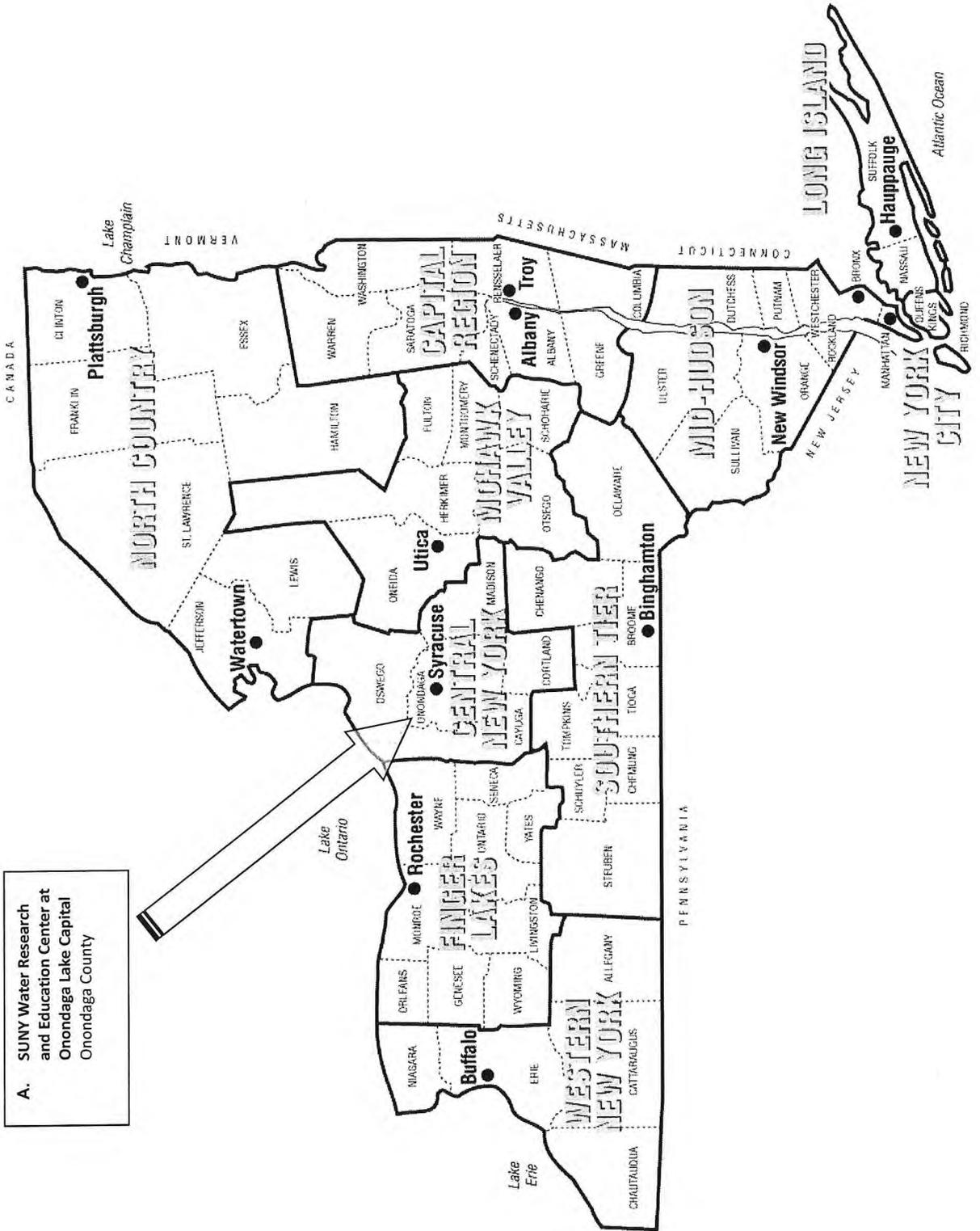
RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to

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

A. SUNY Water Research and Education Center at Onondaga Lake Capital Onondaga County



A. SUNY Water Research and Education Center at Onondaga Lake Capital (AA031)

June 25, 2015

General Project Plan

- Grantee:** ESF College Foundation, Inc. ("Foundation" or the "Organization") on behalf of The State University of New York College of Environmental Science and Forestry
- Beneficiary Company:** COR Spencer Street Company IV, LLC ("COR" or the "Company")
- ESD Investment:** A grant of up to \$20,000,000 to be used for a portion of the cost of construction
- Project Location:** Solar Street, Inner Harbor, Syracuse, Onondaga County
- Proposed Project:** Construction of an environmental water research center on SUNY's College of Environmental Forestry and Science campus
- Project Type:** Educational facility
- Regional Council:** The Central New York Regional Council has been made aware of this item.

Grantee Background:

Industry - The Foundation is a not-for-profit corporation of alumni, College and community representatives committed to helping SUNY College of Environmental Science and Forestry ("SUNY ESF" or the "College") achieve its mission of education, research and public service through resource development and fund management.

Organization History - The Foundation was incorporated in 1965 for the purpose of securing annual and special gifts from the private sector to support the SUNY College of Environmental Science and Forestry.

Established in 1911, SUNY ESF is one of the State University's 64 campuses in the nation's largest comprehensive system of public higher education, offering degrees from associate to doctorate, Degree programs include Chemistry, Environmental Science and Forestry Biology, Environmental Resources Engineering, Landscape Architecture and Sustainable Construction Management and Engineering.

Undergraduate enrollment is approximately 1700 students and graduate enrollment is approximately 600 students. In addition, the College offers around 500 high school student's college credit courses in SUNY ESF's high school program. The College provides non-credit instruction activities to over 2000 businesses and industry registrations annually.

SUNY Water Research and Education Center at Onondaga Lake Capital (AA031)

June 25, 2015

Ownership – The Foundation is a not-for-profit corporation

Size - The Foundation has a board of directors in excess of 50 people. It is managed by a staff of 5 people. The Foundation's current assets total more than \$70 million. SUNY ESF's campus occupies 12 acres in Syracuse and 25,000 acres on its regional campuses throughout Central New York and the Adirondack Park.

Beneficiary Background:

Industry - Real estate development

Beneficiary History - COR was founded in 1998 and has developed real estate projects throughout central and upstate New York, including the purchase, lease, development, construction, management, and operation of various projects. In total, it has developed over four million square feet of commercial, residential and mixed-use space. These projects include the Towne Center at Fayetteville, NY, a 575,000-square-foot redevelopment of a 1970s vintage mall; two COR centers in Clay, NY, which consist of approximately 700,000 square feet of new development; the Collamer Crossings Business Park in Dewitt, NY, which is a New York State Shovel Ready building site for approximately 800,000 square feet of office/high-tech development; Maple Heights, a 50-unit affordable townhome housing project located in the City of Syracuse; and Beaver Meadow, a 296-unit apartment complex located in Watertown, NY, that was developed with the assistance of the New York State Division of Housing and Community Renewal.

Ownership - Privately owned

Size - COR's headquarters of operation are located in Fayetteville, NY.

Market - Real estate development

ESD Involvement - In 2011, the Governor embarked on a groundbreaking partnership to establish the NY SUNY 2020 Challenge Grant Program ("SUNY 2020"); an initiative to strengthen academic programs of New York State's (the "State") public universities and colleges. The mission of the program was to elevate SUNY as a catalyst for regional economic development and affordable education. SUNY 2020 incentivizes economic development opportunities around the State's colleges and universities, while also leveraging private sector investments and job creation.

Construction of the SUNY Water Research and Education Center came about within the larger development of Syracuse's Inner Harbor (the "Harbor"), which COR is also spearheading. COR and SUNY ESF applied for funding together through the Governor's

SUNY Water Research and Education Center at Onondaga Lake Capital (AA031)

June 25, 2015

New York SUNY 2020 Challenge Grant application. COR's vision for the revitalization of the Harbor is to create a mixed-use urban neighborhood with a focus on educational and recreational opportunities. The Center will help support and further develop the expanding environmental industry concentrated in Central New York. In addition, the center will promote the clean-up and restoration of Onondaga Lake.

SUNY ESF is widely known as a premiere institution focusing on environmental issues, and has led teaching and research on Onondaga Lake since 1986, including long-term monitoring of the recovery of Onondaga Lake after a century of industrial pollution. In addition, hundreds of undergraduate and graduate students have performed internships, community service, lab services and research projects in and around Onondaga Lake. In September 2014, SUNY ESF was notified that it had been approved for funding assistance under the SUNY 2020 program. Planning and design for the Center began in March 2015.

Past ESD Support - This is the Organization's first project with ESD.

The Project:

Completion – April 2017

Activity - The Project involves construction of a 34,000 square-foot, LEED gold building on the shore of Onondaga Lake at the heart of Syracuse's Inner Harbor revitalization initiative. Construction is scheduled to begin in January 2016 and be completed in April 2017. The Center is estimated be operational in September 2017.

Results - The Center will bring research, educational opportunity, tourism and sustainable development to the shores of a nationally recognized lake clean-up effort. Scientists from SUNY ESF, the Upstate Freshwater Institute and the Onondaga Environmental Institute will monitor changes to the lake ecosystems. In partnership with the Great Lakes Research Consortium, research funding will flow to the areas of robotic water-quality monitoring, lake restoration and water-quality sensor design. Additional opportunities exist for tourism through the center, STEM education for K-12 students, distance learning and other workforce education. Companies will be attracted to the Center in connection to the START-UP NY program and on site research allowing for future expansion and job growth. The Center will strengthen Central New York's role as a national center for water research technologies and related industries. Once operational, schools that will use the center include Onondaga Community College (expected to serve approximately 200 students), Syracuse City Schools (expected to serve approximately 2,500 students) and 200 students from SUNY ESF's own campus. In addition, the Center is expected to serve approximately 20,000 visitors, host 20 seminars and conferences annually, and offer four new academic programs, once operational.

SUNY Water Research and Education Center at Onondaga Lake Capital (AA031)

June 25, 2015

The Center will also provide an opportunity for Onondaga Community College to expand its STEM camp to focus on Onondaga Lake, including the technology involved in the cleanup. The proximity to employers at the Inner Harbor and downtown Syracuse will also support the development of co-op workforce development and continuing education programs.

Financing Uses	Amount	Financing Sources	Amount	Percent
Construction	\$14,469,000	ESD Grant	\$20,000,000	87%
Furniture, Fixtures & Equipment	1,931,000	Other Grants (Under consideration)*	3,092,000	13%
Design & Planning	2,074,000			
Boat Storage Barn	500,000			
Relocate Freight House	1,000,000			
Site Work	3,118,000			
Total Project Costs	\$23,092,000	Total Project Financing	\$23,092,000	100%

**New York State Energy Research and Development Authority, Central New York Regional Economic Development Council, National Science Foundation, Upstate Revitalization Funds*

Grantee Contact - Brenda T. Greenfield, Executive Director
 ESF College Foundation, Inc.
 1 Forestry Drive, 214 Bray Hall
 Syracuse, NY 13210-2712
 Phone: (315) 470-6683

Beneficiary Contact - Joe Gerardi, Executive Vice President and Legal Counsel
 540 Towne Drive
 Fayetteville, NY 13066
 Phone: (315) 663-2100

Project Team -

Project Management	Simone Bethune
Legal	Maria Cassidy
Contractor & Supplier Diversity	Vikas Gera
Finance	Jonevan Hornsby
Environmental	Soo Kang

SUNY Water Research and Education Center at Onondaga Lake Capital (AA031)

June 25, 2015

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. Up to \$20,000,000 will be disbursed to Grantee upon completion of the project substantially as described in these materials, as evidenced by a certificate of occupancy, and documentation of construction, furniture fixtures and equipment, and design project costs totaling \$23,092,000, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after April 1, 2014, the date that the New York State budget in which the project is authorized was passed, to be considered eligible project costs.
4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$20,000,000, 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.

Environmental Review:

The City of Syracuse Industrial Development Agency, as lead agency for the COR Syracuse Inner Harbor Development project, which includes the site of the proposed SUNY Water Research and Education Center, conducted a review pursuant to the State Environmental Quality Review Act ("SEQRA") and its implementing regulations (6 NYCRR Part 617). The lead agency accepted a Final Environmental Impact Statement ("FEIS") on November 19, 2013 and adopted SEQRA Findings on December 17, 2013. ESD however, was not an involved agency and therefore did not participate in the environmental review process for the COR Syracuse Inner Harbor Development project. ESD staff has reviewed the FEIS and supporting materials and has completed an environmental review of the proposed SUNY Water Research and Education Center and associated boat house construction and Freight House relocation project. 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.

Due to the Freight House's eligibility for inclusion in the National Register of Historic Places, ESD will ensure that consultation is completed with the New York State Office of Parks, Recreation and Historic Preservation ("OPRHP") pursuant to Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law.

SUNY Water Research and Education Center at Onondaga Lake Capital (AA031)

June 25, 2015

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%. The overall goal shall include a Minority Business Enterprise Participation Goal of 15% and a Women Business Enterprise Participation Goal of 15% related to the total value of ESD's funding.

Statutory Basis – SUNY 2020 Challenge Grant

The project was authorized in the 2014-2015 New York State budget and reappropriated in the 2015-2016 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 and Beneficiary have provided ESD with the required Disclosure and Accountability Certifications. Grantee's and Beneficiary's certifications indicate that Grantee and Beneficiary have 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 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Land Bank Program

REQUEST FOR: Approval of Land Bank Application and Authorization to Take All Related Actions

I. Background

New York State's Land Bank Program (the "Program") was established with enactment of Article 16 of the New York State Not-for-Profit Corporation Law (the "Act"). The Legislative intent of the Act found and declared that New York's communities are important to the social and economic vitality of the state and that whether urban, suburban or rural; many communities are struggling to cope with vacant, abandoned and tax delinquent properties.

In order to combat the problem of vacant and abandoned properties, the Act permits local communities on their own, or together through the execution of intergovernmental agreements, to create not-for-profit corporation land banks to be utilized to facilitate the return of vacant, abandoned and tax-delinquent properties to productive use. The primary focus of land bank operations is the acquisition of real property that is tax delinquent, tax foreclosed, vacant and/or abandoned, and to use the tools of the Act to eliminate the harms and liabilities caused by such properties.

Pursuant to Section 1603 of the Act, the creation of a land bank is conditioned upon approval of the New York State Urban Development Corporation d/b/a Empire State Development ("ESD").

II. The Program Guidelines

ESD's role in this initiative is to approve applications from municipalities seeking to create land banks in their communities. Pursuant to the Act, the number of land banks state-wide was initially limited to ten, but has since been expanded to twenty. At its November 2011 Board meeting, the Directors approved guidelines for the Program which set forth the application process, eligibility criteria, evaluation criteria, the approval process and other terms and conditions regarding approval of applications (the "Guidelines").

Pursuant to the Guidelines, ESD moved forward with approving applications in multiple rounds from interested municipalities. The first round of applications were received by March 30, 2012 and as a result, five applicants were approved by the ESD Board at its meeting in May of 2012. Second Round applications were received by January 30, 2013 and as a result, three additional applications were approved. Since that time, ESD has opened up the application process and has approved two additional land banks. ESD will continue to accept applications until all twenty land banks are approved.

III. Recommendation

The Guidelines adopted by ESD cite the criteria in which ESD evaluated the applications. In general, the factors can be broken down into three categories: 1) the level of intergovernmental cooperation; 2) the need for a land bank; and 3) the likely success of the land bank as proposed. Based on staff review, it is recommended that the application submitted by Seneca County be approved.

While the Seneca County is applying on its own, it does have broad support from local governments in the County and is exploring expansion into adjoining counties. The applicant has pledged in-kind support to the land bank and has also demonstrated a significant problem with vacant, abandoned and tax foreclosed properties and has identified ideal properties that could be subject to land bank control. Based on the implementation plan and in-kind services presented in the application, Seneca County has made a strong case that the land bank will be successful in its community.

IV. Environmental Review

Pursuant to the State Environmental Quality Review Act ("SEQRA"), Article 8 of the Environmental Conservation Law and its implementing regulations (6 NYCRR Part 617), and in connection with the previous approval of land bank applications, the Directors made a Determination of No Significant Effect on the Environment at their meeting of May 17, 2012. This determination addressed all aspects of the proposed action. Therefore, no further environmental review is required in connection with this action.

V. Requested Actions

The Directors are requested to: 1) pursuant to Section 1603 of the Act, approve the creation of a land bank based on the application submitted by Seneca County; and 2) take all related actions.

VI. Recommendation

Based upon the foregoing, I recommend approval of the requested actions.

Attachments

Resolution

June 25, 2015

Land Bank Program – Approval of Land Bank Application and Authorization to Take All
Related Actions

RESOLVED, that on the basis of the materials (the “Materials”) presented at this meeting, a copy of which is hereby ordered filed with the records of the New York State Urban Development Corporation d/b/a Empire State Development (the “Corporation”), relating to the Land Bank Program (the “Program”), the Corporation hereby approves creation of a land bank by Seneca County for the purposes and substantially in the form set forth in the Materials, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate; and be it further

RESOLVED, that President and Chief Executive Officer or his designee(s) 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 necessary or proper to effectuate the foregoing resolution.

* * *

FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Procurement for Consulting Services – Buffalo Investment Development Strategy

REQUEST FOR: Authorization to Enter into an Amended Contract for Consultant Services Relating to the Buffalo Strategy Implementation Support Services; and Authorization to Take Related Actions

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: 24 months

Contract Amount:	Original Contract Amount:	\$999,809
	Increase Contract Amount:	<u>\$999,694</u>
	Total Contract Amount:	\$1,999,503

Funding Source(s): Buffalo Regional Innovation Cluster appropriation authorized pursuant to the 2015-16 State budget.

II. Background

Over two years ago, 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. Upon expiration of the Delivery Unit Contract in June 2014, ESD approved entering into a contract with the consultant to provide on-going implementation support of the critical Buffalo Billion projects and initiatives for one year with an option for the Corporation to extend the for another year at the Consultant's same rates. The current item seeks approval to exercise the option for additional one year term.

III. Contractor Selection Process

On March 4, 2014, ESD advertised a Request for Proposal ("RFP") in the New York State Contract Reporter seeking a consultant for Buffalo Investment Strategy Implementation Support Services. The RFP proposed a term of one year with an option allowing the Corporation to extend for an additional year. A total of two (2) submissions were received by the deadline submission date of April 7, 2014.

Staff from ESD reviewed the submissions and completed final scoring of the proposals 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.

- Cost (20 points). Evaluation of completed budget submitted with the proposal.

Based on a review of the proposals and the interviews conducted by the review team, the Research Foundation for SUNY on behalf of the University at Buffalo was determined to be the most qualified firm to provide the services requested and provide 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 two 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. Provide overall senior project management across all Buffalo Billion Investment strategies and initiatives. Long term project management will be provided by the Consultant for the following:
 - a. Implement a rigorous performance management approach that will help ensure impact and responsible use of New York State resources;
 - b. Support overall program management effectively;
 - c. Assist in updating and implementing an overall integrated work plan with "reasonably unreasonable" timelines and milestones for each Signature Initiative and for the project as a whole;
 - d. Help ensure that the overall Buffalo Billion program is managed well and that deep, proactive communications and community engagement continue;
 - e. Contribute to coordination across all Buffalo Billion implementation work streams and ensure appropriate sequencing of activities.
2. Implementation of Signature Initiatives: Support high priority Signature Initiatives and establish or build on the infrastructure needed to ensure their long-term success. To meet these objectives and maintain the considerable momentum generated to date,

ESD has prioritized strategies and Signature Initiatives that require external support in the next year. They include: Revitalization, Workforce Development and Tourism initiatives. Specific activities for each:

- a. Support the Initiative Implementation Work Groups for each of three Signature Initiatives (Workforce, Tourism & Revitalization) responsible for overseeing the implementation of the strategies and Signature Initiatives;
- b. Track and report progress to key stakeholders, adjust plans accordingly;
- c. Serve as Signature Initiative leadership for Workforce and Revitalization; support leadership at USA Niagara for tourism; transfer knowledge of strategies/initiatives to leaders and staff as they join;
- d. Oversee/support execution of key activities outlined in the high priority Signature Initiative business plans.

V. Contract Term, Price and Funding

This contract term is expected to be for an additional twelve months for an additional amount not to exceed \$999,809 for a total contract amount of \$1,999,503. The source of funding for the contract will be the Buffalo Regional Innovation Cluster appropriation authorized pursuant to 2015-2016 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 for the amendment.

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 an amended contract with the Research Foundation for SUNY on behalf of the University at Buffalo for a total contract amount not to exceed \$1,999,503; and (3) take all related actions.

IX. Recommendation

Based on the foregoing, I recommend approval of the requested actions.

Attachment

Resolution

June 25, 2015

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

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 amend the contract with the Research Foundation for SUNY on behalf of the University at Buffalo for an amount not to exceed Nine Hundred Ninety Nine Thousand and Six Hundred Ninety Four dollars (\$999,694) for a total contract amount not to exceed One Million Nine Hundred Ninety Nine Thousand and Five Hundred Three dollars (\$1,999,503) 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 25, 2015

TO: The Directors

FROM: Howard Zemsky

SUBJECT: Procurement for Event Planning & Management Consulting Services -
2015 Statewide MWBE Forum

REQUEST FOR: Authorization to Enter into a Contract with Sacks Communications Inc. for
Consulting Services Relating to the 2015 Statewide MWBE Forum; and
Authorization to Take Related Actions

CONTRACT NEED AND JUSTIFICATION

I. Contract Summary

Contractor: Sacks Communications Inc.

Scope of Services: Consultant will provide full service project management services including but not limited to event management, event marketing, pre-event and on-site registration and management. The consultant will also be responsible for hiring vendors and service providers as necessary to execute the event.

Contract Term: 9 months

Contract Amount: Consultant fee of \$111,300.00 plus reimbursable expenses estimated at \$162,000.00 for a total not to exceed 273,300.00.

Funding Source(s): To be funded through revenue earned from the 2015 Statewide MWBE Forum event. Costs are paid by registration fees, exhibitor fees and sponsorship from other agencies.

II. Background

The annual Statewide MWBE Forum event is an opportunity for MWBEs to learn of contracting opportunities with state agencies and authorities. Sacks Communication, Inc. has satisfactorily provided ESD with project management consulting services in connection with the Statewide MWBE Forum held in 2013 and 2014. Both of these events were handled successfully and on

budget. Sacks' experience with managing, marketing and registration for the event, coupled with its familiarity with ESD's operations and needs, makes them the preferred vendor for the planning and implementation of the 2015 Forum.

III. Contractor Selection Process

Sacks Communications, established in 1986, has been a New York State certified WBE since 1990. Dr. Renée Sacks, President & CEO, has extensive experience in providing comprehensive branding, communications, public relations and strategic consulting services for both public and private sector clients. Dr. Sacks has been very active in diversity issues related to Minority, Women and Disadvantaged Business Enterprises, both in New York and nationally and serves as the Executive Director of the Women Builders Council, New York's leading women's organization for advocacy and leadership development, and has also worked for many New York State and New York City agencies and authorities, including Empire State Development, DASNY, MTA, NYS Department of Transportation, NYS Department of Housing & Community Renewal, New York State Housing Trust Fund Corporation, Port Authority of New York & New Jersey as well as the NYC Small Business Services and the Office of the Mayor of New York. With six (6) full time employees, Sacks Communications delivers editorial, graphic design, digital, broadcast and strategic communications consulting services to support marketing and business development programs.

The ESD Board is requested to approve contracting of Sacks Communications, Inc. for the 2015 MWBE Forum as: a) the fee will not exceed the \$200,000 threshold as articulated in the ESD regulations related to Discretionary Purchasing (Section 2.6); and, b) as a NYC certified Woman-owned Business Enterprise (WBE), Sacks qualifies for utilization of discretionary funding under the purview of the Corporation and exempt from the Request for Proposal process for this year's event.

IV. Scope of Work

The consultant will provide all or a combination of services, including but not limited to event management, event marketing and registration.

1. Event Management

The consultant has a proven track record of successfully managing professional business events involving more than 2,000 attendees. They will manage the outreach to prospective exhibitors and attendees and will handle all aspects of coordination, including pre-vent and on-site. ESD anticipates more than 150 exhibitors for the purpose of maximizing value to MWBE firms. The consultant will work with the Governor's Executive Chamber to produce and impactful, purposeful, content-rich conference to ensure that all programmatic elements meet the needs of the MWBE community. The consultant will also make recommendations and coordinate outreaches to prospective speakers of the utmost quality and relevance to determine availability and secure attendance. Other tasks may include, but are not limited to, the

coordination of space planning with site staff for workshops, seminars and plenary sessions, the securing of audio/visual and other equipment needs, and research recommendations regarding Forum catering, room set-up, workshop development, assistance with transportation arrangements and all other logistics.

2. Event Marketing

The consultant will provide advice regarding industry best practices for targeting a statewide MWBE audience. The consultant will create a Statewide MWBE Forum website to drive registration and increase participation across the State. Marketing materials to promote the vent will include pre-event outreach information about the program, venue and registration. Additionally, marketing materials will be developed for the event including signage, program book, detailed e-book of contract opportunities of state agencies and public authorities, and a speaker package. Post-event services, which will be posted on the Forum website, will include a post-conference e-newsletter, conference highlights, photo galleries and any additional materials needed to guide and further assist MWBEs.

3. Registration

The consultant will facilitate all components of pre-event registration and on-site registration and management. The consultant will coordinate an internet-based registration system, which can accommodate customized functionality, and general attendee online registration. The consultant will ensure the on-site conference registration area is properly set-up and equipped to manage participant volume efficiently during the registration process.

V. Contract Term, Pricing and Funding

The contract term is expected to be nine (9) months with the consultant fee of \$111,300.00 plus reimbursable expenses (including sub-consultants) estimated at \$162,000.00 for a total not to exceed \$273,300.00. The source of funding for the contract will be through revenue earned from the 2015 Statewide MWBE Forum event. Costs are paid by registration fees, exhibitor fees and sponsorship from other agencies. The projected gross income for the 2015 MWBE Forum is expected to be \$400,000.00 with a net income of at least \$100,000.00.

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 consultant fee. Where MWBE Participation potential exists, the Contractor is strongly encouraged to include the participation of New York State certified MWBEs totaling 30% of the procurements related to the reimbursable expenses.

The Contractor, Sacks Communications, Inc., is a New York State certified Woman-owned Business Enterprise.

VII. Requested Action

The Directors are requested to: (1) authorize the Corporation to enter into a contract with Sacks Communication Inc. with the consultant fee of \$111,300.00 plus reimbursable expenses (including sub-consultants) estimated at \$162,000.00 for a total not to exceed \$273,300.00, and (2) that the President of the Corporation or his 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.

VIII. Recommendation

Based on the foregoing, I recommend approval of the requested actions.

IX. Attachments

Resolution

June 25, 2015

NEW YORK STATE URBAN DEVELOPMENT CORPORATION d/b/a EMPIRE STATE DEVELOPMENT (the "Corporation") – Authorization to Enter Into a Contract with Sacks Communications, Inc. to provide Event Planning & Management Consulting Services and to Take Related Actions

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 Sacks Communications, Inc. to be responsible; and be it further

RESOLVED, that the Corporation is hereby authorized to enter into a contract with Sacks Communications, Inc. with a fee amount of One Hundred Eleven Thousand Three Hundred Dollars and no cents (\$111,300.00) , plus reimbursable expenses as estimated in the Materials, for a total amount not to exceed Two Hundred Seventy Three Thousand Three Hundred Dollars and no cents (\$273,300.00) 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 of the Corporation or his 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 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: New York Works Task Force

REQUEST FOR: Authorization to Reimburse the Port Authority of New York & New Jersey for Consulting Expenses and to Take Related Actions

I. Background

The New York Works Task Force (the “Task Force”) was created by Governor Cuomo and legislative leaders in early 2012 to fundamentally change the way New York State agencies and authorities invest taxpayer dollars to grow the economy, create jobs, and improve all New Yorkers’ quality of life. State Finance Law, Article 5-E, Section 69-I, calls for the Task Force to advise on coordinating the capital plans of New York State agencies and authorities, including leveraging and accelerating funding streams and financing mechanisms to enhance infrastructure investment throughout New York State.

In the fall of 2012, the Task Force requested the assistance of the Port Authority of New York & New Jersey (the “Port Authority”) with the Task Force’s early, foundational work. The Port Authority, in turn, retained the services of Navigant Consulting, Inc. (the “Consultant”) to assist with this effort. The Consultant’s work included thoroughly analyzing the current status of capital planning in New York State and developing new criteria and a new framework for long-term capital planning.

Working closely with the Task Force and its staff, the Consultant assisted with the drafting of the Task Force’s September 2012 report (the “September Report”) to Governor Cuomo and the New York State Legislature, evaluating the development of a statewide capital planning process to more effectively and strategically allocate New York’s capital investment funding, and otherwise assisting the Task Force in fulfilling its mission. The September Report provided background on the Task Force, summarized the Task Force’s work to date, described the New York State’s goals for the statewide capital planning effort, identified capital planning best practices within public and private organizations, described the tools the Task Force was developing to ensure consistent capital planning processes for statewide review and

consolidation, and laid out next steps and a timeline for the Task Force's establishment of the statewide capital planning effort.

At the Task Force's October 9, 2012, meeting, the Consultant presented the September Report to the Task Force. Following the Task Force's review and adoption of the September Report, it was delivered to the Governor and the Legislature. A copy of the September Report and the transmittal letter are attached.

III. Contract Need and Justification

The agreement between the Port Authority and the Consultant contemplates that payment will be made to the Consultant either directly by the Task Force, or by the Port Authority with reimbursement by the Task Force or the State. The State has appropriated funds for services and expenses associated with the Task Force, including the development of a coordinated capital infrastructure plan among state agencies and authorities. Those funds have been made available to ESD to support the work of the Task Force, which support is consistent with and in furtherance of ESD's economic development mission. ESD will apply these appropriated funds to reimburse the Port Authority for the expenses it incurred in securing the Consultant's assistance with the preparation of the September 2012 report.

IV. Environmental Review

ESD staff has determined that the requested authorization to reimburse the Port Authority for expenses incurred in connection with consulting services 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 requested authorization.

V. Requested Action

The Directors are requested to authorize the Corporation to reimburse the Port Authority of New York & New Jersey in an amount not to exceed One Hundred Twenty-Five Thousand Dollars (\$125,000) for expenses incurred in connection with consulting services in support of the New York Works Task Force and to take related actions.

VI. Recommendation

Based on the foregoing, I recommend approval of the requested actions.

VII. Attachments

Resolution

September 2012 Report of the New York Works Task Force to the Governor and the Legislature

June 25, 2015

Empire State Development – Authorization to Reimburse the Port Authority of New York and New Jersey for Consulting Expenses and to Take Related Actions

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 is hereby authorized to reimburse the Port Authority of New York & New Jersey an amount not to exceed ONE HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$125,000) for the purposes and services, and substantially on the terms and conditions, set forth in the Materials; and be it further

RESOLVED, that the President of the Corporation or his 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.

* * *



NEW YORK WORKS TASK FORCE

October 9, 2012

Dear Governor Cuomo, Majority Leader Skelos, Speaker Silver, Minority Leader Sampson, and Minority Leader Kolb:

Please find enclosed, pursuant to the State Finance Law, Article 5-E, Section 69-i, the New York Works Task Force's infrastructure report for 2012. The report has two parts: the New York State Department of Transportation's two-year capital plan for the 2013 – 2014 and 2014 – 2015 fiscal years and an independent review of the State's capital planning process by Navigant Capital Advisors. The Task Force has reviewed and adopted the report and hereby delivers it for your consideration.

The Task Force continues to advance the missions with which you have charged it, including the development of the State's first statewide capital plan, which the Task Force expects to deliver to you later this year.

On behalf of all the members of the Task Force, we look forward to continuing to work with you to create jobs and grow the economy of the great State of New York.

Best regards,

The Honorable Felix G. Rohatyn
Co-Chair, New York Works Task Force

Denis M. Hughes
Co-Chair, New York Works Task Force

cc: Howard Glaser
(New York State Director of State Operations)

Margaret Tobin
(New York Works Task Force Executive Director)

NAVIGANT
CAPITAL·ADVISORS

New York Works Task Force
The September Report
2012



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I. Nature of Engagement & Scope

Nature of Engagement & Scope

- » Navigant Capital Advisors (“NCA”) assisted with the drafting of this September Report (“The Report”) at the request of the New York Works Task Force (“Task Force”) to evaluate the development of a statewide capital planning process to more effectively and strategically allocate the State of New York’s capital investment funding and to assist the Task Force in fulfilling its obligations pursuant to the State Finance Law, Article 5-E, Section 69-i
- » The subject matter of the Report is limited to the following:
 - Background of the Task Force;
 - Task Force’s work to date;
 - Description of the State of New York’s goals for the statewide capital planning effort;
 - Identification of capital planning best practices within public and private organizations;
 - Description of the tools the Task Force is developing to ensure consistent capital planning processes for statewide review and consolidation; and,
 - Next steps and timeline for the Task Force’s establishment of the statewide capital planning effort
- » The Report, subject to the qualifications and limitations set forth in Appendix – B, summarizes the review of historical financial and capital reports provided by the Task Force, as well as certain other publicly available information. Consistent with the requirements of the engagement, the Report is based solely on reliance upon:
 - Review of presentations and studies provided by the Task Force;
 - Interviews with mutually agreed upon Task Force members; and,
 - Interviews with the Executive Director of the Task Force and staff at certain State entities involved in capital planning and budgeting functions

II. Background

Background

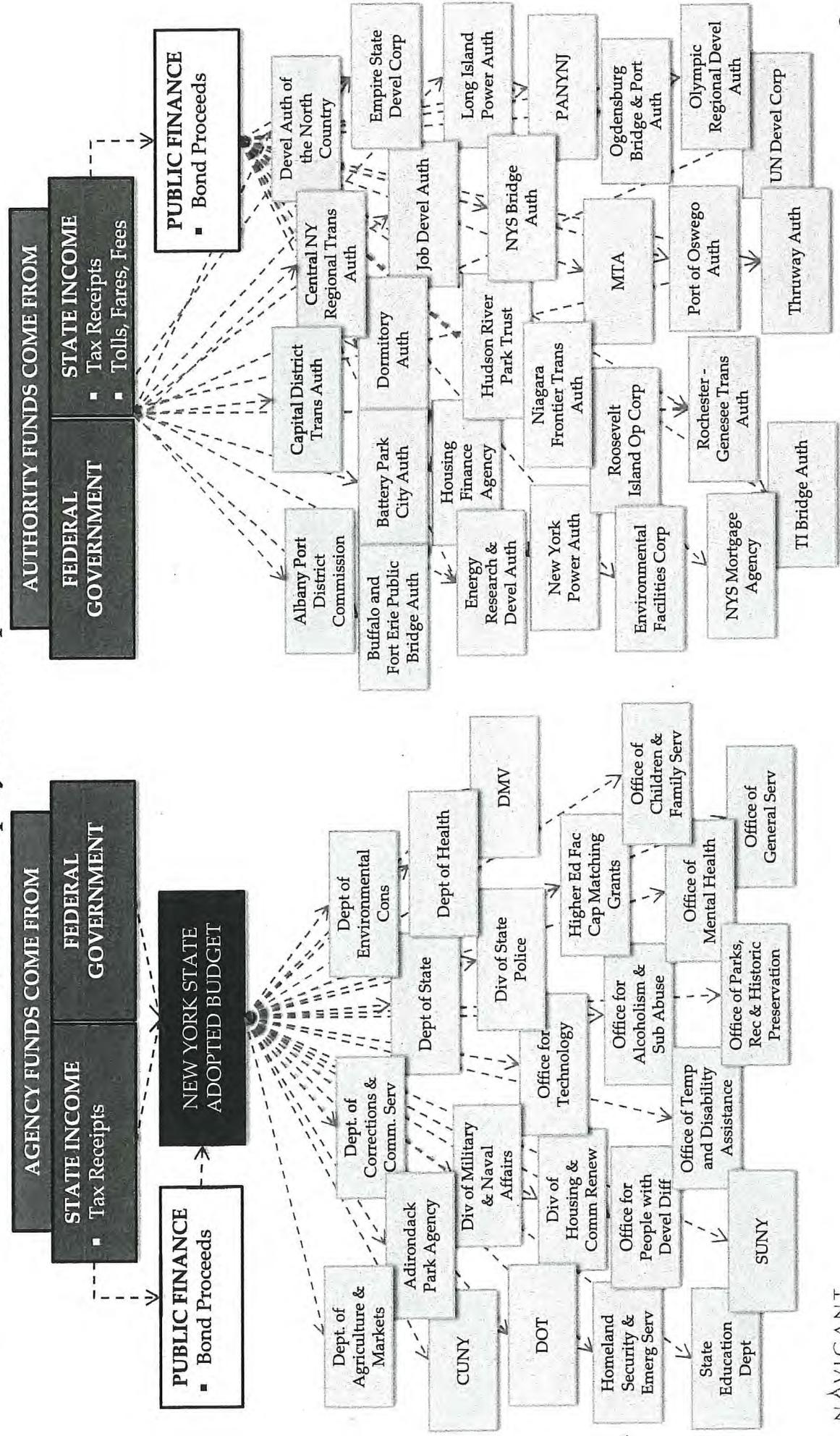
Task Force Creation

Constrained by already high taxes and a statutory cap on debt, the State must allocate its limited capital resources more efficiently and effectively to grow the economy

- » Through 46 agencies and authorities, New York State expects to spend approximately \$21 billion in support of capital expenditures in fiscal year 2013 alone, represented by \$9.7 billion for 24 agencies and \$11.7 billion for 22 authorities
- » Currently, the State does not have a comprehensive, unified, long-term process for evaluating and prioritizing capital projects across all agencies and authorities
- » The State's existing capital planning is marked by "silo-based" decision-making without reference to statewide strategic priorities; rigorous evaluation of projects' impact on the economic well-being of the State, particularly economic growth and job creation, is not always conducted
 - For example, over the past decade, the State has not taken sufficient account of demographic and economic growth trends, resulting in misallocation of precious capital resources
- » The historical lack of attention to capital planning and affordability has created untenable pressure on the State's debt limits; Division of the Budget projections anticipate significant reductions in available debt capacity going forward and that this reduction will seriously constrain the State's ability to make capital investments
- » All of these considerations led Governor Cuomo and State Legislative leaders to create the Task Force, bringing together leading finance, labor, planning, and transportation professionals to coordinate a statewide infrastructure plan that will more effectively and strategically allocate New York's capital investment funding and create thousands of jobs

Background Task Force Creation

Capital funding has traditionally been allocated in "silos" without a centralized focus on efficient and effective deployment of capital resources



Background

Task Force Creation

The New York Works Task Force was created to serve as a catalyst for infrastructure-led job creation and economic growth throughout the State, while ensuring fiscal responsibility and more effective and efficient deployment of capital

- » The 2012-13 Enacted Budget established the New York Works Task Force (the “Task Force”)
- » The goal of the Task Force is to fundamentally reform the way State agencies and authorities spend billions in capital and infrastructure funds each year, increase collaboration among State agencies and authorities, more effectively and efficiently deploying capital, and, most importantly, promote economic growth throughout the State
- » For the first time in its history, New York State will develop a coordinated, statewide infrastructure plan that will effectively and strategically allocate New York’s capital investment dollars, combining both leading public and private-sector planning concepts
- » Additionally, the Task Force will explore financing mechanisms, suggest methods to accelerate and improve construction, and determine ways to increase availability of capital dollars to spur economic activity throughout the State, all of which are crucial given the scarcity of capital resources
- » The Task Force consists of industry experts in finance, labor, planning and transportation

Background

Task Force Structure

Of the Task Force's 15 members, nine are appointed by the Governor and six by the State Legislature

Name	Appointed by	Title
Denis M. Hughes	Governor	Former President, NYS AFL-CIO, Task Force Co-Chair
Felix G. Rohatyn	Governor	Former Chairman, Municipal Assistance Corp., Task Force Co-Chair
Hon. Byron W. Brown	Governor	Mayor of Buffalo
Mike Fishman	Governor	President, 32BJ - Service Employees International Union
Peter Goldmark	Governor	Independent Consultant & Columnist
Gary LaBarbera	Governor	President, Building & Construction Trades Council of Greater New York
Carol Kellermann	Governor	President, Citizens Budget Commission
Hon. Stephanie A. Miner	Governor	Mayor of Syracuse
Robert D. Yaro	Governor	President, Regional Plan Association
John D. Cameron, Jr., P.E.	Senate Majority	Chairman, Long Island Regional Planning Council
Robert F. Mujica, Jr.	Senate Majority	Chief of Staff to the Senate Majority & Secretary to Finance Committee
Hon. Ronald J. Canestrari	Assembly Majority	Assembly Majority Leader
Hon. Herman D. Farrell, Jr.	Assembly Majority	Chairman of the Assembly Ways & Means Committee
Margot Brandenburg	Senate Minority	Associate Director, Rockefeller Foundation
Raymond N. Cudney, P.E.	Assembly Minority	Principal, Beardsley Design Associates

Background

Task Force Structure – Sector Focus with Regional Deployment



Transportation	Environmental Focus	Higher Education	Social Services & Public Health	Public Power	Development Projects	Financing Conduits	Safety & Security	Administrative Services
Albany Port Dist. Comm.	Adirondack Park Agency	CUNY	Dept. of Health	Energy Research & Devel. Auth. *	Battery Park City Auth.	Dormitory Auth.	Div. of State Police	Div. of the Budget
Buffalo & Ft. Erie Public Bridge Auth.	Dept. of Agr. & Markets	Higher Ed. Facilities Capital Matching Grants State Educ. Dept.	Div. of Housing & Community Renewal Housing Finance Agency *	Long Island Power Auth.	Empire State Devel. Auth. *	Empire State Devel. Auth. *	Div. of Military & Naval Affairs	Dept. of State
Capital District Trans. Auth.	Dept. of Environmental Conservation	SUNY	Office for People w/ Develop. Difficulties	New York Power Auth.	Roosevelt Island Operating Corp.	Energy Research & Devel. Auth. *	Dept. of Corrections & Community Serv.	Dept. of Labor
Central NY Regional Trans. Auth.	Dev. Auth. of the North Country		Office of Alcoholism & Substance Abuse		United Nations Dev. Corp.	Environmental Facilities Corp. *	Div. of Homeland Security & Emerg. Serv.	Office of General Services
Dept. of Motor Vehicles	Environmental Facilities Corp. *		Office of Mental Health			Housing Finance Agency *		Office of IT Services
Dept. of Transportation	Hudson River Park Trust					Job Development Auth.		
Metro. Transportation Auth.	Office of Parks, Rec. & Hist. Preservation		Office of Temp. & Disability Assist.			State of NY Mortgage Agency		
Niagara Frontier Trans. Auth.	Olympic Regional Devel. Auth.		Office of Children & Family Services					
NYS Bridge Auth.								
Ogdensburg Bridge & Port Auth.								
Port Authority of NY & NJ								
Port of Oswego Auth.								
Rochester-Genesee Trans. Auth.								
Thousand Islands Bridge Auth.								
Thruway Auth.								

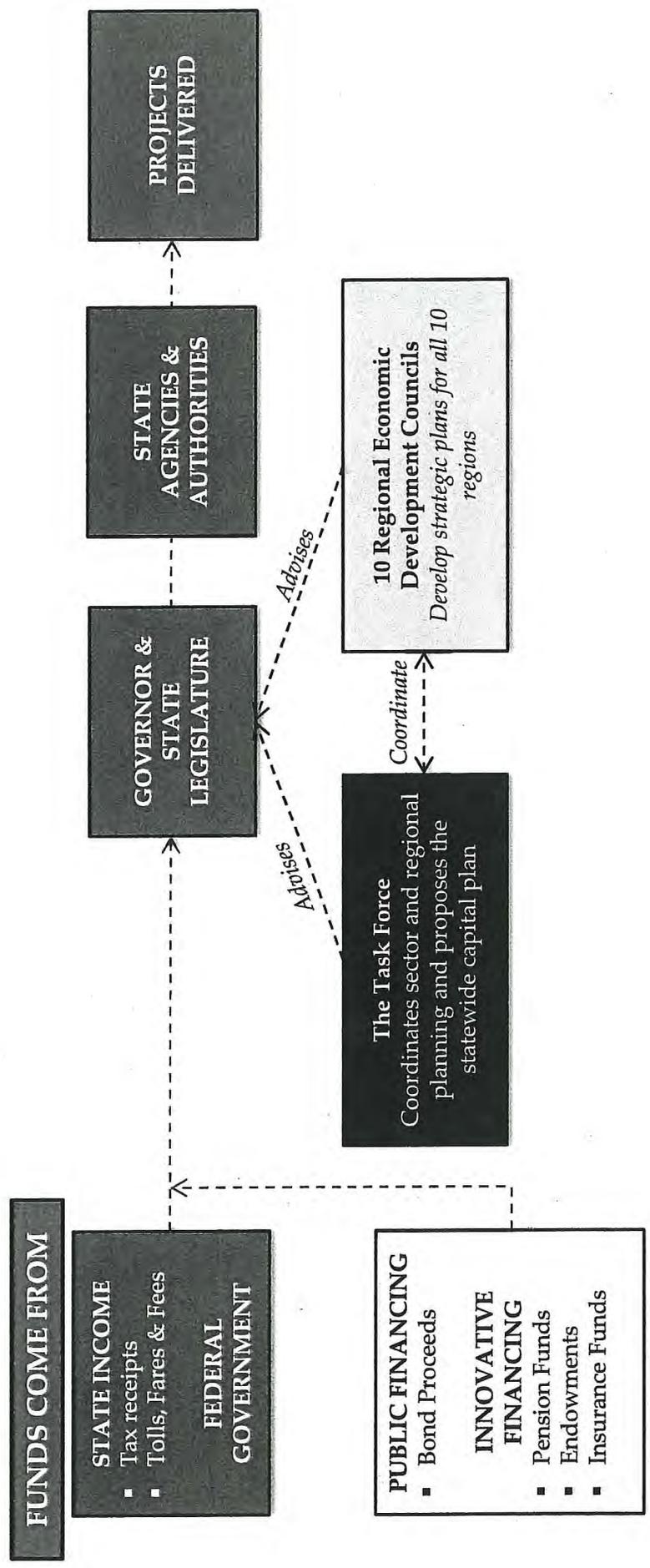
10 Regional Economic Development Councils

* Included in more than one sector

Background

How will it work?

The Task Force will advise the Governor and the Legislature on how to efficiently deploy State and Federal funds statewide and maximize the impact of capital investment



Background

How will it work?

- The Regional Economic Development Councils (the “REDCs”) were created to develop and drive long-term strategic plans for economic growth in their respective regions, creating a community driven, bottoms-up approach to both economic and job growth
- » The REDCs are comprised of both public and private-sector leaders, ensuring that a broad range of viewpoints are considered and accounted for
 - » Navigant has interviewed select REDC leaders to better understand their roles and responsibilities in the long-term strategic capital planning process, as well as to get their initial thoughts on the process to date; interviewees included:
 - F. Michael Tucker
 - President and CEO, Center for Economic Growth
 - Member of the Capital Region REDC
 - Marianne Garvin
 - President and CEO, Community Development Corporation of Long Island
 - Member of the Long Island REDC
 - Howard A. Zemsky
 - Managing Partner of the Larkin Development Group
 - Chairman of the Niagara Frontier Transportation Authority
 - Co-Chair of the Western New York REDC

Background

How will it work?

The REDCs support the goals and recent achievements of the Task Force and look forward to continued collaboration to grow New York State's economy and create jobs

Insights from interviews with REDC members

- » Thanks to the REDCs, community stakeholders are communicating more effectively than ever
 - The REDCs have given previously underrepresented constituencies a voice in the planning process
 - Smaller municipalities, often overlooked due to their size, are being heard
 - Regional strategic plans have come together with ease and are improving with each iteration
 - The collaboration and interaction of the REDC members working together to develop the strategic plans have been valuable in and of themselves
- » As a result, the REDCs are well positioned to provide input into the Task Force's statewide capital plan
- » Establishing continuity of process and goals in implementing the statewide capital planning process is important to the REDCs, as is ensuring that New Yorkers continue to put aside their parochial interests and focus on improving the whole State
- » REDC members are eager to increase coordination among the REDCs to share ideas and values across the regions and to work together to better the entire State
- » The REDCs look forward to learning more about and contributing to the Task Force's statewide capital plan as it develops and to working with the Task Force to grow the State economy and create jobs

Background

Task Force Goals

The goals of the Task Force are to coordinate capital investment decisions, advise on the best methods to finance those projects, and allocate resources for the highest and best purpose

I. Coordinate Capital Planning Across All State Agencies and Authorities

- » The Task Force will bring the agencies and authorities, as well as the REDCs, under one strategic umbrella to ensure careful utilization of capital resources
- » Capital plans will be analyzed not by narrow, internal needs within the particular agency or authority but by sector and region, with consideration for statewide economic growth and job creation
- » The Task Force anticipates that the coordination of statewide capital planning efforts will be iterative during the first few fiscal year cycles, beginning with FY2014
- » The Task Force has already made a tremendous amount of progress, including: (i) launching a series of workshops to engage the agencies and authorities, (ii) seeking public input through informational forums regarding the planned statewide capital planning efforts, (iii) distributing a template to gather information about the agencies' and authorities' capital plans, (iv) and began preparation for consolidation of the capital plans and delivery of recommendations, beginning in November

Background

Task Force Goals

II. Funding & Financing Options

- » The agencies and authorities are directly funded from the State budget and/or have separate revenue streams and bonding capacity
- » The Task Force will work to identify new sources of revenue and new financing structures to pay for the State's pressing infrastructure needs
- » The Task Force will evaluate whether the State has available all the processes and tools necessary to leverage and augment capital resources
- » Through a statewide review, better visibility to capital resources will be apparent, ultimately allowing for more efficient and effective deployment of capital, creating more opportunities for economic development and job creation
- » Given the nature of the Task Force and its members, a fresh perspective will be available to apply to all capital deployed and determine whether or not there are additional innovative, new funding and financing structures not currently used by the State that can help to close the gap between capital needs and available capital resources

Background

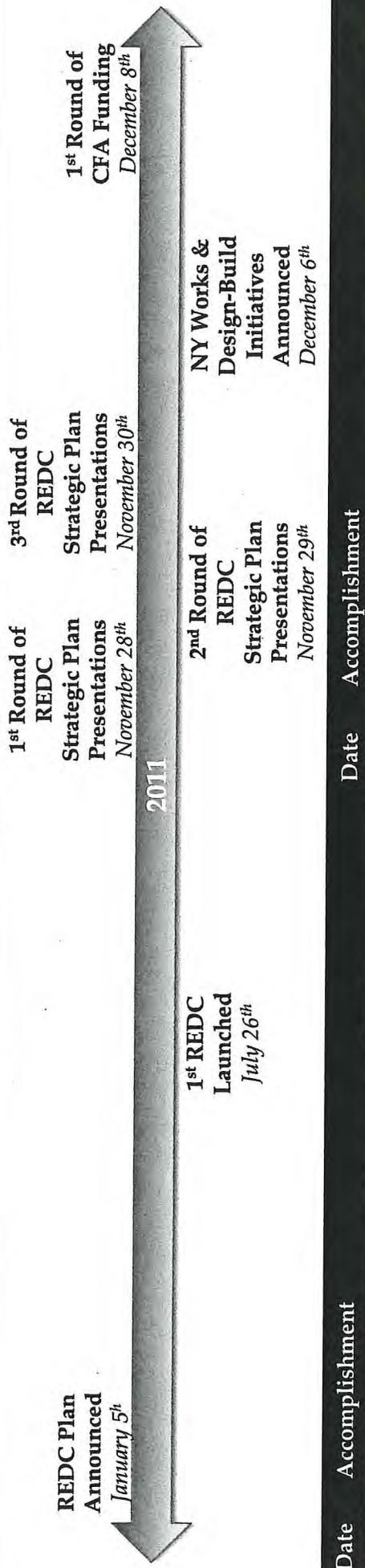
Task Force Goals

III. Accelerate Planning and Construction Processes

- » The Task Force is working to improve the way the State develops and executes capital projects
- » Having visibility across sectors and regions will allow common attributes of projects to be visible to multiple constituencies and allow for cross-functional communications across all of the State's agencies and authorities, leading to more efficient and effective capital deployment
- » The Task Force will review the current permitting and regulatory framework, as well as evaluate how the State can protect the environment in the long-term, and create safe working conditions, while ensuring projects are completed in a timely and cost-effective manner

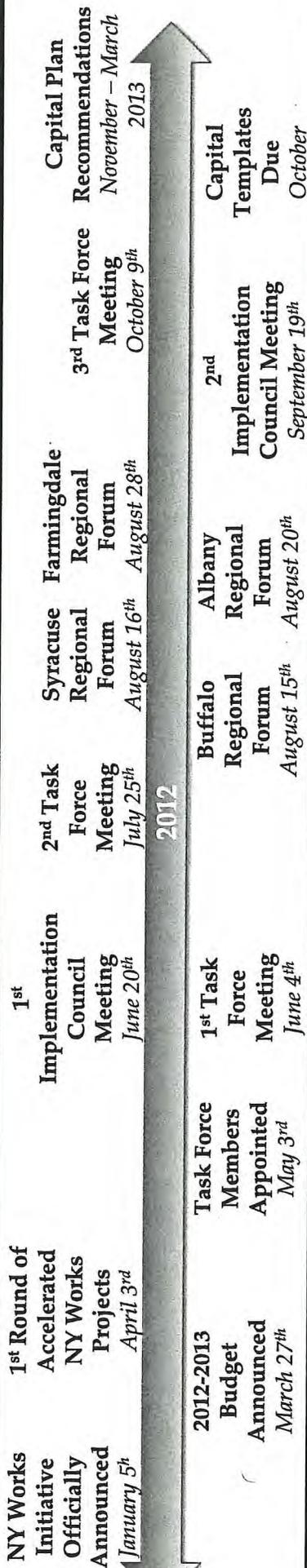
Background

2011 Accomplishments



Date	Accomplishment	Date	Accomplishment
01/05	Governor Cuomo outlined an action plan to fundamentally transform New York State's government and economy. As part of the strategy, the Governor called for the formation of the REDCs to work with State agencies and authorities to better allocate resources and create jobs	11/30	Mohawk Valley, North Country, and Western New York REDCs strategic plans are presented
07/26	Governor Cuomo launched the first REDC (Western New York) to redesign the relationship between the State government and businesses to stimulate regional economic development and create jobs statewide.	12/06	Governor Cuomo, Senate Majority Leader Skelos, and Assembly Speaker Silver announced an agreement to create the New York Works and design-build initiatives, with \$1 billion in accelerated State funding as a job-creating investment
11/28	Long Island and Finger Lakes REDCs strategic plans are presented	12/08	Governor Cuomo announced that \$785 million has been awarded through the REDC initiative, continuing efforts to redesign the way State government works in order to drive economic growth and create jobs
11/29	Southern Tier, Capital Region, Central NY, New York City, and Mid-Hudson REDCs strategic plans are presented		

Background 2012 Accomplishments



Date	Accomplishment	Date	Accomplishment
01/04	2012 State of the State Address officially launches new economic development to invests billions of dollars in key public-private sector partnerships and rebuilding infrastructure to create thousands of new jobs across the State	07/25	2 nd Task Force Meeting reported the survey results of the current capital planning processes across all agencies and authorities, as well as laying the foundation for the consolidated capital planning process that the Task Force will undertake
03/27	Governor Cuomo, Senate Majority Leader Skelos, and Assembly Speaker Silver announced an agreement on the 2012-2013 New York State Budget with a plan to invest billions of dollars to rebuild the State's roads, bridges, parks, and other infrastructure	08/15 to 8/28	Public Regional Forum were held in Buffalo, Syracuse, Albany, and Farmingdale to discuss the template and criteria and seek input on the capital budget process for the State that the Task Force is developing
04/03	An additional and accelerated \$200 million investment for 38 NY Works projects that will repair 287 miles of roads and 23 bridges in the Hudson Valley and create thousands of jobs.	09/19	2 nd Implementation Council Meeting, served as a "workshop" for implementing the new, standardized capital planning template that will drive the statewide consolidation process
05/03	Task Force members appointed, with Margaret Tobin named the Executive Director	10/09	3 rd Task Force meeting to be held, to consider the September Report and the Department of Transportation's two-year capital plan, among other items
06/04	1 st Task Force Meeting held covering the current capital budget and funding issues, overview of REDC accomplishments and strategies going forward, and overview of the Port Authority of NY & NJ's 10-year capital plan	Oct.	The provided capital plan templates will be due from the State agencies and authorities, detailing their strategic plans and projected capital needs over the next 10 years
06/20	1 st Implementation Council Meeting gathered the State agencies and authorities to roll-out the survey of current capital planning processes	Nov. to Mar. 2013	The Task Force will consolidate the results from the capital planning workshop and provided templates and make recommendations to the Governor and State Legislature for the 2013-2014 Budget

III. Situational Assessment

Situational Assessment

Current Situation

With State agencies planning over \$40 billion in capital spending through fiscal year 2017, and State authorities planning billions more, reform in capital allocation practices must be implemented to ensure that the State can meet its infrastructure needs while operating within the State's debt capacity limits

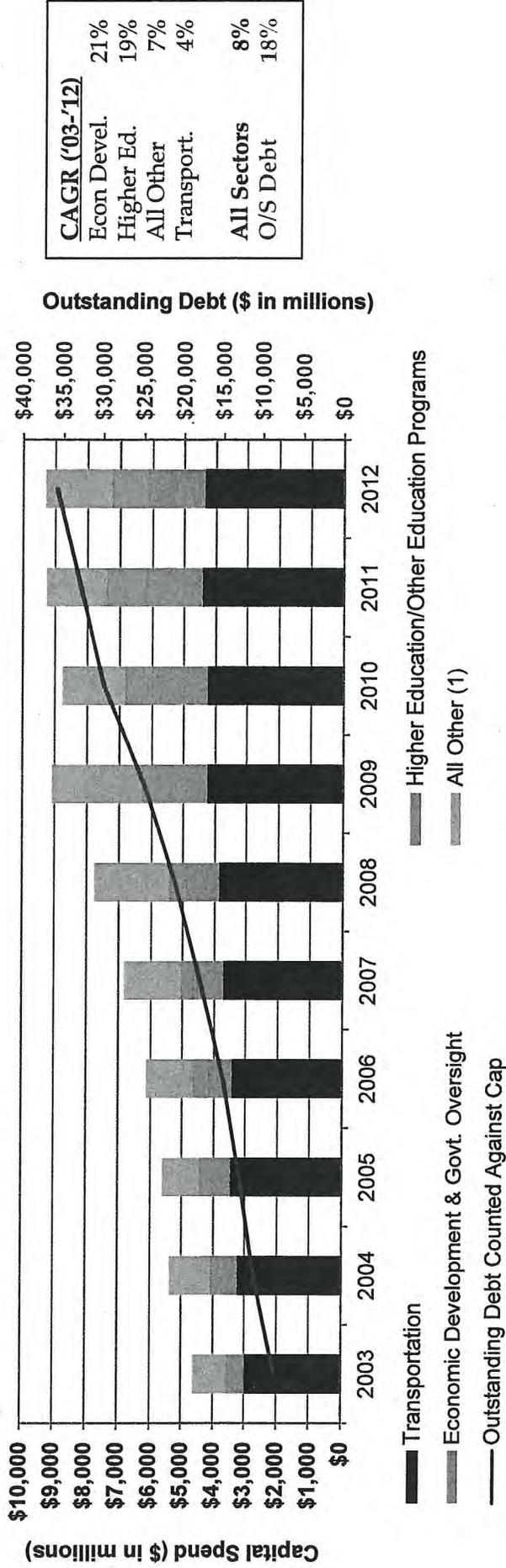
- » The State does not have a comprehensive, unified, long-term process for evaluating and prioritizing capital projects within its own budget process
 - The allocation of capital resources has traditionally been done in "silos" without reference to statewide needs, priorities, or ability to pay
 - This has led to a rapid increase in capital investment in some areas, while leaving other areas potentially underfunded
- » The State's historical lack of attention to capital planning and affordability has created pressure on the State's debt limits

Situational Assessment

Capital Allocation & Funding

From 2003-2011, State on-budget capital spending increased significantly

- » Prior to 2011, capital spending had nearly doubled over the prior decade; since 2011, fiscal discipline has kept capital spending flat
 - While transportation still receives the largest share of appropriations, annual spending continues to trend towards increases related to economic development and higher education projects
- » Prior to 2011, total outstanding debt grew at a compounded annual growth rate of 18%, suggesting that the majority of the capital spending increase had been financed by debt, without commensurate increases in revenue
- » In the State's current capital plan, the percentage of capital expenditures financed by debt is projected to decrease by 8% from 2012 to 2017



Note: Other sectors include Mental Hygiene; Public Protection; Parks and Environment; General Government; and Education - EXCEL

Situational Assessment

Survey Results

To assess current capital planning practices, the Task Force and the Division of the Budget surveyed the State entities that account for a majority of capital spending

» All 37 entities that were surveyed responded, representing 8 of the 9 sectors

Transportation	Environmental Focus	Development Projects
Albany Port District Commission	Adirondack Park Agency	Battery Park City Authority
Buffalo & Fort Erie Public Bridge Authority	Department of Agriculture & Markets	Roosevelt Island Operating Corporation
Capital District Transportation Authority	Department of Environmental Conservation	United Nations Development Corporation
Central NY Regional Transportation Authority	Development Authority of the North Country	Higher Education
Department of Transportation	Hudson River Park Trust	CUNY
Metropolitan Transportation Authority	Office of Parks, Recreation & Historic Preservation	SUNY
Niagara Frontier Transportation Authority	Social Services & Public Health	Public Power Sector
NYS Bridge Authority	Department of Health	Long Island Power Authority
Ogdensburg Bridge & Port Authority	Division of Housing & Community Renewal	NY Power Authority
Port Authority of NY & NJ	Financing Conduits	Department of Public Service
Port of Oswego Authority	Dormitory Authority	Overhead & Administrative Services
Rochester-Genesee Regional Transportation Authority	Empire State Development	Department of Labor
Thousand Islands Bridge Authority	Environmental Facilities Corporation	Department of State
Thruway Authority	Energy Research & Development Authority	Office of General Services

Situational Assessment

Survey Results

The survey revealed a number of differences among the State entities' planning processes

- » A majority of these agencies and authorities already undertake several key steps in developing their capital plan:
 - 84% engage in a long-range capital planning process
 - 62% update capital plans annually
 - 78% follow written guidelines / directives
 - 78% have program goals and a strategy for achieving these goals
 - 84% maintain a capital asset inventory
 - 68% rate cost estimation process as reliable and accurate
- » Many of the entities lack key, internal metrics to appropriately develop and prioritize their capital plan
 - 62% lacked a target rating or condition scale for state of good repair
 - 59% lacked clearly articulated criteria for prioritizing capital projects
 - 46% had no performance measures to evaluate capital investments
 - 70% did not measure a return on capital investments
- » Several external factors were identified that hinder the entities ability to prepare a long-term capital plan
 - Nearly 90% stated funding availability as the biggest challenge in preparing a long-term plan
 - Approximately 50% cited executive and legislative considerations as the next largest concern
 - Approximately 70% noted unique, external pressures that impact decision-making (i.e., Federal requirements)

Situational Assessment

Design-build Contracts

Given the State's aging infrastructure and growing backlog of urgent state-of-good-repair needs, recent legislation was passed to allow for more efficient delivery of capital projects

- » Design-build contracting is a method of project delivery in which a single contract is executed with one entity to provide both construction and engineering services, allowing for expedited and increasingly efficient project delivery, as well as reduced project costs, by:
 - Overlapping design and construction, allowing for constructability review during the design process, making it possible for materials and equipment procurement and, subsequently, construction work to begin sooner
 - Reducing the potential for duplication of effort between parties
 - Allowing for focus on best-value procurement, rather than negotiated initial lowest bid, followed by costly change orders
 - Speeding up construction start by decreasing the potential for contractual disputes
 - Creating innovation in construction technologies by including the contractor in the design process
- » The new legislation allows several entities the ability to engage in design-build contracting, including:
 - New York State Thruway Authority;
 - Department of Transportation;
 - Office of Parks, Recreation & Historic Preservation;
 - Department of Environmental Conservation; and,
 - New York State Bridge Authority

Situational Assessment

Design-build Contracts

The State has already begun expediting a number of projects under the new legislation as a “jump-start” to economic and job growth in the State

- » The Department of Transportation has been the biggest proponent of the legislation thus far, already initiating five design-build contracts to renew or replace 34 of its bridges under the New York Works accelerated bridge program
- » The ability to solicit these projects under just a few contracts has allowed the Department of Transportation to initiate and complete projects in a time frame that would not have been possible under previous terms; at the same time, the Department of Transportation has completed these contracts \$1.3 million under budget
- » In addition, the Port Authority of New York and New Jersey has begun to explore more extensive use of public-private partnerships, including design-build-finance for projects such as the Goethals Bridge.

Situational Assessment

Public-Private Partnerships

While design-build contracting will allow for more expedited and efficient capital project delivery, the State will still need to address the increasingly limited resources available to fund these expedited projects

- » To address the issue, the State should consider allowing a full-range of public-private partnerships, including those in which a private entity finances the project, designs and builds it, and then operates and maintains the site
- » There are several benefits that can be realized by using more extensive PPPs:
 - Moves the risk of financing to the private sector, rather than the State
 - Places the immediate burden of costs to build, operate, and maintain the site on the private entity contracted, freeing up short-term funds for the State to re-allocate
 - Lowers life-cycle costs, given the private entity responsible for operating and maintaining the site is also responsible for designing and building
- » However, there are several considerations to take into account when implementing private financing as a PPP, including:
 - Associated risk is ultimately still born by the taxpayers, as financing from the project is typically backed by the revenue streams it produces (i.e., tolls, fares, or fees paid by those who use the infrastructure)
 - The risk of return is ultimately greater in a private setting; private financing can often lead to higher tolls, fees, or fares implemented on the user to realize the necessary rate of return expected by investors
 - Partnerships often fail if the revenues projected from the proposed project do not come to fruition, which has often been the case in highway related PPP projects

IV. Long-term Capital Planning

Long-term Capital Planning

What are “Best in Class” practices?

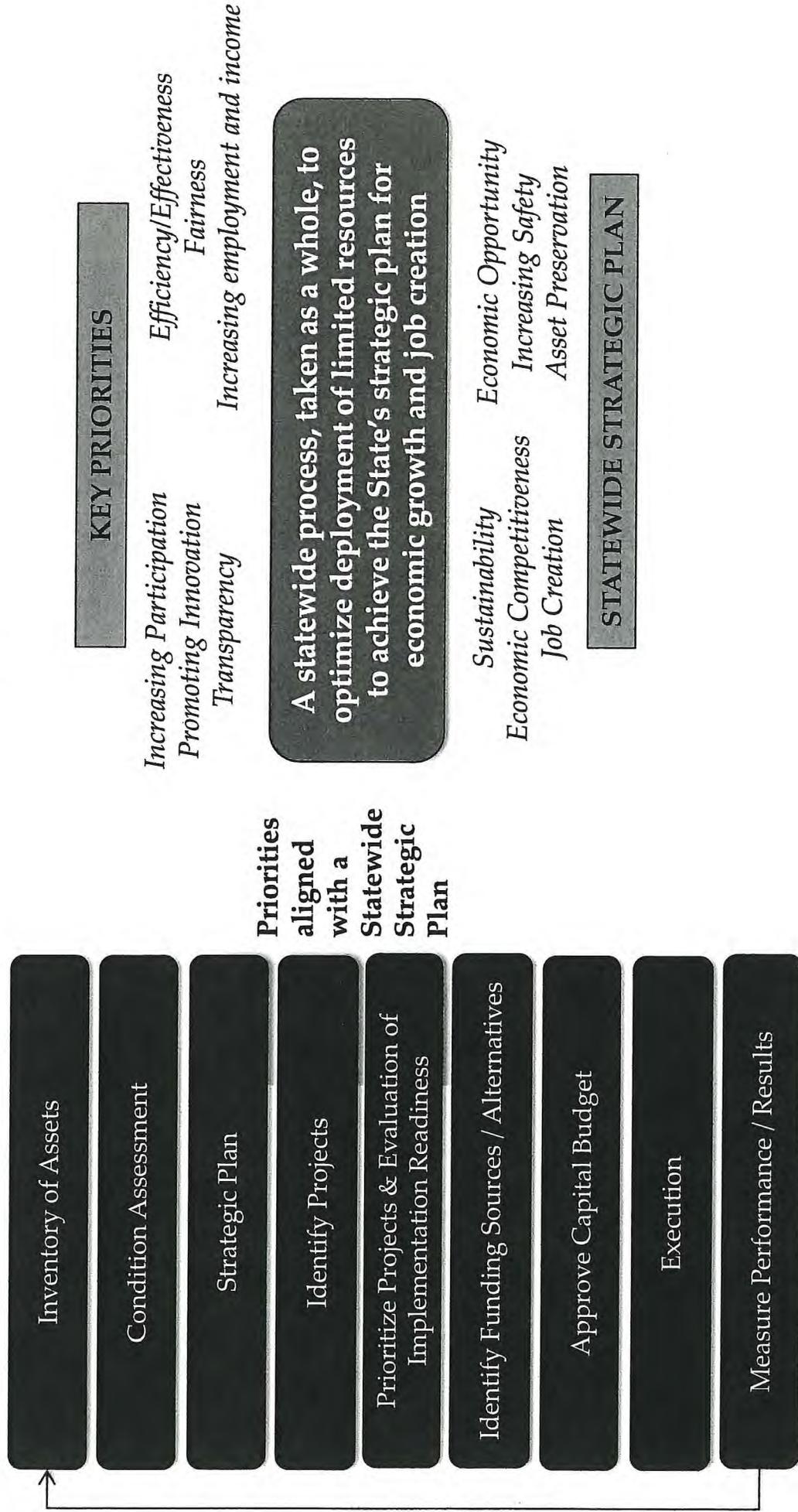
Navigant reviewed “best in class” practices in both the public and private-sector to evaluate the Task Force’s proposed statewide capital planning process

- » Defined **strategic plan**, goals, and timelines for capital investment (typically covering 10 years)
 - Statewide vision, mission, philosophy to allocate its limited capital resources more efficiently and effectively to deliver services to its citizens and help grow the economy.
 - Defined outcome measures / result measurement
- » Fair, simple, and transparent **statewide capital planning process** with clearly articulated project evaluation criteria and templates to prioritize projects resulting in optimized and accelerated deployment of resources to meet infrastructure needs and the strategic plan.
 - Systematic approach and standardized tools to plan for, evaluate, document, and track projects to support the decision-making process in allocating capital resources and work
 - Priorities aligned to statewide strategic plan
 - Comprehensive view of statewide capital planning and defined hierarchy for prioritization of projects to ensure economic benefits and job creation are widely distributed and regional and statewide economic goals are achieved.
 - Coordinated approval process involving budget and capital asset expertise
- » Coordinated **capital plan management processes**
 - Strategic project management processes
 - Standardized reporting and project performance measurement and monitoring, including return on capital investment
- » Utilize **asset management plan** and coordinated system database to identify system needs and support capital decision-making

Long-term Capital Planning

What are "Best in Class" practices?

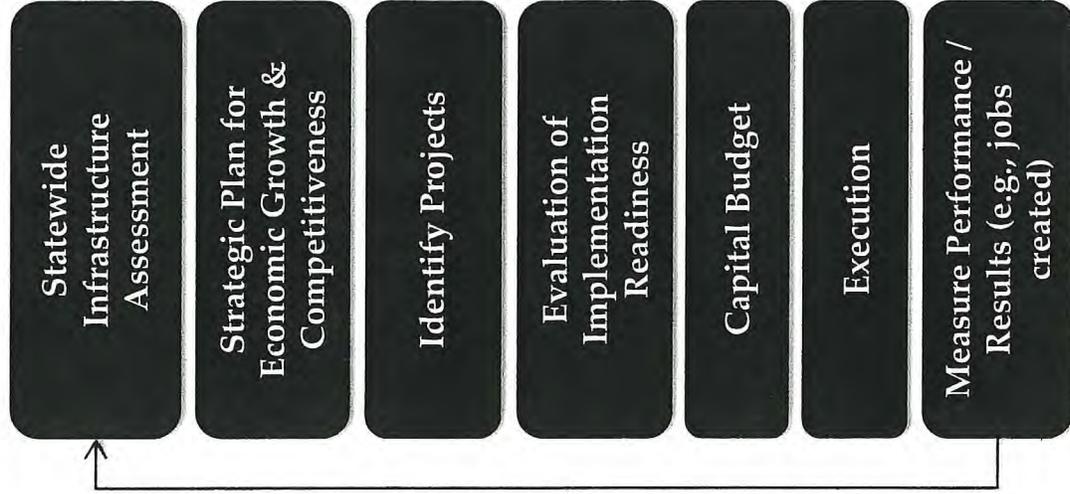
"Best in class" practices employ a systematic and iterative approach with standardized tools to align key priorities with strategic plan



Long-term Capital Planning

Task Force – Capital Planning Process

The Task Force has proposed a long-term capital planning process that is consistent with “Best in Class” public and private-sector practices

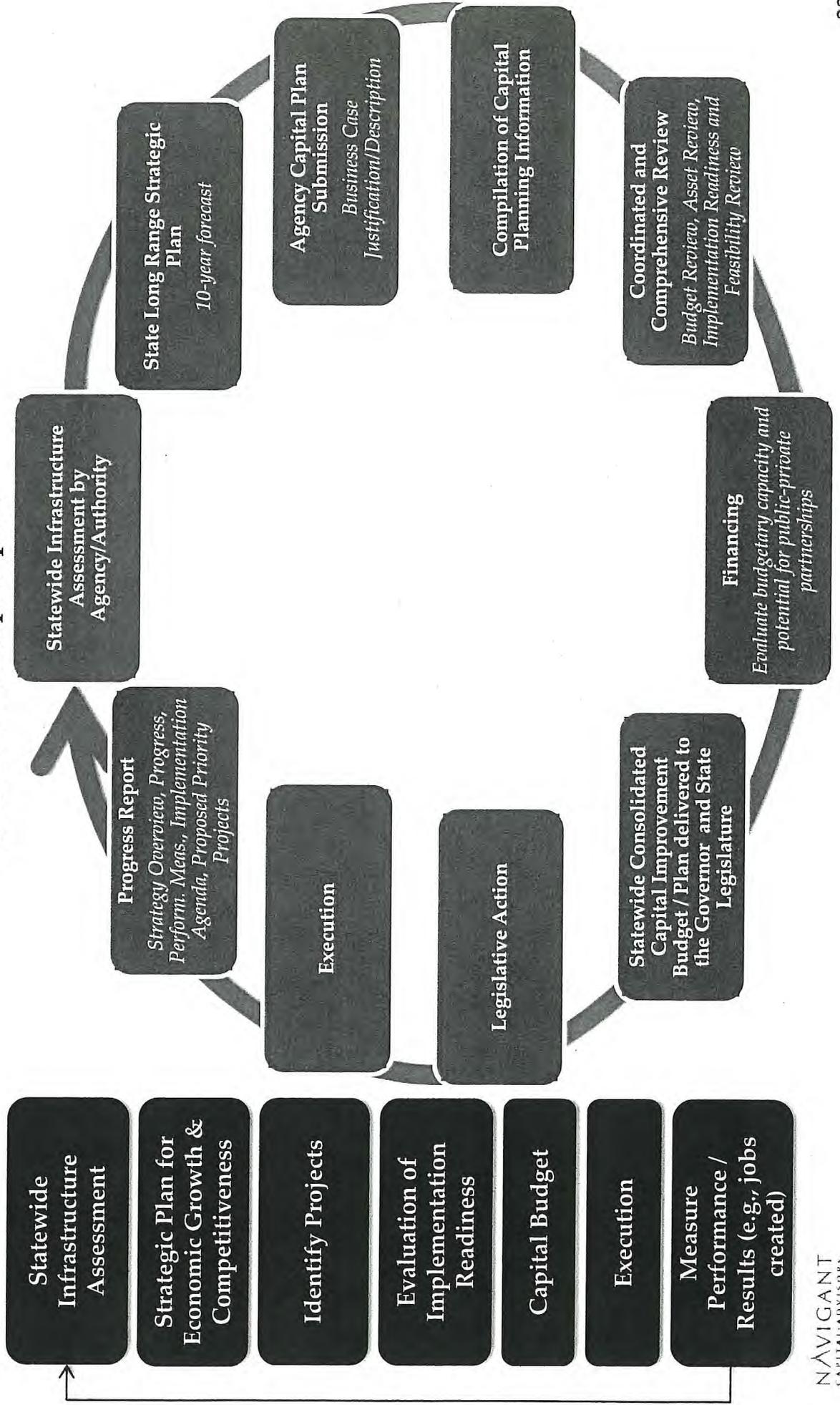


- » Comprehensive statewide view of asset inventory and condition to support a coordinated statewide capital infrastructure plan among State agencies and authorities
- » State agencies’ and authorities’ capital projects aligned with a statewide strategic plan, designed to foster private sector job growth
- » Systematic approach to allocate State’s limited capital resources more efficiently and effectively to deliver services to its citizens, increase economic growth and competitiveness, and create jobs
- » Consolidated capital improvement plan based on coordinated approval process by region across the state and by sector of the economy:
 - Approval based on agency-developed business cases justifying capital request
 - Budgets aligned with projected debt capacity and debt ceilings
 - Using capital asset experts to review project costs and feasibility
- » Consistent project management and technical expertise throughout project lifecycle
- » Consolidated data to develop performance metrics and measure return on capital investment (e.g., jobs created) and facilitate future budgeting process

Long-term Capital Planning

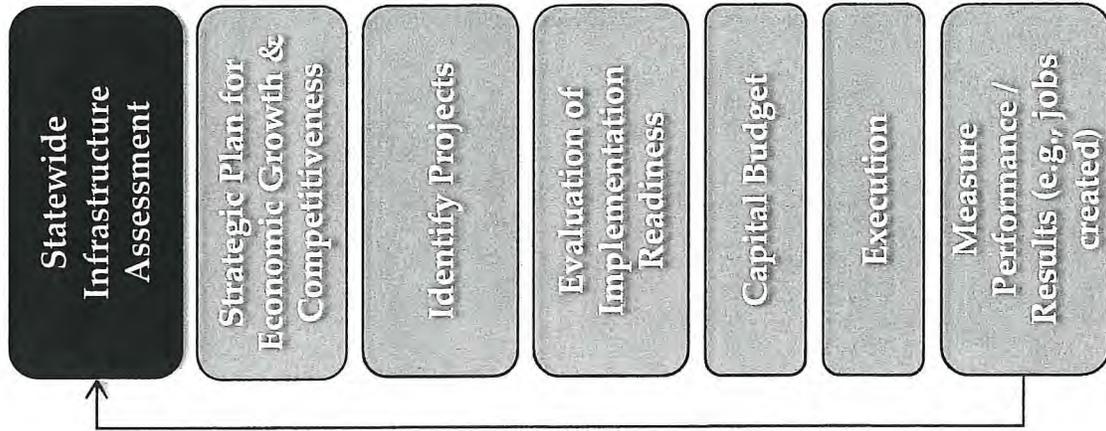
Overview of Major Milestones

The following ongoing processes and key milestones are necessary to develop a rolling statewide asset assessment and capital plan



Long-term Capital Planning

Statewide Infrastructure Assessment



Immediate Next Steps

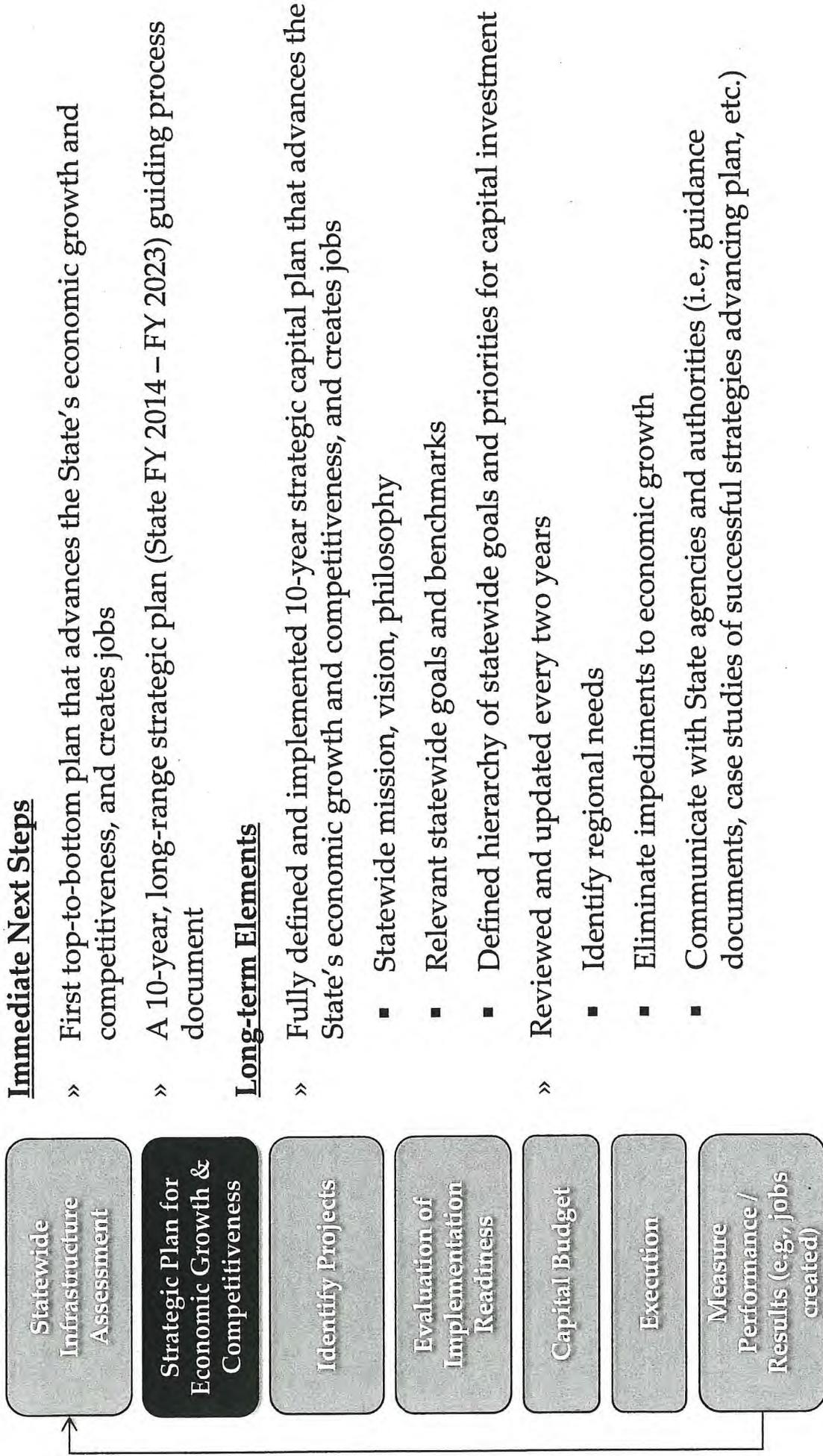
- » September 2012
 - Commence initial statewide infrastructure assessment of capital needs, both approved and unmet
 - State agencies and authorities adopt template
 - Coordinate State entities as they prepare FY 2013 – 2014 Executive Budget proposals for submission in October 2012
 - Establish process to evaluate asset condition through coordination with Task Force and other State agencies and authorities

Long-term Elements

- » Comprehensive inventory of statewide assets to facilitate understanding and prioritization of needs
- » Coordinated and comprehensive planning and needs assessment by State regions and by economic sectors

Long-term Capital Planning

Strategic Plan for Economic Growth & Competitiveness



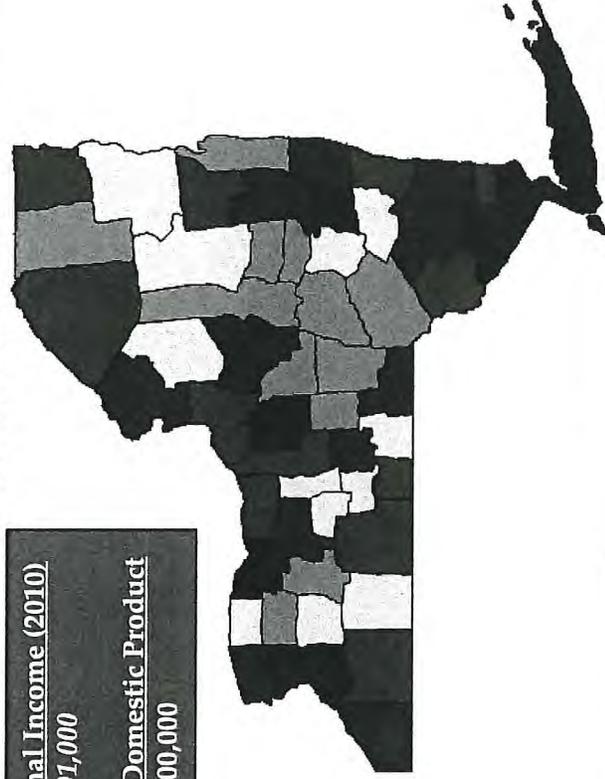
Long-term Capital Planning

Strategic Plan for Economic Growth & Competitiveness



Demographics for Consideration in Developing the Strategic Plan

New York, Total employment, 2010



New York State Personal Income (2010)

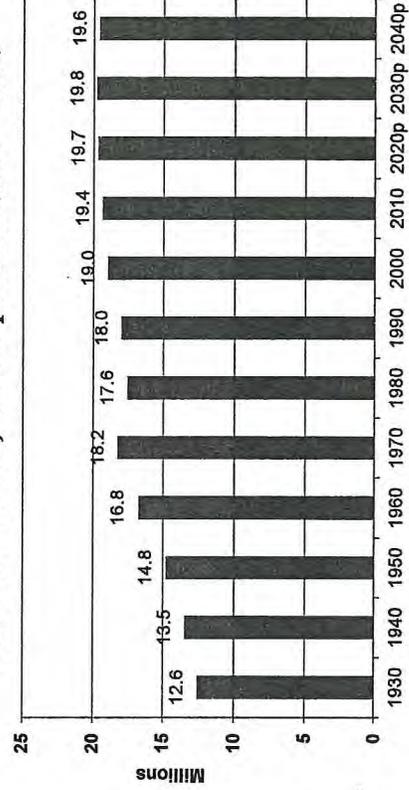
\$942,522,791,000

New York State Gross Domestic Product

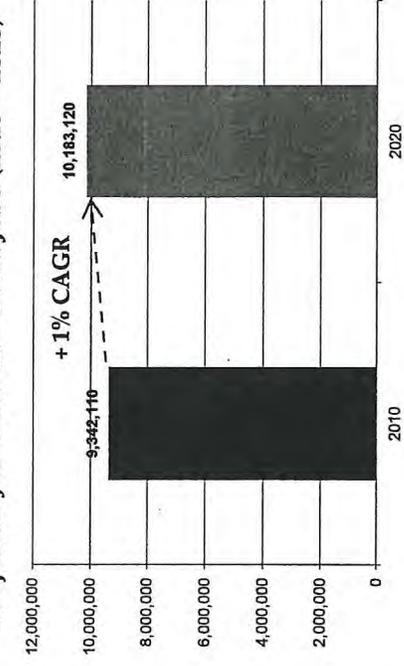
\$1,128,823,000,000

Source: BEA New York = 10,973,106 ■ 148,626 to 2,757,409 ■ 47,908 to 148,625 ■ 30,793 to 47,907 ■ 21,135 to 30,792 ■ 2,724 to 21,134

NYS Actual & Projected Population (1930 - 2040)

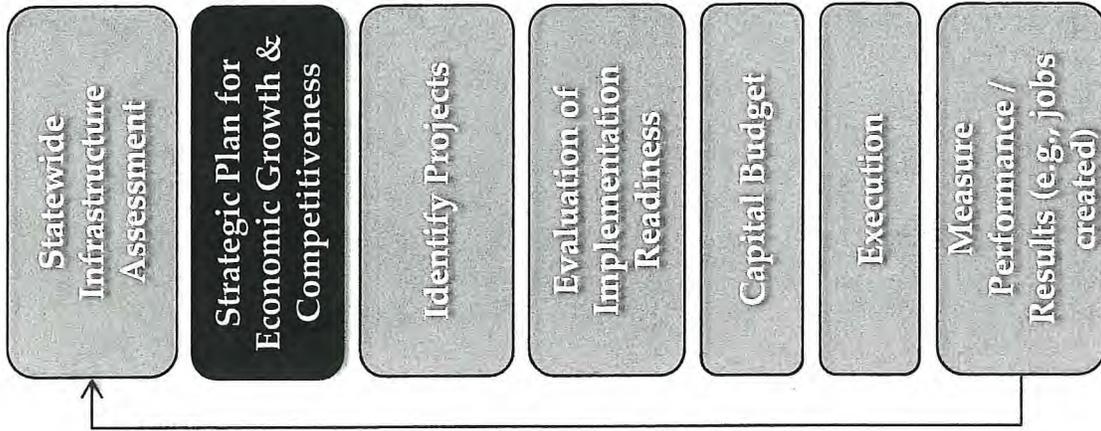


Projected Job Growth - Total Jobs (2010 - 2020)



Long-term Capital Planning

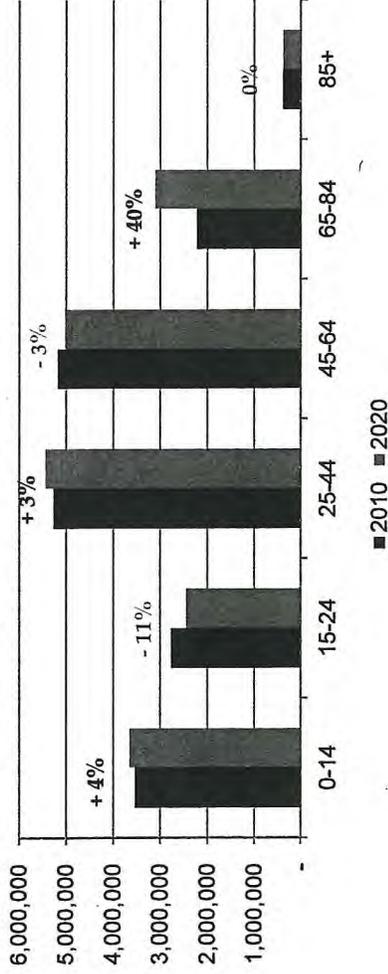
Strategic Plan for Economic Growth & Competitiveness



Demographics for Consideration in Developing the Strategic Plan

» Over the next 20 years, significant changes in the characteristics of New York State's population will have an effect on the demand for public goods, both services and infrastructure

Projected Population Change, by Age (2010 – 2020)



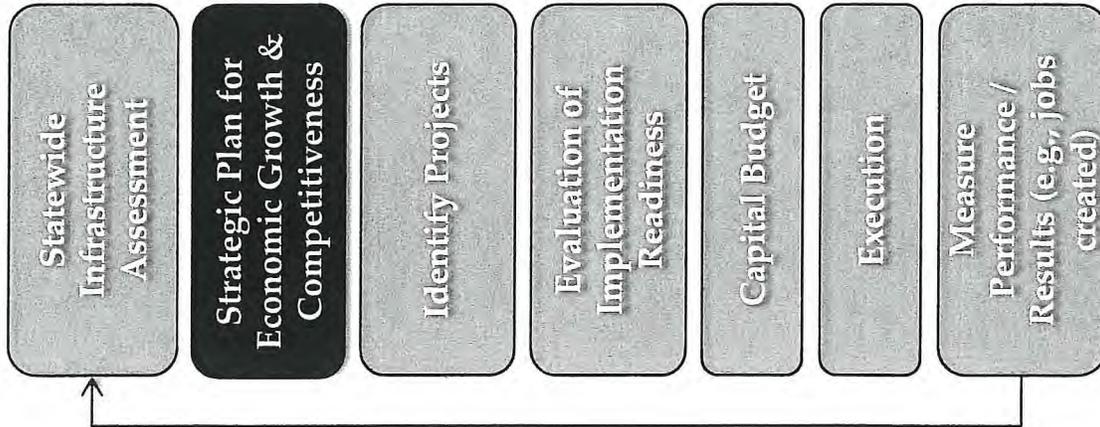
» The working-age population (25 to 64) is expected to decline in real numbers every decade from 2010 through 2030, even as the State's total population is projected to grow each period

» The number of college-age children and young adults (15 to 24) are likely to decline by more than 1% a year from 2010 to 2020; by 2040, this group will have dropped from 14.3% of the state's population to 12.5%

» The cohort of young school-age children (5 to 14) is projected to decline 3.6% over the period from 2010 to 2020, but then rise by 2030 to nearly the same numbers as 2010

Long-term Capital Planning

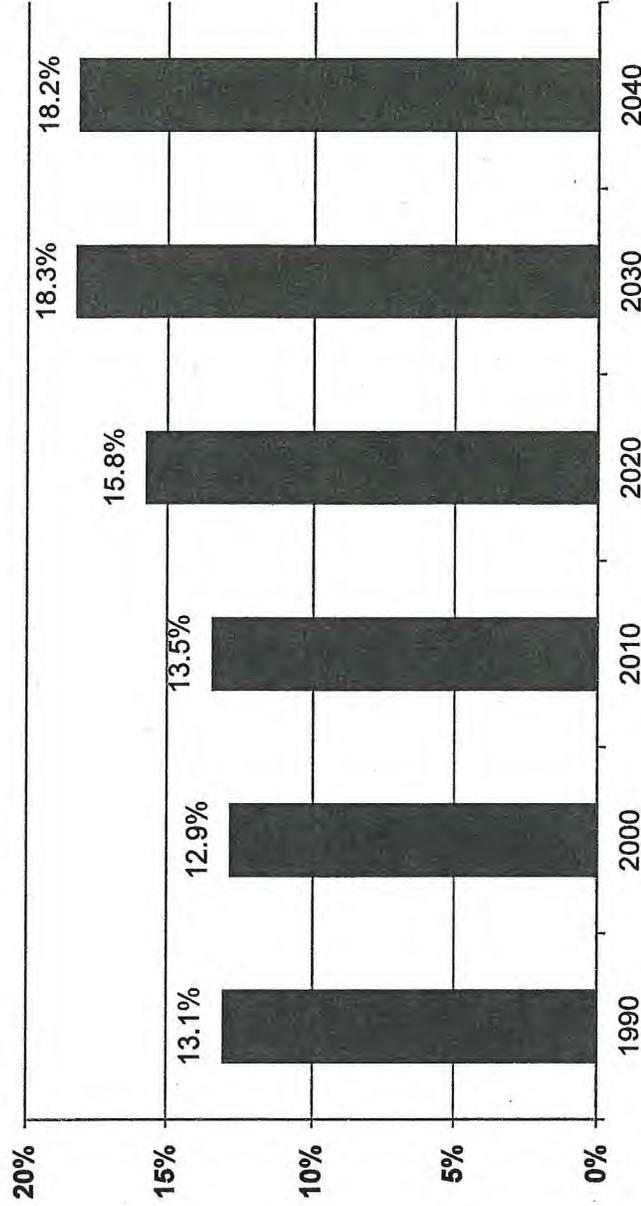
Strategic Plan for Economic Growth & Competitiveness



Demographics for Consideration in Developing the Strategic Plan

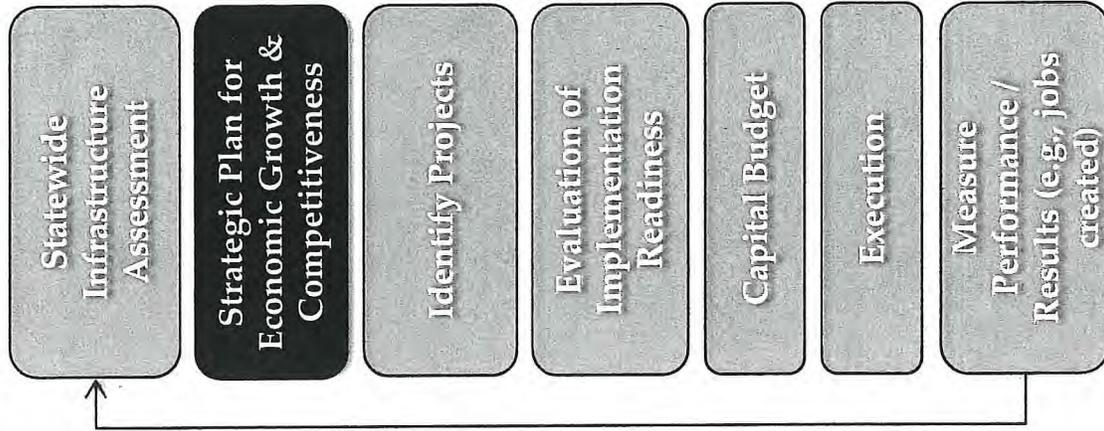
- » The retirement-age population (65+) is the fastest growing segment, expected to increase from 2.6 million in 2010 to 3.6 million by 2030, a 38% increase

Percent of the Population that is 65+



Long-term Capital Planning

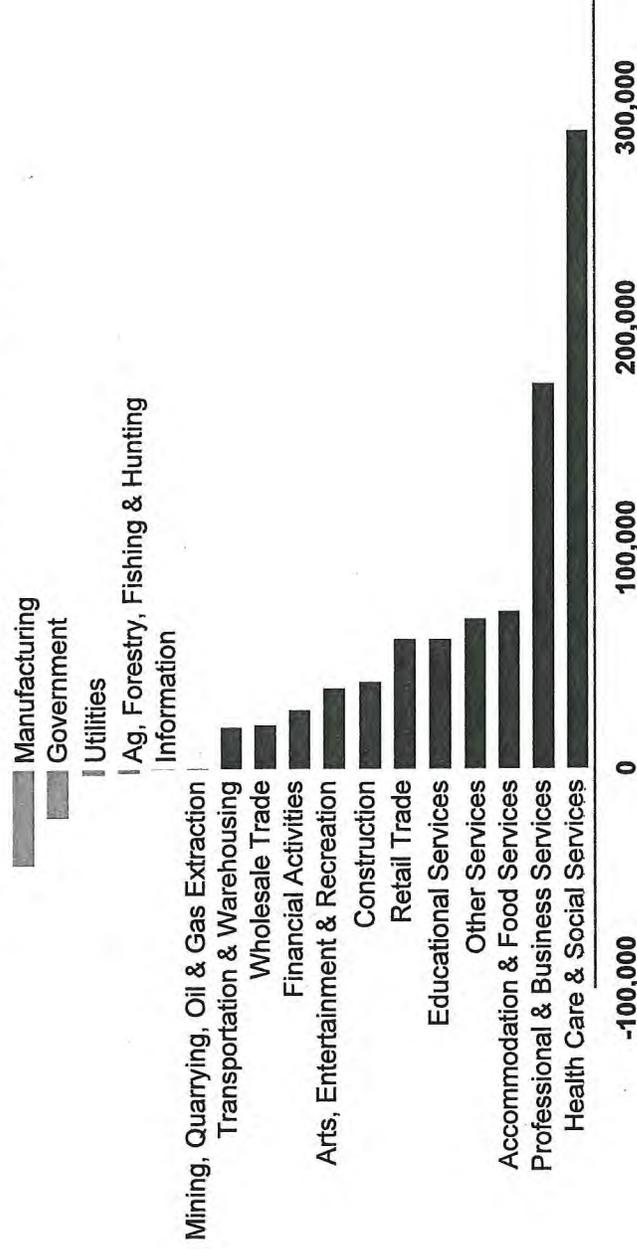
Strategic Plan for Economic Growth & Competitiveness



Demographics for Consideration in Developing the Strategic Plan

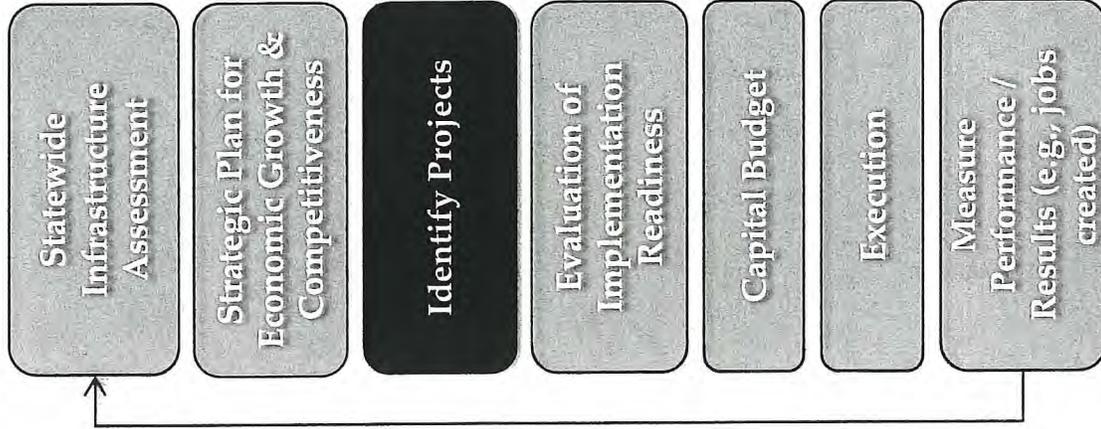
- » Changes in commerce will also affect the State’s capital needs
 - The manufacturing sector will likely continue to contract while the transportation and warehousing sectors are projected to increase, given the State’s location in the center of the 50 million consumers living along the Northeast megalopolis corridor
 - A significant increase in the sector providing health care and social assistance, in growth rate and raw numbers of jobs, is associated with advances in medical research coupled with and aging population

Projected Job Gains and Losses, 2010 to 2020



Long-term Capital Planning

Identify Projects

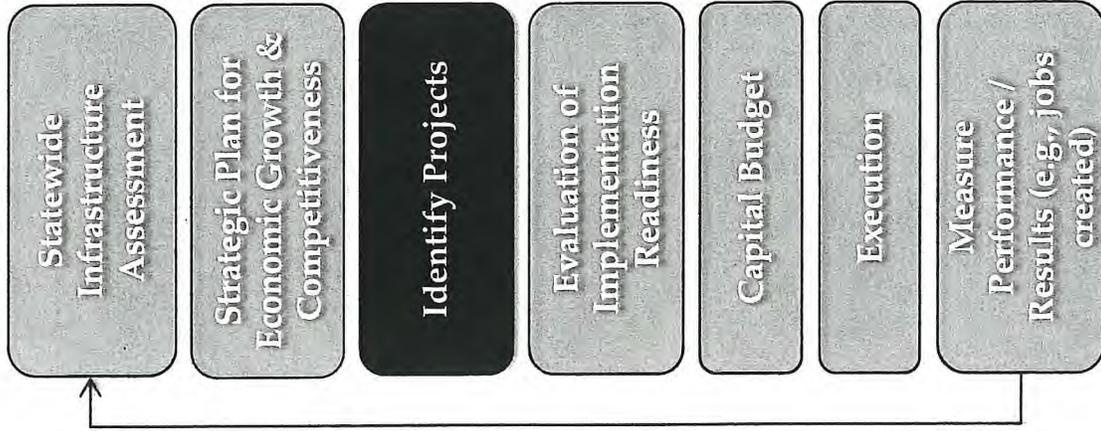


Immediate Next Steps

- » October 2012 – State agencies and authorities to submit capital plan template developed by the Task Force (see Appendix – A for capital plan template)
 - Capital projects first allocated among three “Project Categories”:
 - State of Good Repair
 - Capacity Optimization
 - Transformational Initiatives
 - Projects then evaluated by the established “Prioritization Criteria”:
 - Does the project contribute to a state of good repair?
 - Is the project part of a larger economic system or network?
 - Does the project improve environmental and financial sustainability?
 - Does the project maximize the return on investment?
- » November 2012 – Compile capital planning information by region, sector, and statewide level
- » Projects not meeting Prioritization Criteria will be excluded from the statewide capital plan

Long-term Capital Planning

Identify Projects – Project Categories



State of Good Repair

» Definition

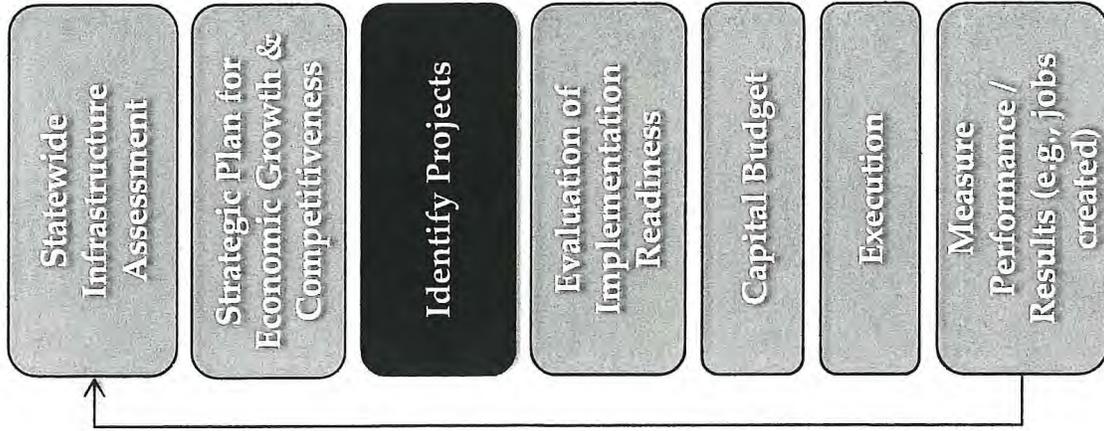
- Projects that maintain the entity's infrastructure in a state of good repair (i.e., addressing the assets maintenance, preservation, or extension of useful life) or are to comply with mandatory requirements. These projects ensure that a capital asset functions as designed and can be used with reasonable, average, or industry-standard ongoing operating expense. They may also extend an asset's remaining useful life beyond the repayment schedule of any project-specific debt.

» Example

- Department of Environmental Conservation engineers classify at least 24 dams as "high" and "intermediate" hazard structures, where failure poses serious threat to human life or significant property damage. After Hurricane Irene, safety inspections and engineering assessments review downstream hazard conditions and assess the dams' hydraulic and structural capacity and overall condition. At one dam, hydraulic and deteriorated concrete deficiencies are identified. Repairs are made to ensure that the dam will continue to operate as designed, safeguarding lives, property and the environment.

Long-term Capital Planning

Identify Projects – Project Categories



Capacity Optimization

» Definition

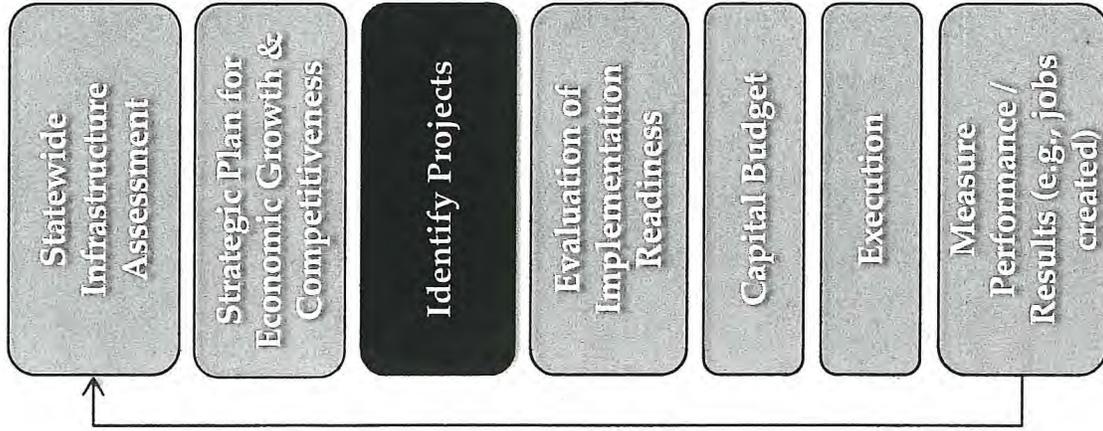
- Projects that expand or repurpose facilities, buildings, or other capital infrastructure to match both current and anticipated user demand based on economic and demographic projections.

» Example

- Closing, selling, leasing, or otherwise repurposing a school where demographic changes result in decreased demand for classroom seats and make the continued operation and maintenance of the facility impractical.
- Replace the 136-year-old Portageville Bridge across the Genesee River to remove load and speed constraints and improve safety, thereby eliminating a major freight rail bottleneck on the Southern Tier Route. The route is a key part of the intermodal service linking Western New York with the New York City area and other East Coast ports.

Long-term Capital Planning

Identify Projects – Project Categories



Transformation Initiatives

» Definition

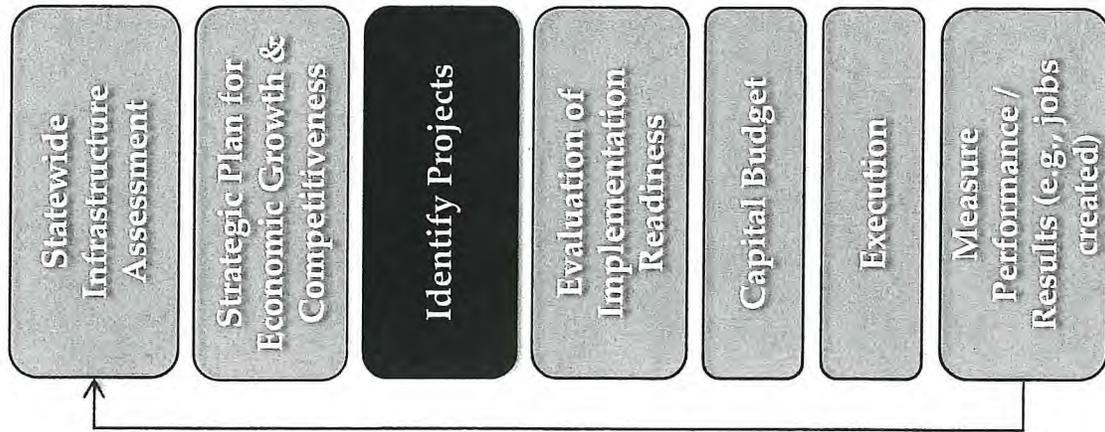
- Projects that result in significant advancement of statewide or regional strategies. Such projects would have a dramatic impact on the State's long-term economic competitiveness and strength, job creation, or quality of life.

» Example

- The Metropolitan Transportation Authority's East Side Access project will connect the Long Island Rail Road's (LIRR) Main and Port Washington lines in Queens to a new LIRR terminal beneath Grand Central Terminal in Manhattan. The new connection will increase the LIRR's mobility into Manhattan, dramatically shorten travel time for Long Island and eastern Queens commuters traveling to the east side of Manhattan, and make possible the extension of Metro-North train service to Pennsylvania Station.

Long-term Capital Planning

Identify Projects – Prioritization Criteria



Contribution to State of Good Repair

- » Definition
 - A capital asset which is functioning as designed and in compliance with regulations and can be used with reasonable, average, or industry-standard ongoing operating expense.
 - A remaining useful life that exceeds the repayment schedule of any project-specific debt.
 - Does the repair, renovation, or upgrade of this asset extend its useful life in a cost-effective way, either avoiding replacement or extending its depreciation schedule?
- » Question to ask when evaluating
 - Does the repair, renovation, or upgrade of this asset extend its useful life in a cost-effective way, either avoiding replacement or extending its depreciation schedule?
- » Example
 - A road's surface condition and ride quality are regularly evaluated. Maintenance limits the need for major rehabilitation work or reconstruction, which costs twice as much over the pavement's lifecycle than regular maintenance.

Long-term Capital Planning

Identify Projects – Prioritization Criteria

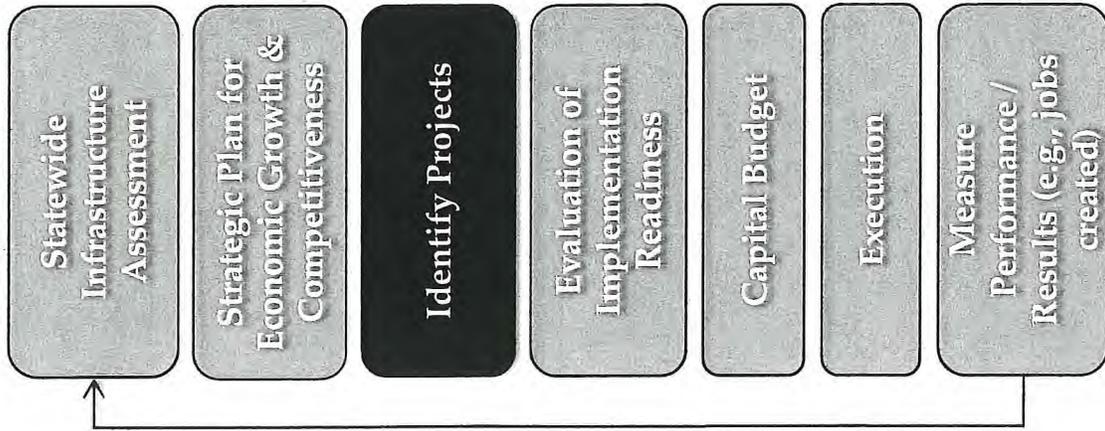


System, Not Project

- » Definition
 - The economic system or network in which the specific asset, service system, or initiative plays a role is clearly improved, either operationally or financially.
 - The proposed investment will improve the overall efficacy of the affected governmental or private sector function
- » Questions to ask when evaluating
 - Will the asset increase productivity, lower operating costs, and create jobs either directly or indirectly?
 - Does it improve the overall efficacy of the governmental or private-sector system with which it will be linked?
- » Example
 - A new graduate school is proposed. When the school is evaluated as part of the overall network of higher learning in the region, it becomes clear that that number of classroom seats is already high in this specialty. The focus is shifted to a subject area with greater unmet demand.

Long-term Capital Planning

Identify Projects – Prioritization Criteria

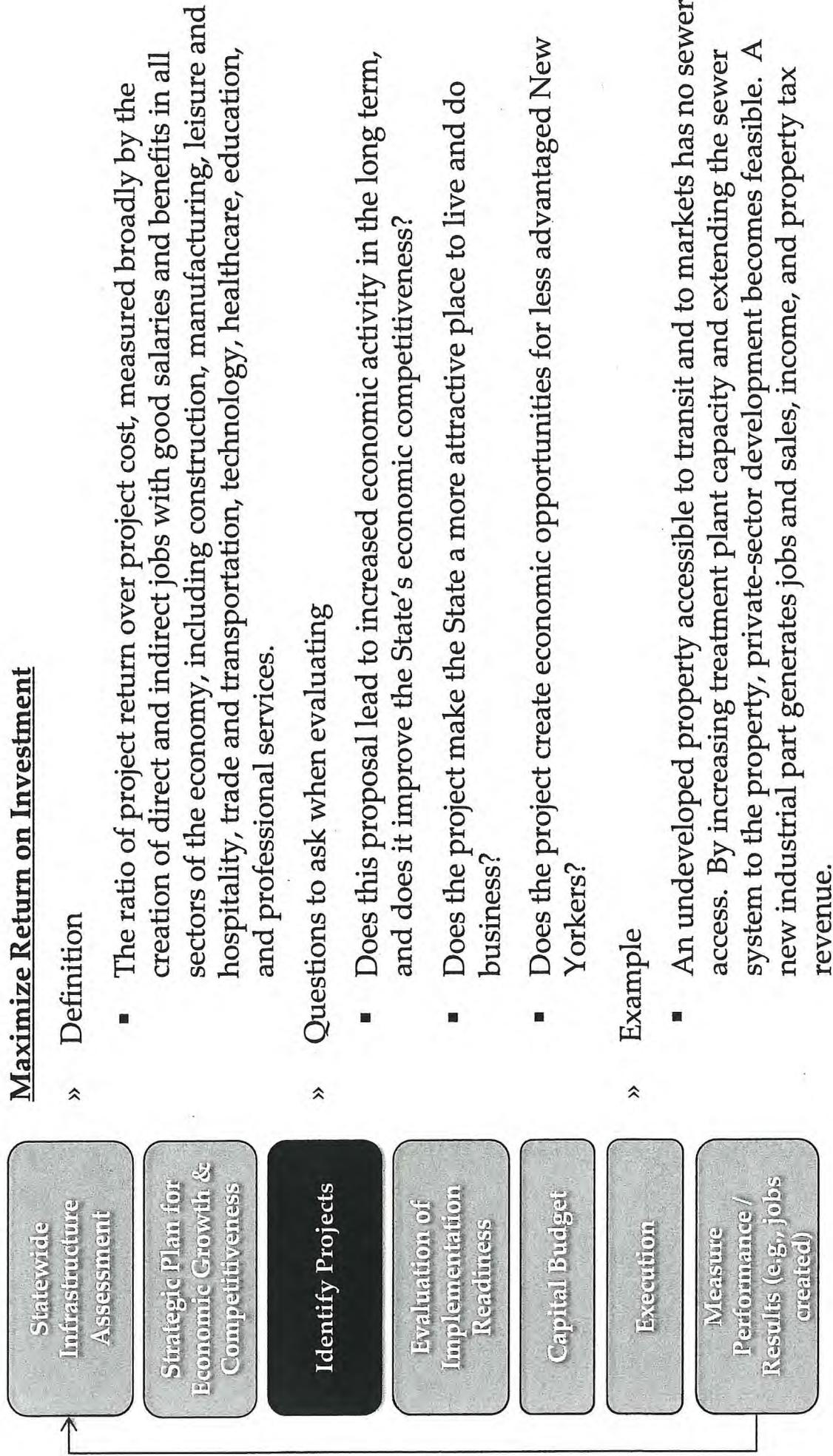


Environmental & Financial Sustainability

- » Definition
 - The environment that New Yorkers share will be demonstratively improved, whether with cleaner water and air, increased health and welfare, improved efficiency/productivity, or reduced demand on the overall system (e.g., energy delivery, highway and transit, staff time)
 - The asset will either lower operating costs for the State and for users, or it will sufficiently increase the overall net income to the State to cover operating and debt service costs (net income can be both direct and indirect, and is a combination of taxes, tolls, fares, and fees)
- » Questions to ask when evaluating
 - Does the proposal increase the State's sustainability by improving the environment and/or lowering ongoing costs?
- » Example
 - A private group wants to make a donation of property to the State. The ongoing operating cost is estimated to be \$300,000 per year. Using a 5% ratio, the State would require either a fund of \$6 million or ongoing revenue to maintain this gift. How will the asset generate that funding either directly or indirectly?

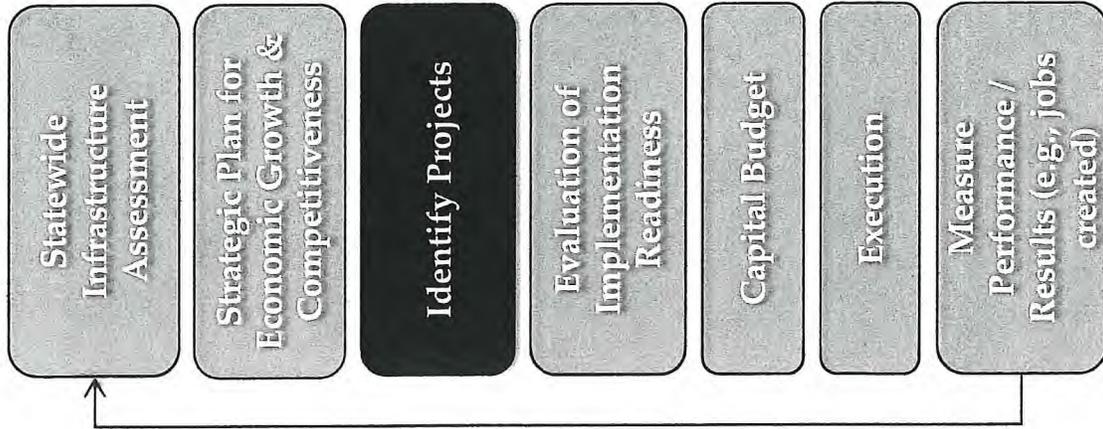
Long-term Capital Planning

Identify Projects – Prioritization Criteria



Long-term Capital Planning

Identify Projects

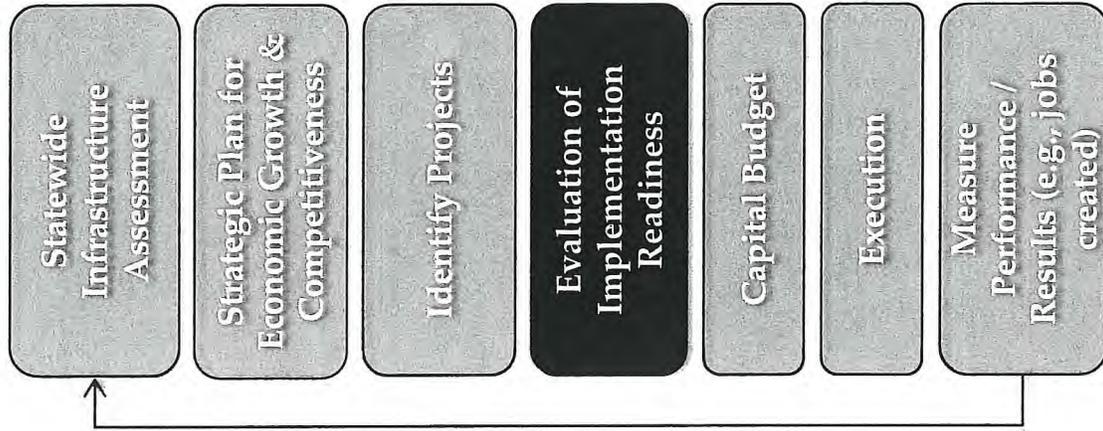


Long-term Elements

- » Fully implemented capital plan template, guidelines and tools, subject to continuous updates and improvements as required, to facilitate a standardized statewide capital planning process via capital budget templates and criteria for development, modification and progress reporting of capital projects by agencies and authorities with full supporting details enabling various “roll-up” and “drill-down” ability of data

Long-term Capital Planning

Evaluation of Implementation Readiness



Immediate Next Steps

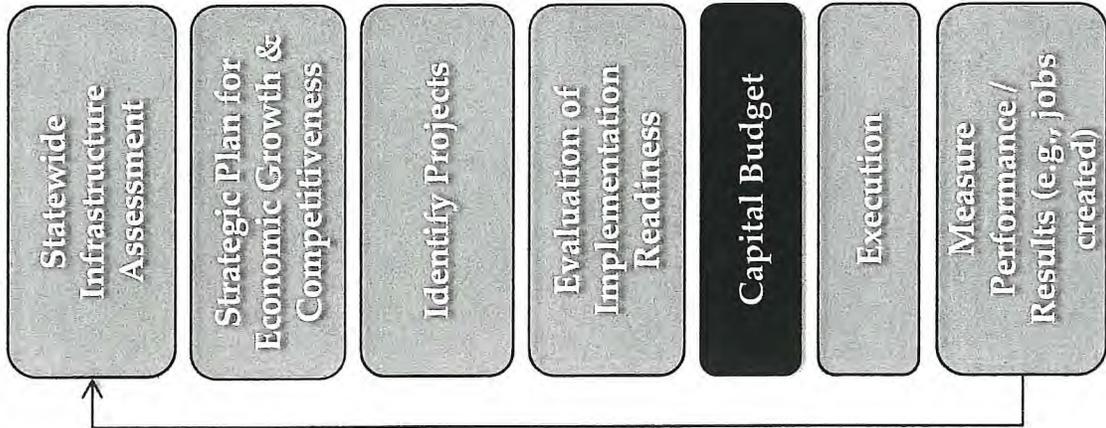
- » Evaluate implementation readiness of agencies' and authorities' projects through identification of funding and financing sources to implement projects,
- » Evaluate agencies' and authorities' ability to successfully execute projects on-time and on-budget

Long-term Elements

- » Conduct comprehensive implementation readiness evaluations, including agencies' and authorities' project management capabilities, to deploy capital dollars with maximum efficiency and impact, in accordance with the strategic plan to advance the State's economic growth and competitiveness and create jobs
- » Maintain a project pipeline of "implementation-ready" projects that advance the strategic plan

Long-term Capital Planning

Capital Budget



Immediate Next Steps

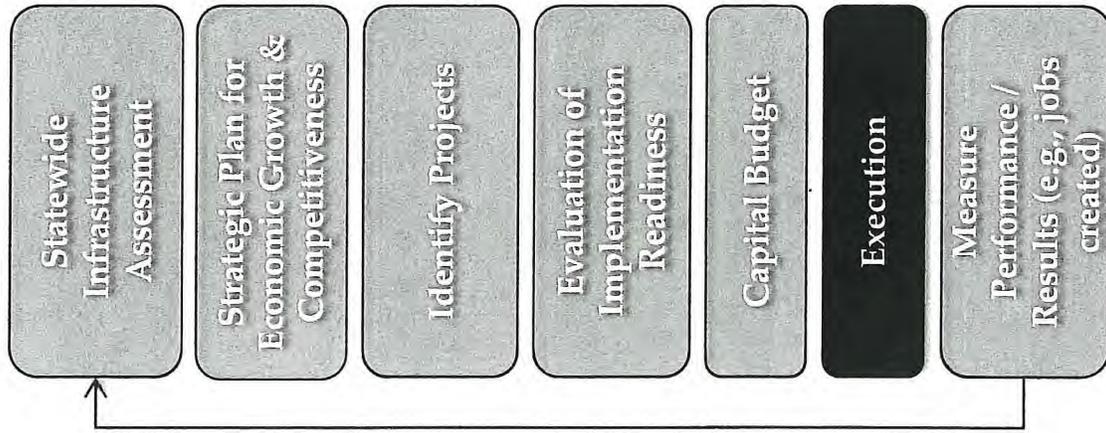
- » November 2012 to March 2013
 - Review statewide capital plan roll-up and recommend FY 2013 – 2014 statewide capital plan for State entities
 - Identify recommendations for legislative actions

Long-term Elements

- » Capital budget / plan to be submitted to the Governor and State Legislature for consideration
 - By agency and authority
 - By sector
 - By region
 - Statewide

Long-term Capital Planning

Execution



Immediate Next Steps

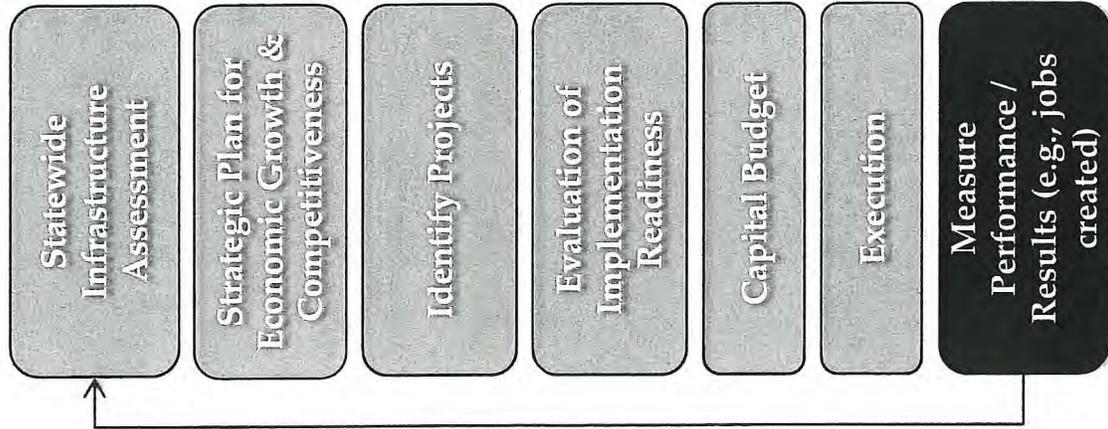
- » Agencies and authorities execute capital programs
- » The Task Force to work with the agencies and authorities to improve implementation process

Long-term Elements

- » Coordinated tracking and reporting by agency and authority, region, and sector
- » Agencies and authorities execute capital programs
- » The Task Force to work with the agencies and authorities to improve implementation process

Long-term Capital Planning

Measure Performance / Results



Immediate Next Steps

- » Develop key performance measurement metrics

Long-term Elements

- » Continuously measure performance and return on capital (i.e., economic growth and job creation statewide)
- » Provide progress reports documenting success in achieving strategic plan
- » Incorporate performance results into future year budgeting process and decision-making; revise strategic plan and processes, as necessary

V. Next Steps & Timing

Next Steps & Timing

Action Item	Timing
1. Collect capital plan templates from agencies and authorities	October 2012
2. Consolidate and analyze strategic capital plans provided	November 2012
3. Prepare recommendations as it relates to the 2013 – 2014 New York State Adopted Budget	November 2012 to March 2013
4. Governor Cuomo lays out statewide strategic vision in State of the State Address for the Legislature's consideration	January 2013
5. Finalize the 2013 – 2014 New York State Adopted Budget	March 2013

VI. Appendix

Appendix - A

Appendix – A

Capital Plan Template - Statewide

PROPOSED COMMITMENTS STATEWIDE											
[State Entity Name]											
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	TOTAL
	(\$ in thousands)										
Program Components											
[Examples of Categories Provided Below]											
[Support Space]	0	0	0	0	0	0	0	0	0	0	0
[Equipment]	0	0	0	0	0	0	0	0	0	0	0
[Capacity Replacement]	0	0	0	0	0	0	0	0	0	0	0
[Building Systems and Infrastructure]	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0
Capital Plan Categories											
State of Good Repair	0	0	0	0	0	0	0	0	0	0	0
Capacity Optimization	0	0	0	0	0	0	0	0	0	0	0
Transformational Initiatives	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0

Appendix – A

Capital Plan Template - Regions

PROPOSED COMMITMENTS BY REGION											
[State Entity Name]											
Capital Region	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	TOTAL
	(\$ in thousands)										
Central New York											
State of Good Repair	0	0	0	0	0	0	0	0	0	0	0
Capacity Optimization	0	0	0	0	0	0	0	0	0	0	0
Transformational Initiatives	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0
Finger Lakes											
State of Good Repair	0	0	0	0	0	0	0	0	0	0	0
Capacity Optimization	0	0	0	0	0	0	0	0	0	0	0
Transformational Initiatives	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0
Long Island											
State of Good Repair	0	0	0	0	0	0	0	0	0	0	0
Capacity Optimization	0	0	0	0	0	0	0	0	0	0	0
Transformational Initiatives	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0
Mid-Hudson											
State of Good Repair	0	0	0	0	0	0	0	0	0	0	0
Capacity Optimization	0	0	0	0	0	0	0	0	0	0	0
Transformational Initiatives	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0
Mohawk Valley											
State of Good Repair	0	0	0	0	0	0	0	0	0	0	0
Capacity Optimization	0	0	0	0	0	0	0	0	0	0	0
Transformational Initiatives	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0

Appendix – A

Capital Plan Template – Regions (cont'd)

PROPOSED COMMITMENTS BY REGION											
[State Entity Name]											
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	TOTAL
	(\$ in thousands)										
New York City											
State of Good Repair	0	0	0	0	0	0	0	0	0	0	0
Capacity Optimization	0	0	0	0	0	0	0	0	0	0	0
Transformational Initiatives	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0
North Country											
State of Good Repair	0	0	0	0	0	0	0	0	0	0	0
Capacity Optimization	0	0	0	0	0	0	0	0	0	0	0
Transformational Initiatives	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0
Southern Tier											
State of Good Repair	0	0	0	0	0	0	0	0	0	0	0
Capacity Optimization	0	0	0	0	0	0	0	0	0	0	0
Transformational Initiatives	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0
Western New York											
State of Good Repair	0	0	0	0	0	0	0	0	0	0	0
Capacity Optimization	0	0	0	0	0	0	0	0	0	0	0
Transformational Initiatives	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0
Statewide											
State of Good Repair	0	0	0	0	0	0	0	0	0	0	0
Capacity Optimization	0	0	0	0	0	0	0	0	0	0	0
Transformational Initiatives	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0

Appendix - B

Appendix – B

Report Qualifications & Limitations

This confidential report has been prepared for the New York Works Task Force (the “Task Force”) in conjunction with the Port Authority of New York and New Jersey pursuant to the Agreement, dated as of November 23, 2011, as supplemented by that certain Sixth Supplement to Attachment A, dated as of September 20, 2012, by and between NCA and the Port Authority of New York and New Jersey. This report contains information related to the Task Force and is being provided on a strictly confidential basis. The content of this report is not to be used for any other purpose and, except as may be required by law or any other regulatory or governmental authority having jurisdiction over the Port Authority, cannot be distributed without the written consent of NCA and may not, in any case, be relied upon by any third parties without NCA’s prior written consent.

Due to time and other limitations, this report has been prepared utilizing limited due diligence. It is based on assumptions, forecasts and estimates made by the management of the Task Force, information provided to NCA by Task Force personnel, information provided by industry sources, and, in some cases, assumptions made by NCA, which may not have been reviewed with Task Force management. Any historical financial information or other information given to, and subsequently presented by NCA may not be reliable. Any financial statements or other data contained herein, including any forecasts, are the financial statements and forecasts of Task Force management, not NCA. NCA has not subjected the information contained herein to an examination in accordance with generally accepted auditing or attestation standards or the Statements on Standards for Prospective Financial Information issued by the AICPA. Further, the work involved did not include a detailed review of any transactions, and cannot be expected to identify errors, irregularities or illegal acts, including fraud or defalcations that may exist. Accordingly, NCA cannot and does not express an opinion or any other form of assurance on the financial information and does not assume responsibility for the accuracy or correctness of the historical and forecasted financial data, information and assessments upon which this report is presented.

In addition but not in any ways limiting the foregoing, it should be noted that the source of all financial information or other information relating to the Task Force contained in the Tables, Figures and body of this Report was information provided to NCA by Task Force personnel.

It must be recognized that any projections of results or benefits set forth in the attached materials are necessarily, by their nature, inherently uncertain, and no warranty or representations, expressed or implied, is given that the results or benefits set forth in such projections will be achieved or realized, or otherwise with respect to any of the information contained herein.

NCA is neither a law firm nor a certified public accounting firm. Accordingly, the information contained herein is not intended to be and should not be relied upon as legal, auditing or accounting advice.

FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Global NY Trade Mission to Cuba

RE: Ratification of Actions Taken in Support of Trade Mission

I. Planning

At the 2015 State of the State, Governor Andrew M. Cuomo announced a series of Global NY trade missions, beginning with Cuba. Executing a successful trade mission to Cuba would enable New York to gain a strategic economic development advantage by becoming the first state to lead a trade mission following President Barack Obama's December 2014 call for a normalization of ties with Cuba.

A proactive trade strategy is a main pillar of Global NY, an Empire State Development program introduced by Governor Cuomo in the 2014 State of the State. The goal of Global NY is to create and retain jobs in New York State by attracting foreign direct investment and helping New York companies export products and services abroad. Trade missions are pivotal to the Global NY strategy.

After determining Cuban industry needs and trends based on research and conversations with the Cuban Government, Global NY identified New York State businesses uniquely positioned to meet those needs, either immediately or with the easing of trade restrictions. Governor Cuomo and I led the New York State delegation, which was comprised of 20 industry leaders representing 11 companies and institutions across six key economic development sectors. The delegation also included State Legislature leadership: Speaker Carl E. Heastie, Senator Jeffrey D. Klein, and Senator Andrea Stewart-Cousins.

The New York State industries selected for the trade mission to Cuba were Agriculture, Air Travel, Financial Services, Biotechnology/Pharmaceutical, Higher Education, and Information Technology. The companies that participated are geographically diverse—representing seven of the ten economic development regions—and range in size from dozens of New York State employees to thousands. Many of the companies and institutions are not only state leaders in their respective sectors but also world leaders. They included Pfizer, Regeneron, Roswell Park Cancer Institute, New York Genome Center, Chobani, Cayuga Milk Ingredients, JetBlue,

Plattsburgh International Airport, MasterCard, Infor, and the State University of New York system.

For logistical assistance in planning and implementing the trade mission, Empire State Development retained the consulting services of the Center for Democracy in the Americas.

II. Trade Mission

On April 20, Global NY embarked on its historic two-day trade mission to Cuba. The goal of the trade mission was to strategically position New York State companies when the U.S. trade embargo on Cuba is lifted. In addition, Global NY sought to expand existing relationships in industries already exempted from the embargo restrictions.

After landing in Havana, Governor Cuomo, the New York State Legislative leaders, and I went directly to a working lunch hosted by Minister of Foreign Trade and Investment Rodrigo Malmierca Diaz. The Minister was joined by senior government officials, including Josefina Vidal, the lead negotiator with the United States on normalizing relations between the countries.

From there, Governor Cuomo initiated the formal trade mission agenda by delivering opening remarks at the Global NY Business Roundtable, which convened the New York State industry leaders and more than 30 senior Cuban counterparts. According to one Cuba expert with extensive experience leading groups there, the impressive caliber and number of Cuban officials present reflected the significance the Cuban authorities attached to this trade mission. Marilu BHamel, Director of North American Affairs at the Ministry of Foreign Trade and Investment, and Deborah Rivas, Director-General of the Ministry of Foreign Trade and Investment, also addressed the group and offered their perspectives on the future of U.S.-Cuba trade relations.

After the Roundtable concluded, the New York State executives conducted bilateral sector breakout meetings with their respective Cuban counterparts.

- Chobani and Cayuga Milk Ingredients executives met with senior import and export officials and dairy executives to discuss opportunities to bring dairy products to the Cuban market;
- JetBlue and Plattsburgh International Airport executives met with senior aviation, transportation, and tourism officials to explore the possibility of opening flight routes between New York and Cuba;
- Pfizer, Regeneron, Roswell Park Cancer Institute, and the New York Genome Center representatives met with leading medical researchers and scientists, who presented overviews on medical vaccines and breakthroughs;
- MasterCard executives met with leading executives from Cuba's Central Bank and

officials from the Ministry of Economics and the Ministry of Finance to begin the process of bringing U.S.-issued credit cards to Cuba;

- SUNY officials met with University of Havana leadership to discuss study abroad programs and academic offerings; and
- Infor executives met with representatives from the Ministry of Information Communications and the University of Computer Sciences to learn more about software programming and technical expertise.

As the discussions progressed, the Governor and State leaders joined SUNY Chancellor Nancy Zimpher at a café in Old Havana to meet with a group of SUNY students studying abroad in Cuba. The Governor and state officials then met with Cardinal Jaime Lucas Ortega and expressed support for Cuba's civil society.

In the evening, the Governor hosted a dinner for the New York State delegation, the Cuban officials, and the traveling press. At the dinner, Cuba's Vice Minister of Culture Fernando Rojas raised the possibility of New York-Cuba cultural partnerships and exchange programs.

The following day, the New York State executives continued their bilateral discussions and conducted site visits.

- SUNY representatives met with top officials at the University of Havana;
- Financial services executives held a meeting at Cuba's Central Bank;
- The biotechnology and pharmaceuticals group toured the campus of the Center for Molecular Immunology, where they learned about breakthrough drugs being developed; and
- The agriculture and air travel groups joined the Governor, New York State leaders, and me on a visit to the Port of Mariel, a new shipping port that the Cubans view as the cornerstone of their infrastructure to future trade and investment.

After the port visit, the Governor met with First Vice President Miguel Diaz-Canal, who is currently the second in command to President Raul Castro and is widely speculated as the leading candidate to succeed Castro as president in 2018. During each political meeting, the Governor discussed trade between New York State and Cuba and also raised the importance of human rights to the people of the United States, and New York in particular.

III. Achievements

The trade mission is already producing meaningful results and opportunities for New York

State. During the trip, three agreements were reached.

- SUNY shared a framework for a memorandum of understanding with the University of Havana that will expand SUNY's study abroad program to Cuba, augment scholarly exchanges, and increase internship and applied learning opportunities for SUNY students studying abroad in Cuba;
- Infor reached a deal to train Cuban students and sell Cloverleaf, Info's healthcare management software to Cuban companies through deSoft, Cuba's IT system integrator, and Softel, Cuba's electronic medical software manufacturer; and
- Roswell Park Cancer Institute finalized an agreement with the Center for Molecular Immunology to develop a lung cancer vaccine and begin clinical trials in the United States, which could commence within a year.

On May 5, JetBlue announced that it would inaugurate a direct flight weekly from JFK airport to Havana beginning on July 3, 2015. At the time of the announcement, CEO Robin Hayes said that "[t]he Governor's trade mission is helping position JetBlue as the leading carrier to Cuba."

Likewise, Roswell Park Cancer Institute has made plans to return to Cuba this summer to pursue additional partnerships. Many of the other participating companies and institutions are continuing direct dialogue and are working with Global NY on potential agreements that may still emerge. MasterCard is laying the groundwork for U.S. credit cards to be used in Cuba. Cayuga Milk Ingredients is coordinating shipments of milk powder samples to Cuban buyers. Plattsburgh International Airport is exploring opportunities to open flight routes to and from Jose Marti Airport in Havana. The biotechnology and pharmaceutical companies are advancing discussions on drug development and research collaborations.

In addition to New York State gaining a foothold in the Cuban market, the trade mission has positioned ESD as a resource. Global NY has fielded numerous inquiries from companies—as well as other states—interested in entering the Cuban market, and is also serving as a resource to the U.S. Department of Commerce and Department of Treasury. In Cuba, for subsequent trade missions it hosts, the Ministry of Foreign Affairs will be replicating the programmatic format Global NY introduced. And in New York State, companies are already inquiring about the possibility of participating in the next Global NY trade mission.

IV. Expenses

Considerable logistical challenges accompanied the trade mission to Cuba, which lacks a full communications infrastructure, has limited travel options, and where U.S. business has not been conducted freely in more than 50 years. Still, Global NY delivered a time- and cost-efficient trade mission that will produce economic benefits to New York State for years to come. Please see the itemization of expenses incurred in connection with the trade mission, attached to this memorandum.

V. Environmental Review

ESD staff has determined that the requested action constitutes a Type II action as defined by the New York State Environmental Quality Review Act and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required.

VI. 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 Business Enterprises in the performance of ESD projects. For purposes of this project, however, none of the expenses incurred triggered the setting of MWBE participation goals. In implementing the trade mission, ESD staff observed ESD's policy of non-discrimination.

VII. Requested Action

The Directors are requested to ratify the actions taken and the expenses incurred in connection with the Global NY Trade Mission to Cuba.

VIII. Recommendation

Based on the foregoing, I recommend approval of the requested action.

IX. Attachments

Itemization of Expenses
Final Report from the Center for Democracy in the Americas
Resolution

June 25, 2015

NEW YORK STATE URBAN DEVELOPMENT CORPORATION – Ratification of Actions Taken
in Support of the Trade Mission

BE IT 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”), all actions taken and expenses incurred in connection with the Global NY Trade Mission to Cuba, as more fully set forth in the Materials, be, and they hereby are, ratified and adopted as the acts and deeds of the Corporation.

* * *

EMPIRE STATE DEVELOPMENT TRADE MISSION TO CUBA

ITEMIZED EXPENSES			
Expense Type	Advance Trip (a)	Trade Mission Trip (b)	Expense Type Sub Total
Air Travel	\$4,260	\$35,055	\$39,315
Lodging and Conference Rooms	\$1,980	\$17,781	\$19,762
Additional Meals and Incidentals	\$1,200	\$7,634	\$8,834
Ground Transportation	\$954	\$4,784	\$5,738
Telephone and Internet in Cuba	\$1,178	\$2,162	\$3,340
Office Supplies and NYS Promotional Items		\$6,025	\$6,025
Trip Total	\$9,572	\$73,441	\$83,013

EXPENSE REPORT NOTES:

A total of 15 New York State employees from the Governor's Office and Empire State Development traveled to Cuba. The expenses for these travelers are separated into the Advance Trip and Trade Mission Trip. The participating industry leaders, legislative leaders, and press paid for their respective portions of the trip.

(a) Three New York State employees conducted an Advance Trip in Cuba between March 31st and April 3rd, 2015.

(b) The Trade Mission lodging total includes a charter company package that included meals, ground transportation, translation services, and logistical support expenses.

ADDITIONAL NOTES:

Some expense report items are not considered final, as reimbursements to ESD are pending. For example, ESD coordinated the procurement of visas and credentials for the press delegation, with the understanding that ESD would be reimbursed by the press outlets. This expense is not included in the itemized total, as the reimbursement process is underway and \$1,470 of the \$2,100 total expense has already been repaid.

All expenses incurred in Cuba include a 10 percent fee and a 3 percent currency exchange fee for exchanging US dollars.

The expenses of the security detail that accompanied the Governor are not reflected in this report.

In connection with the Trade Mission, ESD hired a Cuba Country Expert, who was paid \$25,000 to advise on Cuba-specific issues and provide logistical support from February 2015 through May 2015.

EMPIRE STATE DEVELOPMENT CUBA TRADE MISSION	ITEMIZED EXPENSES	COST	NOTES
Advance trip			3 Travelers
	NYC-HAV flight	\$ 2,547	Scheduled commercial flight
	Hotel in Cuba	\$ 634	3/31-4/2 for 2 travelers
	Hotel in Cuba	\$ 463	3/31-4/3 for 1 traveler
	In-country expenses	\$ 1,731	Transportation, meals, incidentals, telephone, and internet
	MIA-NYC flights	\$ 870	Scheduled commercial flight and Miami meal per diem
Delegation Expenses			
	4/15-4/20		4 Travelers
	NYC-MIA flight	\$ 1,140	Scheduled commercial flight
	Fees for checked/overweight bags	\$ 321	Travelers transported supplies related to the trade mission in addition to personal items
	Overnight in Miami	\$ 711	
	Flight to Cuba	\$ 1,396	4/16 scheduled commercial flight
	Hotel in Cuba	\$ 3,620	4/16-4/20
	Meals and incidentals in Cuba	\$ 1,399	4 staff for 4 days
	4/17-4/20		2 Travelers
	NYC-MIA flight	\$ 842	Flights and transportation
	Fees for checked/overweight bags	\$ 478	Travelers transported supplies related to the trade mission in addition to personal items
	Overnight in Miami	\$ 462	Hotel and Miami per diem
	Flight to Cuba	\$ 698	4/18 scheduled commercial flight
	Hotel in Cuba	\$ 930	4/18-4/20
	Meals and incidentals in Cuba	\$ 350	2 staff for 2 days
	4/19		
	Staff briefing meeting	\$	1,713.68
	Delegation briefing dinner	\$	4,297.65
	A/V equipment and labor	\$	3,375.00
	Union-required A/V shadow labor	\$	2,100.00
	4/20-4/21		All ESD/Executive Chamber Travelers (15 Travelers)
	Flights	\$ 24,569	NYS delegation portion of JetBlue charter flight cost
	Lodging and logistics package	\$ 7,625	NYS delegation portion of lodging and logistics package, inclusive of hotel rooms, meals, transportation, various conference rooms, translations services, etc.
	Additional event expenses	\$ 2,645	Additional expenses for Cuban and NY delegation participants associated with the bilateral Business Roundtable luncheon, SUNY Student Event, and Delegation Dinner on 4/20. Includes meals and refreshments for guests, entertainment, and waitstaff tips
	4/21-4/22		2 Travelers
	Hotel in Cuba	\$ 403	4/21 hotel
	HAV-MIA flight	\$ 698	4/22 scheduled commercial flight
	MIA-NYC flight	\$ 717	4/22 scheduled commercial flight and Miami per diem
	Office supplies	\$ 1,011	
	NYS promotional items	\$ 5,014	
	Passenger van to JFK for CEO delegation	\$ 300	
In-country logistics and communication			
	Conference rooms and hotel administrative expenses	\$ 2,005	Additional conference room rentals and hotel administration costs related to bilateral industry meetings
	Telephones and internet	\$ 2,215	Cell phone minutes, SIM cards, business calls from hotels, internet cards, etc.
	Transportation costs	\$ 4,059	Additional in-country transportation related to delegation site visits and bilateral meetings
Consultant			
	Cuba Expert consulting fee	\$ 25,000	
	Expenses	\$ 13,140	Travel, lodging, communications in Cuba (telephone minutes, internet cards), meals, translation services, etc.
NOTE: All expenses incurred in Cuba include a 10% penalty for exchanging USD and 3% currency exchange fee			
TOTAL		\$ 107,993	

NOTES

3644	air total for 58	122438
5016	ticket discount	473.069
40868	ticket price	1637.931
49528		
	discount for 15	7095
	Total new charges	2026
	Credit to ESD invoice	5069
	administrative fee	10
	Reimbursement per non-state delegate	463.069
		50629 current ABC total
		45560 revised ABC total

\$	321 Airport fees (checked bags, overweight bags)		
CUCs	Press credentials	900 1034.483	Hotel
	330 Reservation for Vedado press conference room at Hotel Nacional		1744 2004.598
	Meals for NYS staff 4/16-4/19	1521.6 1748.966	Trans
	115 SUNY student event		3030 3482.759
	180 Six piece band for dinner		Comms
	550 4/20 dinner- additional orders and tip for 16 waitstaff		1927 2214.943
	1014 Conference rooms, coffee, and refreshments at Hotel Parque Central		Additional event expenses
			Less
			SUNY
			expense
	577 Wifi, business telephone calls to NY office, meals, for 5 staffers at Hotel Parque Central		845 971.2644 \$132.18
	600 6 SIM cards		8446
	490 Telephone minute cards		Press credentials
	110 3 used phones		900 1034.483 Cancels out
	150 3 new phones		
	400 Tips (standard and expected) for tour guides and drivers		
	2480 2 cars with drivers for 6 days, including overtime		
	150 Roundtrip transportation for industry sectors to site visits		
	400 Tips (standard and expected) for staff at Hotel Parque Central and Hotel Saratoga		
	7546 CUCs	674	
	8673.563 in \$	750	132.1839
	321 add	574.7126437	
	8994.563 total	3033.195402 not spent	
	1748.966 Meals for NYS staff 4/16-4/19		
	10966.8 14,000 less returned cash and GR CUCs		
	223.2759 no receipts	9217.83908	
		12251.03448	
		14000	

First Name	Last Name	Affiliate	\$\$ owed	PAID
Yancey	Roy	Newsday	\$140	YES
Glenn	Blain	NY Daily N	\$140	YES
Susanne	Craig	New York	\$140	YES
Erica	Orden	Wall Stree	\$140	Sent Reminder
Jon	Lentz	City & Stat	\$140	YES
Jimmy	Vielkind	Capital NY	\$140	YES
Freeman	Klopott	Bloomberg	\$140	Sent Reminder
Melissa	Russo	NBC 4 NYC	\$140	SENT W9
Luis Alejar	Medina	Telemund	\$140	SENT W9
Jorge	Viera	Univision	\$140	SENT W9
Joseph	Mauceri	PIX	\$140	YES
Dan	Bowens	Fox 5 NYC	\$140	YES
Juan Man	Benitez	Noticias	\$140	YES
Zack	Fink	NY1	\$140	YES
Marcia	Kramer	CBS2	\$70	NO
Alan	Gomez	Gannett M	\$70	YES
	Total		\$2,100	
	Paid Total		\$1,470	

Center for Democracy — IN THE — AMERICAS



Final Report: New York State Trade Mission to Cuba

Submitted by Sarah Stephens, the Center for Democracy in the Americas
May 13, 2015

Introduction

The Scope of Services solicitation issued by Empire State Development (ESD) on January 30, 2015 included a provision for the preparation of a “report that highlights the details of the mission’s events and meetings and recommends follow-up activities to advance the mission’s goals of generating increased trade, job creation and foreign direct investment in New York.”

Consistent with that provision, we are pleased to submit the following report which encompasses the following:

- Narrative overview of the trade mission
- Review of outcomes/deliverables and recommendations for follow-up
- Recommendations for subsequent trade missions to Cuba
- Lessons learned
- Assessing the impact of the trip

It was an honor and a privilege for Sarah Stephens and the Center for Democracy in the Americas (CDA) to serve as the consultant for Governor Cuomo’s trade mission to Cuba. The trade mission has already produced exceptional results consistent with the goals that ESD expressed at the outset. This is due not only to the historic context in which the trip occurred, but also because of the superior planning, choice of participants, and execution by the New York State team.

Narrative overview of the trade mission

U.S.-Cuba relations are at a transformative moment. On December 17, 2014, Presidents Barack Obama and Raúl Castro announced their agreement to restore diplomatic relations, open embassies, and send ambassadors to their respective capitals. For his part, President Obama swept aside fifty-five years of Cold War history, and declared: “I believe that we can do more to support the Cuban people and promote our values through engagement. After all, these 50 years have shown that isolation has not worked. It’s time for a new approach.”

The foundation of that new approach was the President’s usage of his [executive authority](#) to create a new opening with Cuba. By loosening restrictions on travel and trade, the President was also

creating an opening for American travelers and American businesses to participate in building a new relationship with Cuba's government and its people.

By declaring in his [2015 State of the State](#) address, "Let us be the first ones there, let us develop the relationship, let us open up the markets and let us get opportunities for New York companies," Governor Cuomo positioned New York State companies at the front of the line to test the effectiveness of the new U.S. policies, and to determine the willingness of their Cuban counterparts to cultivate new business relationships with firms based in the United States and in New York in particular.

In the eighty-nine days between the Governor's speech and the departure of the trade mission on April 20th, the State of New York consulted with U.S. officials in the White House and Executive Branch agencies; met with Cuban authorities in Washington and Havana; ran a rigorous industry analysis and selection process to select industry leaders for the delegation; planned logistics for the trip to Cuba; coordinated a schedule with our Cuban hosts to maximize the efficiency of the time spent on the ground, and established the necessary conditions requisite for success.

In making the trip, Governor Cuomo engineered several advantages: he was the first Governor to visit the island with a trade delegation following President Obama's diplomatic breakthrough; he had appealing partners from New York State's most prestigious businesses with him; and, uniquely, he had the benefit of New York State's three-centuries old relationship with Cuba and some of its most storied figures, Jose Marti and Father Felix Varela.

But, there were two other factors which laid the groundwork for success. First, Governor Cuomo and the New York State team engaged Cuba's diplomatic representatives in Washington – the staff of the Cuban Interests Section – and later, Cuba's foreign ministry, with the level of courtesy and respect that would engender a cooperative response, but is sometimes lacking when U.S. delegations plan their visits to the island.

Throughout the planning process, even as New York State pressed for scheduling, logistical, security-related and other priorities, the tenor of the working relationship it established made it possible to accomplish what was necessary in less than ninety days.

Specifically, the New York State team asked Cuban officials to share their priorities for commercial transactions with U.S. businesses to ensure there was an alignment between, in effect, the customers and the potential suppliers. The New York State team accommodated a Cuban request that the delegation visit the Port of Mariel, the largest infrastructure project since the Cuban revolution.

Second, Governor Cuomo struck the difficult diplomatic balance required at this moment. He was clear in expressing our nation's values by discussing human rights in Cuba before and during the trip. "Human rights are an issue that is very important to the people of the United States and New York in particular," [he said](#), "and those issues have to be worked through."

But, as [he also said](#) before departing with the delegation to Cuba, "The U.S. shift in policy recognizes that engagement is far more likely to lead to change in policies we disagree with." He added later, "We are looking forward to the embargo, as we call it in the United States, being lifted legally by Congress so that we can have normalization of relations," as [NY State of Politics.com](#) reported.

The corresponding reaction by the Cuban government was telling; it ensured that the highest-level Cuban officials were present at each of the delegation's meetings. Consequently, when Governor Cuomo expressed his position in defense of human rights, he did so in meetings with Cuba's First Vice President, Miguel Diaz-Canel and with Josefina Vidal, a senior official at Cuba's Foreign Ministry, and the lead negotiator in the normalization talks with the U.S. When he spoke about his strong belief in forging reciprocal trade relationships between Cuba and New York businesses, his principal audience was [Rodrigo Malmierca Diaz](#), Cuba's Minister of Trade and Foreign Investments.

For each of the six industry sectors represented in the New York State delegation – health/biotech, financial services, air travel, food, higher education, and information/communications – senior Cuban counterparts from government ministries and institutions, state-owned businesses, and the University of Havana were seated at the table with them. They included: the Vice-President of Cuba's Central Bank; the senior leadership of Cuba's pharmaceutical industry and research institutes; the international relations director for Cuba's Civil Aviation agency; the leaders of Cuba's food import agency; Vice-Director of the University of Havana, and senior officials representing the Ministry for Information and Communications and University of Information Science.

Because the trade delegation had direct access to figures that were knowledgeable and empowered as decision-makers, after spending just 27-hours on the island, every sector represented in the delegation returned to New York State either with a signed agreement or with meaningful understandings reached with Cuban counterparts that may lead to next steps.

This includes:

- The Roswell Park Cancer Institute agreement relating to Cuba's lung cancer vaccine;
- JetBlue's decision to expand charter service to Cuba;
- The Infor agreement to sell software and train students;
- The State University of New York's agreement to expand scholarly and cultural exchanges, and to initiate a Cuba lecture series;
- Cayuga Milk Ingredients' decision to pursue a potential sale of skim milk powder to Cuba;
- MasterCard's decision to work with officials at Cuba's Central Bank on the acceptance of its credit cards at Cuban businesses; and,
- The decision by the North Country-Plattsburgh Chamber of Commerce/Plattsburgh International Airport to lay the groundwork for Plattsburgh International Airport to serve as a point of departure for Canadian tourists visiting the Cuban market.

In this report, we summarize what the trade mission accomplished, and lay out recommendations for follow-through to realize the economic growth benefits offered by the results.

Review of outcomes/recommendations for follow-up

Roswell Park Cancer Institute

On April 22, Empire State Development and the Roswell Park Cancer Institute [announced](#) that the Institute had a signed agreement with Cuba's Center for Molecular Immunology "to develop a unique lung cancer vaccine ("Cimavax") with a clinical trial in the United States." Although Roswell

Park had collaborated with its Cuban counterparts since 2011, the trade mission facilitated the agreement and “enabled the two parties to hammer out the final details,” as their joint statement said.

Under the agreement, Cuba’s Center for Molecular Immunology will give the Institute all of the documentation needed for an FDA drug application ([estimated](#) at 1,000 pages); this will enable Roswell Park to start clinical trials within a year’s time, if the process goes smoothly.

JetBlue

As a result of JetBlue CEO Robin Hayes’ participation in the delegation, the New York State-based carrier announced its decision to begin weekly *charter* flights from New York to Havana that will begin on July 3rd. As [the company](#) said, “This makes JetBlue the first major carrier to announce a new flight to Cuba from New York since travel restrictions were recently eased” by President Obama. The weekly nonstop service between New York’s John F. Kennedy International Airport and Havana’s Jose Marti International Airport will take place every Friday.

JetBlue is hoping to become the [leading commercial carrier](#) offering regularly schedule service into the Cuban market. That aspiration, however, is contingent upon the United States and Cuba reaching a bilateral civil aviation agreement. To that end, talks took place between U.S. and Cuban negotiators in Washington on March 2-3 of this year. While “the discussions covered economic, safety, and security issues related to civil aviation,” [a spokesperson](#) for the U.S. Department of Transportation said, there have been no additional reports of progress since the talks adjourned.

In the meantime, there is [legislation pending](#) in the Appropriations Committee of the U.S. House of Representatives written to prevent the extension of charter services or the offering of new commercial service in the event a civil aviation agreement is reached. An amendment written into the Department of Transportation budget bill by Subcommittee Chairman Mario Diaz-Balart (FL-25) would prevent the department from expending funds on any new service started after March 31, 2015. The amendment would only become effective if it was approved by both Houses of Congress and signed into law by President Obama.

Infor

Infor executives, Charles Phillips, CEO, and Steve Fanning, Vice-President for Health Care Strategy, accompanied the delegation and met with Cuban officials representing Cuba’s Ministry of Information and Communications and University of Information Science.

During the visit, Infor agreed to collaborate with Softel, Cuba’s electronic medical software manufacturer; deSoft, Cuba’s IT system integrator; and the university. Its agreement will result in the sale of Infor health care management software and training for Cuban students. As a mark of his respect, [Mr. Phillips said](#) of his meeting with Cuban counterparts, “We were surprised and impressed with the level of technology and expertise they had in healthcare technology.”

Cloverleaf, the Infor software, will enable hospitals within Cuba to speed the integration of healthcare data, and to facilitate the movement of data on a secure basis with other institutions in the Caribbean, including as the company noted, Grand Cayman, Mexico, even Florida. The training

program envisioned by the agreement is for Cuban students who [Mr. Phillips called](#) “future leaders in technology.”

To take advantage of the agreement reached, Infor will need permission from the U.S. government and help navigating several procedural steps in Cuba.

The State University of New York

Nancy L. Zimpher, Chancellor of the State University of New York, and José F. Buscaglia Director of Caribbean, Latin American and Latino Studies at the University at Buffalo, participated in the mission, and met with officials at the University of Havana on expanding both academic and cultural exchanges between New York State and Cuba. As a result of the trip, [as SUNY reported](#), the University of Havana prepared a framework for a memorandum of understanding which will:

- Increase study abroad programs for SUNY students interested in Cuba; and,
- Provide study abroad students with internship and other applied learning opportunities as New York companies seek a presence in Cuba.

In the fall of 2015, SUNY will also establish a Cuba Lecture Series “to bring greater awareness of Cuba to New Yorkers and enhance the cultural competency of students participating in study abroad programs.”

Additional Examples of Progress

- As reported by [USA Today](#), Walt Macnee, Vice Chairman of MasterCard, used the opportunity presented by the trip to have two meetings with Cuba's central bank “to start laying the groundwork for U.S.-issued cards to be used in Cuba.”
- Kevin Ellis, CEO, Cayuga Milk Ingredients, told Kevin Tampone of [Syracuse.com](#), that he is about send samples of skim milk powder to Cuba in hopes that he can conclude a contract to sell his company's product into the market.
- According to Garry Douglas, Plattsburgh North Country Chamber of Commerce President and CEO, the trip enabled him to explore opportunities to open travel between the Plattsburgh International Airport and Cuba. He told Pat Bradley of [WMAC Radio](#) that over 600,000 Montrealers visit Cuba every year, and a number that doubled since 2010, and that the airport was positioned to serve as a convenient point of departure for Canadian air travelers to the island. He will be pursuing opportunities for service (which depend on completion of the civil aviation agreement with Cuba, and an inspection and [approval process](#) by the U.S. Department of Homeland Security).

Next Steps

To complement ESD's ongoing follow-up with trade mission participants, we recommend:

- Regular check-ins with trade mission participants that reported publicly agreements with Cuban counterparts. Governor and/or ESD can facilitate action if either the U.S. government or the Government of Cuba needs to be nudged.
- Debriefs with companies that participated but have not publicly reported progress to determine whether follow-up actions are required.

- New York State officials can continue to support specific applications by New York companies for federal licenses to export to Cuba.
- Governor Cuomo can continue to support lifting the embargo.
- Contacts – as necessary – with federal policymakers in the executive branch and U.S. Congress to monitor developments in U.S.-Cuba policy; determine willingness on the part New York State Congressional delegation members to voice support for agreements struck by trade mission participants with federal agencies as appropriate.
- ESD can lead a follow-up trade mission to Cuba to address the enormous interest of U.S. companies that want to enter the Cuban market.

Lessons Learned

Going forward, we advise New York State to do for any follow-up trip that which made this trip successful; namely, work directly with Ambassador Cabañas and the Cuban Interests Section staff to identify mutual priorities from the start. A decisive factor in obtaining the progress that the trade mission has produced to date was the respect and professionalism the State demonstrated in dealing with the Cubans from the outset.

Assessing the impact of the trip

Even at this interim stage, it is appropriate to look back on the trip and begin assessing its impact in both tangible and intangible terms:

- The agreements reached by trade delegation members offer the prospect of increasing New York State jobs and increasing revenues for the companies and institutions that concluded agreements with the Government of Cuba and its entities.
- The agreement reached by Roswell Park Cancer Institute, if it results in opening the U.S. market to a Cuban-produced anti-cancer vaccine, offers the promise of longer lives to Americans condemned to suffering the ravages of lung cancer until they died, and will illustrate to the U.S. public the expertise of Cuba's biomedical research establishment.
- Agreements that provide distinct, ancillary benefits to the Cuban people – such as Infor's offer of training to Cuban students – fulfill a historic goal of U.S. policy.
- By gaining a foothold in a market previously closed to most U.S. firms due to the embargo, the participants are now competing against foreign entities which previously enjoyed a singular status as the primary supplier to the Government of Cuba.
- Demonstrating the benefits of the opening to Cuba to other U.S. firms will help prove the economic benefits of engagement to the broader U.S. public.
- The Governor, the first U.S. Governor to visit Cuba following the President's opening, by providing "his narrative" – that combined concern with human rights and support for engagement as manifested by his promotion of New York's commercial interests – has given a template to policymakers who will follow his lead with trade delegations of their own.

But, this *is* an interim stage. In opening a new market like Cuba, closed for decades amidst tensions dating to the Cold War, difficulties and setbacks are inevitable, but not determinative. Empire State Development has a real interest in working with the participants in Governor Cuomo's April trip – just as it seeks to identify qualified businesses and institutions for future trips – to bring their deals to completion.

Going forward, this will require navigation through the complex Cuban terrain as well as the network of interests in Washington, D.C. that often seek to obstruct or affect developments in the U.S.-Cuba relationship. Providing such help is core to what CDA does. We would be pleased to reengage with ESD to complete the work the Governor's trade mission has sparked.

FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard Zemsky

SUBJECT: FY 2014-2015 Performance Measurement Report

REQUEST FOR: Acceptance of FY 2014-2015 Performance Measurement Report

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 2014-2015 Performance Measurement Report

Attached is a report on the assistance provided by ESD Directors during FY 2014-2015, using the performance measurements set forth above. In summary, ESD accomplished the following:

- A total of 231 companies and organizations were assisted;
- A total of \$1.77 billion total investment was made in NYS (including ESD investment of \$523 million, other public investment of \$239 million, and private investment of \$1 billion);
- This assistance will result in the creation of 4,498 jobs and the retention of 17,686 jobs; and
- \$1 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.

III. Requested Action

The Directors are requested to accept the FY 2014-2015 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 2014-2015 Performance Measurement Report

June 25, 2015

NEW YORK STATE URBAN DEVELOPMENT CORPORATION – Acceptance of FY 2014-2015
Performance Measurement Report

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 2014-15 Performance Measurement Report.

* * *

**Empire State Development (ESD) Performance Measures
Fiscal Year 2014-15 (April 1, 2014 – March 31, 2015)
June 25, 2015**

Overview

The following is a summary of Empire State Development performance measures of projects undertaken throughout New York State for the 2014-15 fiscal year. A detailed analysis of these measures can be found in the attached materials.

2014-15 Project Summary

- 300 Awards
- 256 Projects
- 231 Companies

Project Breakdown by Organization Type

- 37 public entities
- 134 not-for-profit entities
- 60 privately-held or publicly-traded business enterprises
 - 2 women-owned business enterprises
 - 42 small-sized businesses (<100 employees)
 - 14 medium-sized businesses (100 to 499 employees)
 - 4 large-sized businesses (>500 employees)
 - Note: the number of jobs for the entity receiving the financial assistance, not a larger parent company
- 205 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

- 17,686 jobs retained
- 4,498 jobs created

Capital Investment Made In New York State for 2014-15 Fiscal Year

- \$1.71 billion total capital investment
- \$1 billion private capital funds leveraged with public assistance (ESD and non-ESD)

Empire State Development (ESD) Performance Measures
 Fiscal Year 2014-15 (April 1, 2014 - March 31, 2015)
 June 25, 2015

ESD PERFORMANCE MEASURES BY FUNDING SOURCE
 FY 2014-2015

Programs	Companies/ Organizations Assisted	FY 14-15 Grant Amount	FY 14-15 Loan Amount	Total Project Costs	Non-ESD Public Investment	Private Investment	Jobs Existing	Jobs Retained	Jobs Created	Total Projected Jobs
Core Discretionary Programs & Pre-Regional Council Initiatives										
Core Discretionary Programs ¹	22	\$ 19,354,783	\$ 2,996,486	\$ 339,796,874	\$ 73,666,883	\$ 243,798,722	2,365	2,310	1,114	3,424
Restore NY Communities	1	\$ 500,203	\$ -	\$ 891,323	\$ 391,120	\$ -	0	0	0	0
Total	23	\$ 19,854,986	\$ 2,996,486	\$ 340,688,197	\$ 74,058,003	\$ 243,798,722	2,365	2,310	1,114	3,424
Regional Council Initiatives										
Round 1	15	\$ 18,980,000	\$ -	\$ 211,433,541	\$ 28,448,937	\$ 164,004,604	3,292	3,292	370	3,662
Round 2	42	\$ 49,474,586	\$ -	\$ 385,859,823	\$ 90,394,056	\$ 245,991,181	4,330	4,330	743	5,073
Round 3	55	\$ 27,711,924	\$ -	\$ 77,263,937	\$ 505,138	\$ 49,046,875	1,121	1,121	193	1,314
Connect New York	6	\$ 5,976,538	\$ -	\$ 7,515,249	\$ -	\$ 1,538,711	0	0	0	0
Total	118	\$ 102,143,048	\$ -	\$ 682,072,550	\$ 119,348,131	\$ 460,581,371	8,743	8,743	1,306	10,049
Other Regional/Multi-Program Projects										
Buffalo Regional Innovation Cluster	8	\$ 266,699,809	\$ -	\$ 295,199,809	\$ 6,000,000	\$ 22,500,000	3,100	3,100	1,840	4,940
Multi-Program Projects	2	\$ 6,750,000	\$ -	\$ 27,525,500	\$ 2,232,000	\$ 18,543,500	100	100	40	140
Total	10	\$ 273,449,809	\$ -	\$ 322,725,309	\$ 8,232,000	\$ 41,043,500	3,200	3,200	1,880	5,080
Small Business & Community Development Programs										
Community Development Financial Institutions	20	\$ 1,795,000	\$ -	\$ 1,795,000	\$ -	\$ -	0	0	0	0
Dept of State Office of New Americans	1	\$ 81,000	\$ -	\$ 81,000	\$ -	\$ -	0	0	0	0
Entrepreneurial Assistance Program	21	\$ 2,024,000	\$ -	\$ 4,047,172	\$ 763,700	\$ 1,259,472	0	0	0	0
Minority- and Women-owned Business Development and Lending Program	3	\$ 2,125,000	\$ 562,500	\$ 2,687,500	\$ -	\$ -	0	0	0	0
Total	45	\$ 6,025,000	\$ 562,500	\$ 8,610,672	\$ 763,700	\$ 1,259,472	0	0	0	0
Non-ESD/Other/Non-Discretionary Programs										
Non ESD/Other ²	5	\$ 11,000,000	\$ 9,715,000	\$ 207,711,408	\$ 11,500,000	\$ 175,696,408	2,794	2,794	198	2,992
Non-Discretionary ³	27	\$ 96,669,186	\$ -	\$ 207,661,489	\$ 23,967,303	\$ 87,025,000	639	639	0	639
Non-Discretionary - Hurricane Irene	3	\$ 1,021,921	\$ -	\$ 2,296,918	\$ 1,274,997	\$ -	0	0	0	0
Total	35	\$ 108,691,107	\$ 9,715,000	\$ 417,669,815	\$ 36,742,300	\$ 262,721,408	3,433	3,433	198	3,631
TOTAL CAPITAL INVESTMENT	231	\$ 510,149,950	\$ 13,273,986	\$ 1,771,766,543	\$ 239,144,134	\$ 1,009,204,473	17,741	17,686	4,498	22,184
TOTAL	124	\$ 468,964,529	\$ 12,711,486	\$ 1,717,209,792	\$ 232,170,434	\$ 1,003,363,343	17,741	17,686	4,498	22,184

¹ Empire State Economic Development Fund, Economic Development Program, Urban and Community Development Program, New York Works, Downstate Revitalization Fund, and Upstate Regional Blueprint Fund

² Job Development Authority, Metropolitan Economic Revolving Fund, State University of New York Funds administered by Empire State Development

³ ESD administers these funds but does not select the funding recipients.

Empire State Development (ESD) Performance Measures
 Fiscal Year 2014-15 (April 1, 2014 - March 31, 2015)
 June 25, 2015

ESD PERFORMANCE MEASURES BY REGION										
FY 2014-2015										
Region	Companies/ Organizations Assisted	FY 14-15 Grant Amount	FY 14-15 Loan Amount	Total Project Costs	Non-ESD Public Investment	Private Investment	Jobs Existing	Jobs Retained	Jobs Created	Total Projected Jobs
Capital	14	\$ 8,804,696	\$ 2,280,000	\$ 27,323,708	\$ 195,000	\$ 16,044,012	38	38	30	68
Central	16	\$ 30,507,000	\$ -	\$ 253,181,310	\$ 27,560,638	\$ 195,113,672	5,554	5,554	244	5,798
Finger Lakes	18	\$ 19,963,508	\$ 1,371,486	\$ 207,627,281	\$ 47,412,500	\$ 138,879,787	329	329	645	974
Long Island	15	\$ 5,034,551	\$ 3,000,000	\$ 36,664,043	\$ 355,377	\$ 28,274,115	117	117	60	177
Mid Hudson	14	\$ 9,583,042	\$ -	\$ 124,928,251	\$ 32,276,297	\$ 83,068,912	936	881	373	1,254
Mohawk Valley	16	\$ 4,670,000	\$ 125,000	\$ 17,331,837	\$ 4,171,669	\$ 8,365,168	293	293	40	333
New York City	49	\$ 80,590,846	\$ 6,497,500	\$ 463,174,407	\$ 76,874,200	\$ 299,211,861	4,269	4,269	729	4,998
North Country	33	\$ 35,671,705	\$ -	\$ 91,630,333	\$ 4,016,850	\$ 51,941,778	932	932	325	1,257
Southern Tier	15	\$ 22,404,217	\$ -	\$ 50,018,360	\$ -	\$ 27,614,143	412	412	142	554
Western New York	30	\$ 291,466,365	\$ -	\$ 497,771,715	\$ 46,281,603	\$ 160,023,747	4,861	4,861	1,910	6,771
Multiple Locations	11	\$ 1,448,020	\$ -	\$ 2,115,298	\$ -	\$ 667,278	0	0	0	0
Grand Total	231	\$ 510,143,950	\$ 13,273,986	\$ 1,771,766,543	\$ 239,144,134	\$ 1,009,204,473	17,741	17,686	4,498	22,184

ESD PERFORMANCE MEASURES BY INDUSTRY										
FY 2014-2015										
	Companies/ Organizations Assisted	FY 14-15 Grant Amount	FY 14-15 Loan Amount	Total Project Costs	Non-ESD Public Investment	Private Investment	Jobs Existing	Jobs Retained	Jobs Created	Total Projected Jobs
Agriculture, Food Processing & Distribution	9	\$ 15,779,000	\$ 1,000,000	\$ 202,425,959	\$ 11,665,000	\$ 173,981,959	3,106	3,106	122	3,228
Base Retention & Strategic Development	9	\$ 5,885,809	\$ -	\$ 5,989,809	\$ -	\$ 104,000	0	0	0	0
Biotechnology/Science/Chemicals/Hi-tech Manufacturing/R&D/STEM	30	\$ 350,701,500	\$ 125,000	\$ 590,870,379	\$ 24,386,927	\$ 215,656,952	4,064	4,064	2,538	6,602
Corporate & Professional Services	9	\$ 3,740,000	\$ 3,435,000	\$ 31,352,912	\$ 6,000,000	\$ 18,177,912	450	450	717	1,167
Educational Services	5	\$ 4,175,000	\$ -	\$ 23,253,193	\$ 834,000	\$ 18,244,193	1,785	1,785	0	1,785
Hospital & Assisted Living	5	\$ 3,941,000	\$ -	\$ 135,085,529	\$ 8,912,000	\$ 122,333,329	5,028	5,028	161	5,189
Hospitality & Tourism	54	\$ 38,623,264	\$ -	\$ 127,976,565	\$ 25,477,584	\$ 63,875,707	3	3	186	189
Infrastructure & Transportation	33	\$ 43,511,084	\$ 1,500,000	\$ 249,731,143	\$ 113,228,698	\$ 91,491,351	0	0	406	406
Manufacturing	15	\$ 10,527,500	\$ 2,280,000	\$ 170,512,379	\$ 1,675,000	\$ 156,029,879	2,535	2,535	297	2,832
Real Estate Development	12	\$ 19,530,783	\$ 4,371,466	\$ 216,025,753	\$ 45,344,215	\$ 146,779,269	481	426	61	487
Small Business Development Programs	26	\$ 9,709,000	\$ -	\$ 13,660,622	\$ 1,420,700	\$ 2,530,922	289	289	10	299
Small Business Lending Programs	24	\$ 4,020,000	\$ 562,500	\$ 4,882,500	\$ 200,000	\$ 100,000	0	0	0	0
Grand Total	231	\$ 510,143,950	\$ 13,273,986	\$ 1,771,766,543	\$ 239,144,134	\$ 1,009,204,473	17,741	17,686	4,498	22,184

FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard Zemsky

SUBJECT: New York City (New York County) – Victoria Theater Redevelopment Project – Operator and Manager of Cultural Arts Component

REQUEST: Authorization to Conditionally Designate Operator and Manager and Enter into Lease/Operating Agreement; Authorization to Take Related Actions

I. Summary of Proposed Action

Proposed Operator: Apollo Theater Foundation, Inc.

Site: 25,000 square feet in the Cultural Arts component of the Victoria Theater Redevelopment Land Use Improvement and Civic Project (the “Project”) located at 235-237 West 125th Street between Frederick Douglass Boulevard and Adam Clayton Powell Blvd

Proposed Action: Conditional Designation of Apollo Theater Foundation, Inc. as the operator and manager of the Cultural Arts component of the Project

II. Background

New York State Urban Development Corporation d/b/a Empire State Development (“ESD”) and its subsidiary, Harlem Community Development Corporation (“Harlem CDC”) in 2012 adopted a General Project Plan and in 2013 affirmed a Modified General Project Plan (“MGPP”) for the Project.

The Project when substantially completed will include a condominium unit (the “Cultural Unit”) that will be owned by Harlem CDC and pursuant to the MGPP is to be leased and utilized primarily by cultural partners selected by Harlem CDC. Apollo Theater Foundation, Inc. is one of four cultural partners that the MGPP anticipates will be included as occupants of the Cultural Unit.

233 West 125th Danforth LLC (“Developer”) is the developer of the Project and will undertake the construction of the Cultural Unit and provide within it two black box theaters, a box office, back-of-house operations and office space for cultural arts organizations. Certain specialty finishes and requirements are not included and will need to be provided by the Cultural Unit operator. Certain expenses that are required to make the Cultural Unit fully operational will not be provided by the Developer.

The MGPP contemplates Harlem CDC or its designee owning the Cultural Unit and leasing it at nominal rents for cultural purposes.

III. Selection Process

On January 16, 2015, Harlem CDC and ESD issued the “Request for Proposals for Victoria Theater Redevelopment Project – Operator and Manager of the Cultural Arts Component (the “RFP”) soliciting proposals for the operation and management of the Cultural Unit. The primary focus of the RFP was to identify a qualified operator that had the experience as well as the financial and administrative capacity to operate the Cultural Unit and complete the build-out within the Cultural Unit of those finishes that are not being provided by the Developer. Specifically, the RFP sought an operator with:

- At least 10 years of experience operating, maintaining and managing space of at least 20,000 SF for not-for-profit arts and cultural organizations in NYC, including facilities management, leasing, scheduling, developing operating budgets, etc.
- Strong financials
- Experience with the design and construction of cultural arts facilities, including evaluating their capital and FF&E budget requirements
- Extensive fund-raising and marketing experience, infrastructure and capacity
- Prior successful experience working with racially and ethnically-diverse cultural arts entities and in particular Harlem-based and Black cultural arts entities
- Knowledge of the NYC and Harlem’s cultural arts industry’s landscape and key players. Respect within NYC’s arts, culture and heritage sectors.
- Experience developing, curating and presenting cultural arts content
- Commitment to and experience with cultivating new and emerging arts, culture and heritage non-profit organizations

Pursuant to ESD’s procurement policies, the RFP was advertised in the New York State Contract Reporter on January 16, 2015 and on ESD and Harlem CDC’s websites.

A Pre-Bid Information session for prospective Respondents was held at Harlem CDC’s offices on February 10, 2015 and responses were due on March 10, 2015. The Apollo Theater Foundation was the only respondent to the RFP.

A proposal review team consisting of ESD and Harlem CDC staff evaluated the written proposal and interviewed the Respondent. The proposal review team consisted of Harlem CDC’s Deputy

Director, ESD's Director of Real Estate Development and Planning, Director of the New York Empowerment Zone, Director of Community Relations and Senior Financial Project Manager of Real Estate Development. The review team evaluated the proposal based on selection criteria outlined in the request for proposals and unanimously agreed that the overall proposal exceeded expectations and outlined a programming strategy that sought to incorporate the local cultural partners and ensure the ongoing vitality of the 125th Street cultural corridor. Through its proposal, the Apollo Theater Foundation, Inc. demonstrated an in-depth understanding of the cultural arts industry in Harlem and New York City, financial and programmatic capacity, and the necessary theater management and fundraising experience to successfully operate the Cultural Unit.

The more compelling aspects of the Apollo Theater Foundation Inc. proposal include:

- Office space and Theaters usage offered to the Project's cultural partners at below market rates
- Shared services program for box office, marketing, back office support, production and general management
- Commitment to and demonstrated success in fundraising to cover operating deficits
- Marketing plan including but not limited to digital and social media, community engagement
- Benefit of over 80 years of experience with the Apollo Theater
- Apollo Theater Foundation, Inc.

IV. 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 Apollo Theater Foundation, Inc. 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 Apollo Theater Foundation, Inc. to be responsible.

V. 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%. The overall goal shall include a Minority Business Enterprise Participation Goal of 22% and a Women Business Enterprise Participation Goal of 8% related to the total value of ESD's funding.

VI. Environmental Review

The redevelopment of the Victoria Theater was the subject of an environmental review performed by ESD as the 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 for the New York State Department of Environmental Conservation. SEQRA Findings were adopted by ESD Directors on July 17, 2013. The activities in this request for authorization have been addressed in the FEIS and the SEQRA Findings, and therefore, no further environmental review is required in connection with this request.

VII. Requested Actions

The Directors are requested to authorize the Corporation to Conditionally Designate Apollo Theater Foundation, Inc. as the operator and manager of the Cultural Arts Space at the Victoria Theater Redevelopment Project (235-237 West 125th Street) and enter into negotiations with Apollo Theater Foundation, Inc. of the terms of a lease/operating agreement to operate and manage the space.

VIII. Recommendation

Based on the foregoing, I recommend approval of the requested actions.

IX. Attachments

Resolution

June 25, 2015

New York City (New York County) - Victoria Theater Redevelopment Project – Operator and Manager of Cultural Arts Component - Authorization to Conditionally Designate Operator and Manager and Enter into Lease/Operating Agreement; Authorization to Take Related Actions

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 Apollo Theater Foundation, Inc. to be responsible; and be it further.

RESOLVED, that in accordance with the Materials, the Corporation is hereby authorized to Conditionally Designate Apollo Theater Foundation, Inc. as the operator and manager of the Cultural Arts Space at the Victoria Theater Redevelopment Land Use Improvement and Civic Project at 235-237 West 125th Street and enter into negotiations for a lease/operating agreement with Apollo Theater Foundation, Inc. and be it further.

RESOLVED, that the President, or other Officers of the Corporation, or his or her designee(s) 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.

* * *

FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard Zemsky

SUBJECT: New York City (Kings County) – Brooklyn Bridge Park Civic and Land Use Improvement Project

REQUEST FOR: Adoption of Modification to the Modified General Project Plan; Determination that No Supplemental Environmental Impact Statement is Required; Authorization to Hold Public Hearing; and Authorization to Take Related Actions

BACKGROUND

The current Modified General Project Plan (“GPP”) for the Brooklyn Bridge Park Civic and Land Use Improvement Project (the “Project”) provides for the construction, operation, and maintenance of the Brooklyn Bridge Park (the “Park”), the development of certain adjacent parcels (the “Development Parcels”) that produce revenue for the Park, and delegates to Brooklyn Bridge Park Corporation (“BBP”), a not-for-profit corporation established by The City of New York, subject to the GPP, all obligations and responsibilities with respect to construction operation, maintenance, and funding of the Park and the Development Parcels. BBP has requested that Brooklyn Bridge Park Development Corporation (“BBPDC” or the “Corporation”) and New York State Urban Development Corporation d/b/a Empire State Development (“ESD”) consider a GPP modification (as described below, the “Modification”) regarding the Development Parcel located on the uplands of Pier 6. If the BBPDC Board has recommended the adoption of the Modification, then the ESD Directors will be requested to adopt the proposed Modification for purposes of holding a public hearing and collecting public comment on the Modification. If the Directors determine to adopt, the Modification cannot become effective until after: (i) there has been published a public notice regarding the proposed Modification and that a public hearing will be held on the Modification; (ii) the public hearing has occurred; (iii) public hearing testimony and collected written comments on the proposed Modification have been reviewed and considered by BBPDC and ESD; (iv) the BBPDC Board has considered such testimony and comment and recommended to the ESD Directors appropriate action regarding the proposed Modification; and (v) the ESD Directors have reviewed and considered such public testimony and comment and the recommendation of the BBPDC Directors, and the ESD Directors have taken appropriate action regarding the Modification at a later ESD Directors meeting.

CHANGES FROM THE CURRENT GPP

The Modification concerns the development parcel upland of Pier 6. The modification would (i) retain the current authorization for two residential mixed-use buildings of up to 315 feet and 155 feet respectively, but instead of prescribing the number of units in each building, retain the maximum number of units in both buildings at 430, and allow the BBP Board of Directors to determine within those limits the number and affordability of residential units and the other characteristics of the buildings, consistent with the Technical Memorandum, dated November 18, 2014 prepared by ESD, as lead agency, in accordance with the State Environmental Quality Review Act; (ii) require that such building heights are (x) inclusive of permanent structures and equipment, such as mechanicals, bulkheads and parapets and (y) measured from the flood resistant construction elevation as defined in section 64-11 of the New York City Zoning Resolution; and (iii) amend the reference to the secondary loop road that currently exists in the uplands between Piers 5 and 6 to make clear that the existence of that road is discretionary for BBP.

ENVIRONMENTAL REVIEW

ESD served as the lead agency for the environmental review of the Project. The Final Environmental Impact Statement ("FEIS") was certified by ESD on December 15, 2005, the State Environmental Quality Review Act ("SEQRA") findings were adopted on January 18, 2006, and the GPP was affirmed at that time (it has subsequently been amended).

ESD and BBP staff, working with their environmental consultants, prepared a Technical Memorandum dated November 2014 (the "Tech Memo") to assess whether the proposed changes to the GPP described above, new information, or other changes in circumstances would result in any new significant adverse impacts that were not adequately considered in the FEIS and SEQRA Findings. The Tech Memo concluded there would be no need for a supplemental environmental impact statement ("SEIS"), and therefore, staff recommends that the Directors make a Determination that no SEIS is required in connection with the above mentioned modifications to the GPP.

NON-DISCRIMINATION & CONTRACTOR AND SUPPLIER DIVERSITY

ESD's Non-Discrimination & Contractor and Supplier Diversity policies will apply. ESD strongly encourages BBP to include the participation of New York State certified minority and women-owned business enterprises wherever feasible within the context of the related projects and procurements. ESD also encourages greater participation of minorities and women in the project staffing and encourages the inclusion of Equal Employment Opportunity goals where appropriate.

Neither BBPDC nor ESD conducts any contract procurements with respect to the Project. BBP, an entity controlled by The City of New York, has a program to promote participation by minority and women-owned business enterprises (“MBEs” and “WBEs”) in its procurement which is based on Local Law No. 129 of 2005. The intent of the program is to advance the public interest in avoiding discrimination, fraud and favoritism in the procurement process, to increase competition for BBP’s business, and to lower contract costs. BBP applies a 20% MBE and WBE target participation goal and subcontracting percentage goal.

REQUESTED ACTIONS

The Directors are requested to: (1) adopt the attached draft Modification for purposes of soliciting public comment thereon; (2) make a determination that no SEIS is required in connection with the Modification; (3) authorize a public hearing with respect to the draft Modification; and (4) authorize all actions related to the foregoing.

RECOMMENDATION

Based on the foregoing, I recommend approval of the requested actions.

ATTACHMENTS

Resolutions

Exhibit 1: Draft Modification to the Modified General Project Plan

Exhibit 2: SEQRA Technical Memorandum

June 25, 2015

New York City (Kings County) – Brooklyn Bridge Park Civic and Land Use Improvement Project – Adoption of Modification to the Modified General Project Plan; Determination that No Supplemental Environmental Impact Statement is Required; Authorization to Hold Public Hearing; and Authorization to Take Related Actions

RESOLVED, that on 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 relating to the Brooklyn Bridge Park Civic and Land Use Improvement Project (the "Project"), the Corporation does hereby adopt, for purposes of the public hearing required by the New York State Urban Development Corporation Act of 1968, as amended (the "UDC Act"), and as may be required by or appropriate to other applicable laws, the proposed modification (the "Modification") to the Modified General Project Plan for the Project as set forth in the Materials, together with such other changes as the Chief Executive Officer of the Corporation or his designee(s) may deem appropriate; and be it further

RESOLVED, that after review of the Final Environmental Impact Statement prepared in 2005, the Findings of the Corporation under the State Environmental Quality Review Act affirmed on January 18, 2006, and the Technical Memorandum, dated November 2014, as set forth in the Materials, the Corporation finds that the proposed Modification does not require a Supplemental Environmental Impact Statement; and be it further

RESOLVED, that the Modification to the Modified General Project Plan shall not be final until and unless appropriate action is taken as provided in the UDC Act and until such time as all requirements of the UDC Act and other applicable laws in connection therewith have been satisfied; and be it further

RESOLVED, that the Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized and directed, in the name and on behalf of the Corporation, to hold public hearings, to provide requisite notice of such public hearings, and to execute and deliver any and all documents and to take any and all such actions as may be necessary or appropriate to effectuate the foregoing resolutions.

EXHIBIT 1

Draft Modification to the Modified General Project Plan

NEW YORK STATE URBAN DEVELOPMENT CORPORATION
D/B/A EMPIRE STATE DEVELOPMENT
AND
BROOKLYN BRIDGE PARK DEVELOPMENT CORPORATION
BROOKLYN BRIDGE PARK
CIVIC AND LAND USE IMPROVEMENT PROJECT
MODIFIED GENERAL PROJECT PLAN
Adopted - July 26, 2005¹
Affirmed as modified - January 18, 2006
Modified Plan Adopted – December 18, 2006
Affirmed as Modified April 19, 2007²
Modified Plan Adopted - March 26, 2010³
Affirmed as Modified – June 15, 2010⁴
Modification Adopted – June ____, 2015⁵

MODIFICATION

PROJECT IDENTIFICATION

The project is the creation of the Brooklyn Bridge Park (the "Project"). The approximately 85 acre Project, consisting of piers, upland and water area, stretching along 1.3 miles of Brooklyn waterfront approximately bounded by Jay Street on the north, Atlantic Avenue on the south, Furman Street on the east, and the East River on the west, and would include Piers 1 through 6.

MODIFIED GENERAL PROJECT PLAN – CONTINUED EXISTENCE

Except as modified by this Modification, the Modified General Project Plan, will remain in full force and effect. Terms used in this Modification, and not otherwise defined in this Modification shall have the meanings given in the Modified General Project Plan. The Modified General Project Plan, as modified by this Modification, is referred to herein as the "GPP."

PURPOSE AND NEED

Brooklyn Bridge Park Corporation ("BBP"), a not-for-profit corporation established by The City of New York, controls of the Park and the Development Parcels subject to the GPP. BBP requested that Brooklyn Bridge Park Development Corporation ("BBPDC") and New York State Urban Development Corporation d/b/a Empire State Development ("ESD") consider a GPP modification regarding the Development Parcel located on the uplands of Pier 6. The Modification would (i) retain the authorization for two mixed-use buildings of up to 315 feet and 155 feet respectively, but instead of prescribing the number of units in each building, retain the maximum number of units in both buildings at 430, and allow the BBP Board of Directors to determine within those limits the number and affordability of residential units and

¹ BBPDC – July 22, 2005

² BBPDC – May 3, 2007

³ BBPDC - March 10, 2010

⁴ BBPDC - June 9, 2010

⁵ BBPDC – June 22, 2015

the other characteristics of the buildings, consistent with the Technical Memorandum, dated November 18, 2014 prepared by ESD, as lead agency, in accordance with the State Environmental Quality Review Act; (ii) require that the building heights are (x) inclusive of permanent structures and equipment, such as mechanicals, bulkheads and parapets and (y) measured from the flood resistant construction elevation as defined in section 64-11 of the New York City Zoning Resolution; and (iii) amend the reference to the secondary loop road that currently exists in the uplands between Piers 5 and 6 to make clear that the existence of that road is discretionary for BBP.

MODIFICATION

In the Modified General Project Plan, in the section titled "Development Parcels", in the subsection titled "Pier 6", the paragraph titled "*Option One*" is deleted in its entirety and replaced with the following (deletions in brackets "[...]" and new language underscored):

[One building would be approximately 315 feet in height and have up to 290 units; the other building would be approximately 155 feet in height and could contain up to 140 units. This building could possibly include a ground floor retail uses.]

Notwithstanding anything else in the GPP, and without regard to Project finances, one building would be not more than 315 feet in height and the other building would be not more than 155 feet in height, measured from the flood resistant construction elevation as defined in section 64-11 of the New York City Zoning Resolution. The height of each building shall be inclusive of all mechanicals, bulkheads, parapets and any other permanent structures and equipment. For the two buildings combined, residential units shall not exceed an aggregate of 430. The Board of Directors of Brooklyn Bridge Park Corporation, the Brooklyn Bridge Park operating entity established by The City of New York, shall have the discretion to determine the number and affordability of residential units in each building and other characteristics of the buildings, including the types and location of community facility and retail uses, if any, consistent with the Technical Memorandum dated November 2014.

In the Modified General Project Plan, in the section titled "Development Parcels", in the third paragraph of the subsection titled "Upland Between Pier 5 and 6", the third paragraph is modified as follows (deletions in brackets "[...]" and new language underscored):

On the west face of 360 Furman Street, the loop road would turn south accommodating two lanes of traffic. The minimum sidewalk width along the building is 15'. The primary loop road would turn east at the southern face of 360 Furman Street, maintaining a width for two lanes of traffic and providing access to parking garages within 360 Furman Street and the eastern residential building. This segment would turn into a north-south roadway in between the two new residential buildings. This last north-south segment would connect to Atlantic Avenue, and accommodate two lanes of traffic and street parking on one side. The sidewalk along the other two residential buildings would be a

minimum of 12' wide. A secondary one way loop road [would] could service the western residential building, accommodating one lane of traffic and street parking on one side.

ENVIRONMENTAL REVIEW PROCESS AND PROJECT PLAN REVIEW

ENVIRONMENTAL REVIEW

ESD served as the lead agency for the environmental review of the Project. The Final Environmental Impact Statement ("FEIS") was certified by ESD on December 15, 2005, the State Environmental Quality Review Act ("SEQRA") findings ("SEQRA Findings") were adopted on January 18, 2006, and the GPP was affirmed at that time (it has been subsequently amended).

ESD and BBP staff, working with their environmental consultants, prepared a Technical Memorandum dated November 2014 (the "Tech Memo") to assess whether the proposed changes to the GPP described above, new information, or other changes in circumstances would result in any new significant adverse impacts that were not adequately considered in the FEIS and SEQRA Findings. The Tech Memo concluded there would be no need for a supplemental environmental impact statement ("SEIS").

GENERAL PROJECT PLAN REVIEW

ESD and BBPDC, in conformance with the requirements of the UDC Act, held a duly noticed public hearing on the proposed modification of the General Project Plan, on July __, 2015, at which oral and written comments were received from the general public. Further written comments were accepted through August __, 2015. Based on those comments the Modified General Project Plan has been modified as described in this Modification.

EXHIBIT 2

SEQRA Technical Memorandum

Technical Memorandum

for the Pier 6 Upland Development for the Brooklyn Bridge Park Project

A. INTRODUCTION

This technical memorandum was prepared to determine whether the previously approved development of two residential buildings in the upland area of Pier 6 of the Brooklyn Bridge Park Project, as modified by certain changes as described hereafter (the “Pier 6 project” or “proposed project”) would have the potential for any significant adverse environmental impacts not previously identified in the Final Environmental Impact Statement (the “FEIS”) for the Brooklyn Bridge Park Project. Implementation of these changes and construction of the proposed project would require the approval of a lease for the residential sites by the Brooklyn Bridge Park Corporation (BBP) Board of Directors and the adoption by Empire State Development (ESD) and by Brooklyn Bridge Park Development Corporation (BBPDC), a subsidiary of ESD, of any potential associated modifications of the Brooklyn Bridge Park General Project Plan (GPP). ESD is the lead agency for this review.

As detailed hereafter, this technical memorandum concludes that the proposed project, considering relevant changes in background conditions and any relevant changes in City Environmental Quality Review (CEQR) 2014 *Technical Manual* methodologies, would not result in any significant adverse environmental impacts not previously identified in the FEIS for the Brooklyn Bridge Park Project.

BACKGROUND

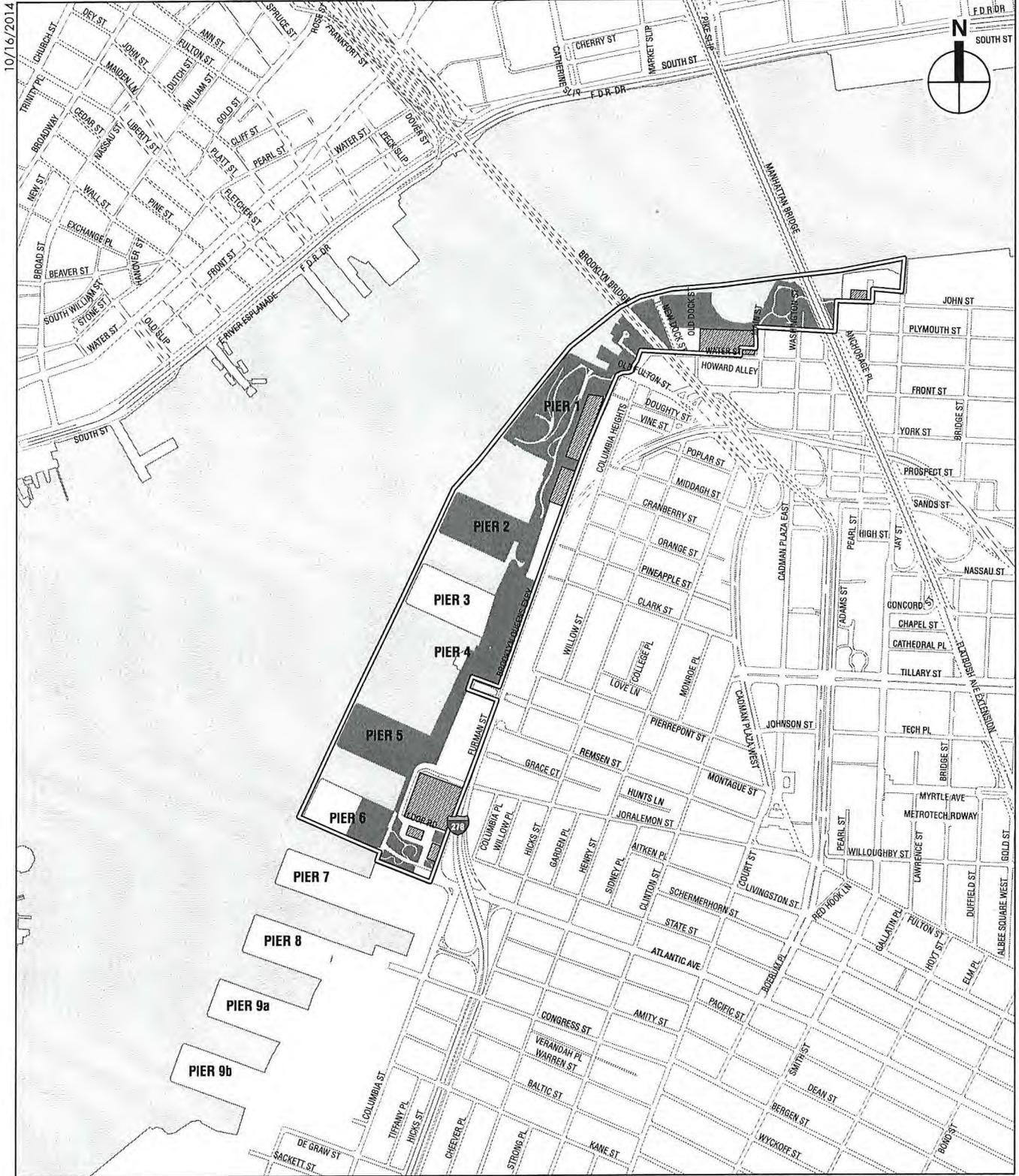
The Brooklyn Bridge Park Project was analyzed in the December 2005 *Brooklyn Bridge Park Project Final Environmental Impact Statement* (2005 FEIS). ESD served as the lead agency for the environmental review of the Brooklyn Bridge Park Project. The 2005 FEIS was certified by ESD on December 15, 2005, the State Environmental Quality Review Act (SEQRA) findings were adopted on January 18, 2006, and the GPP was adopted at that time (it has subsequently been amended).

The Brooklyn Bridge Park Plan analyzed in the 2005 FEIS comprised 85 acres, along approximately 1.3 miles of Brooklyn’s East River waterfront from Jay Street in the north to Atlantic Avenue in the south (see **Figure 1**). In addition to public recreational facilities and landscaped areas, the project analyzed in the FEIS provided for various development components within the project area, as discussed below.

PARK COMPONENTS

Construction of the park commenced in January 2009 and is now more than 70 percent complete or under construction. The development of the Brooklyn Bridge Park Project is being carried out by BBP, a not-for-profit corporation that in July 2010 took over the responsibilities of the planning, design, construction, and maintenance of Brooklyn Bridge Park from BBPDC.

At the northern end of the project area, the John Street open space is under construction. Main Street Park, between the Manhattan and Brooklyn Bridges, now includes a playground and a dog run. The DEP Building and the Main Street Reconstruction are under construction in this portion of the project area, and are expected to be completed in 2015. South of Main Street Park, Empire-Fulton Ferry State Park has



-  Brooklyn Bridge Park Project Boundary
-  Brooklyn Bridge Park Components Completed to Date
-  Development Sites

0 1,000 FEET

BROOKLYN BRIDGE PARK
Pier 6 Uplands Development

Project Site Location
Figure 1

Brooklyn Bridge Park Project Pier 6 Upland Development

been renovated with an upgraded lawn, landscaping, and a picnic area, and historic Jane's Carousel has been installed on the waterfront.

Pier 1, completed in 2010, includes lawns, waterfront promenade, and a playground. The Squibb Park Bridge, completed in 2012, links Squibb Park at the Brooklyn Heights Promenade to the upland of Pier 1. The upland area between Piers 1 and 2 contains a temporary pool and concession area. Pier 2, completed in 2014, includes basketball, handball, bocce and shuffleboard courts, a multi-use turf, fitness and play equipment, a roller rink, and picnic tables. The Pier 2 upland and Pier 3 have been funded, though no completion date has been determined.

The Pier 4 beach and Bird Island nature preserve were completed in 2014. Pier 5, completed in 2012, includes multi-use turf fields, promenade and seating. The upland of Pier 5 includes the completed Picnic Peninsula; the remainder of the upland areas is slated to be completed in 2016 and will include lawns, pathways, a boat house and a maintenance facility.

Completed portions of Pier 6 include volleyball courts and a concession area, as well as a destination playground, dog run, pathways and seating on the Pier 6 upland. The Pier 6 outboard is under construction, and will include a rain garden and play lawns

DEVELOPMENT COMPONENTS

Construction began in mid-2014 on the John Street development site in the northern end of the project area, and is expected to be completed in late 2015. The development will be primarily residential, with ground floor retail and cultural space.

South of the John Street development site and Main Street Park, construction began in 2014 on the Empire Stores, a row of historic warehouses containing approximately 400,000 square feet. This site will be redeveloped with a mix of commercial, retail and office uses. Construction is expected to be completed in late 2015. The Tobacco Warehouse next to the Empire Stores will be adaptively reused as a cultural facility and performance space, and is currently under construction.

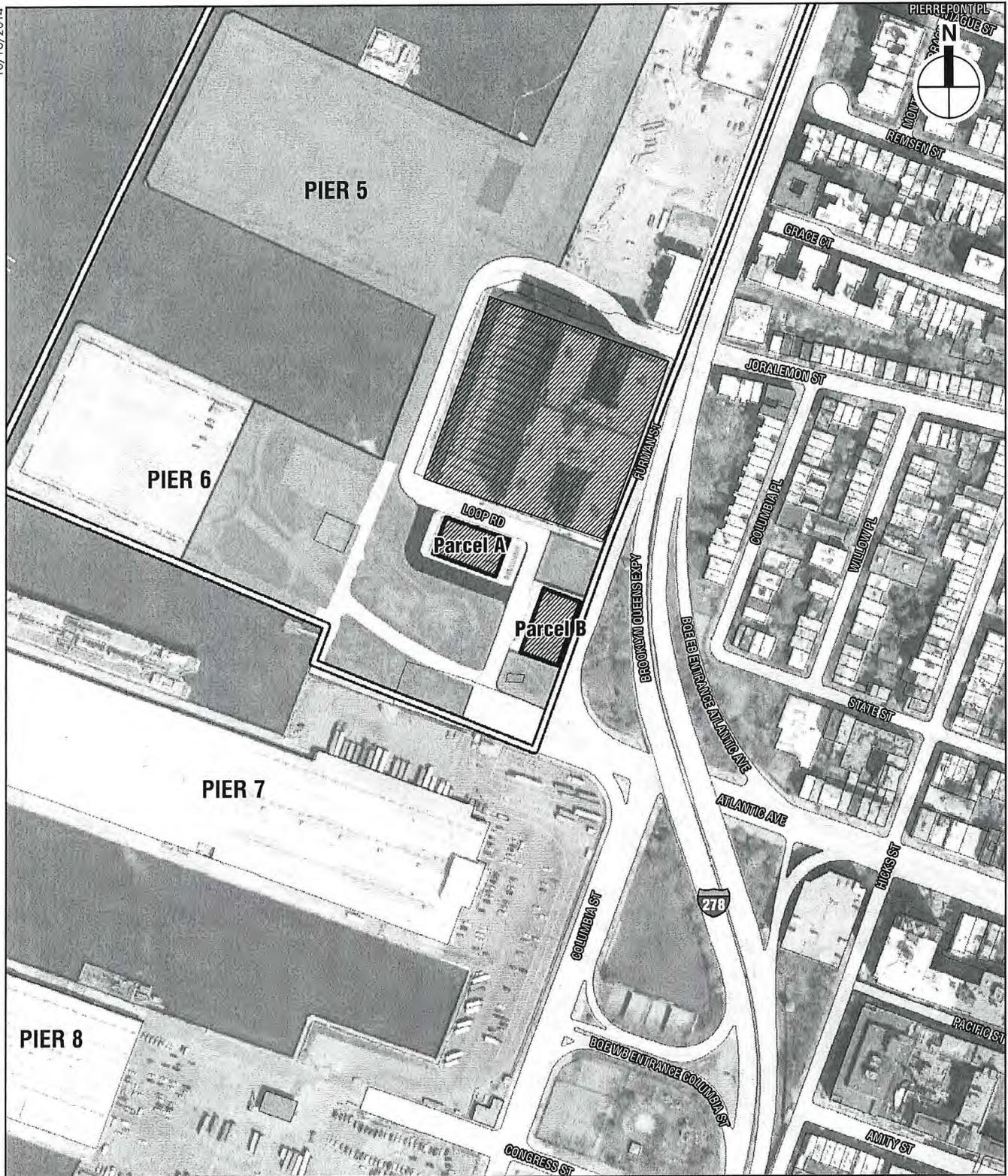
South of the Brooklyn Bridge, the upland of Pier 1, near the Old Fulton Street entrance to the park, includes two development parcels. In 2012, BBP selected a developer to develop the sites with hotel, residential, restaurant, retail and other uses, as well as parking. Construction began in spring 2013 and is expected to be completed by late 2015.

Just south of Joralemon Street, between Piers 5 and 6, 360 Furman Street is a residential condominium in a converted warehouse building. The project was completed in 2008 and includes more than 440 residential units, as well as ground floor retail and a parking garage. The Pier 6 upland includes two development parcels near the south end of the park that are the subject of this technical memorandum (see **Figure 2**). Each parcel is approximately 130 feet by 76 feet, with a footprint of approximately 9,800 square feet. Parcel A is bounded by the park Loop Road and sits just south of 360 Furman Street. Parcel B is to its east along Furman Street and just south of the dog run. The GPP provides for up to 430 residential units at the Pier 6 upland, including a building of up to 315 feet on Parcel A, with up to 290 residential units, and a building of up to 155 feet with 140 residential units and ground floor retail on Parcel B. The GPP also includes up to 72 parking spaces total for both sites.

PIER 6 UPLAND—PROPOSED DEVELOPMENT

On May 13, 2014 BBP issued an RFP for development of the Pier 6 upland development parcels; responses are currently under consideration. Consistent with the 2005 FEIS and in conformance with the GPP, the proposed project would involve the redevelopment of the project site with two buildings

10/16/2014



-  Project Site
-  Brooklyn Bridge Park Project Boundary
-  Park Components Completed to Date
-  Area of Potential Loop Road Elbow Closure
-  Development Sites

BROOKLYN BRIDGE PARK
 Pier 6 Uplands Development

Project Site
Figure 2

containing up to 430 residential units. The buildings would occupy the same footprint and be subject to the same height restrictions contained in the GPP and analyzed in the FEIS. As part of the RFP process, BBP is considering several modifications to the buildings analyzed in the 2005 FEIS and associated clarifications or modifications to the GPP's land use controls. First, a portion of the proposed project's residential program would now include up to approximately 190 units dedicated to residents who earn no more than 165 percent of Area Median Income (AMI), of which up to 50 units could be affordable to residents who earn no more than 80 percent of AMI.¹ Second, the number of residential units on Parcel B may increase above the 140 units analyzed in the 2005 FEIS provided that the overall unit count for both parcels would still not exceed the 430 units established by the GPP. Third, the proposed project would also include up to 5,000 sf of neighborhood-oriented retail or non-fast food restaurant space on Parcel A, up to 10,000 sf of community facility use on the ground floor and second floor, divided between Parcel A and Parcel B, and up to 72 parking spaces. The community facility use could include any combination of a pool, a universal pre-K (accommodating up to 75 students), non-profit office or art gallery space, public game room or meeting rooms. It is possible that the total amount of community facility square footage could be higher than 10,000 sf; in this case there would also be a reduction in the amount of neighborhood-oriented retail or restaurant space. Finally, a portion of the vehicular park road that lies between Parcel A and open space uses to the south and west, known as the Loop Road "elbow," may be closed to traffic.

PROPOSED ACTIONS

The proposed actions are the BBP Board's authorization to enter into a lease with the developer of the project site and any associated potential modifications by ESD and BBPDC of the GPP approved in 2005 and subsequently amended. The potential modifications could include the following:

- While the GPP currently specifies a maximum of 140 units on Parcel B, the number of residential units on this parcel may increase. There would be a corresponding and equivalent reduction in the number of units on Parcel A, such that the overall unit count for both parcels would still not exceed the 430 units established in the GPP.
- Community facility uses would be permitted on the ground floor and second floor of both parcels, and retail would be allowed on the ground floor of parcel A.
- The GPP would confirm that residential uses may include affordable units as well as market rate units.
- The Loop Road "elbow," a portion of the vehicular park road that lies between Parcel A and open space uses to the south and west, may be closed.

ANALYSIS FRAMEWORK

Because specific designs for the proposed buildings have not yet been determined, this analysis conservatively assumes the maximum building height and bulk for the two parcels. The program assumed for the development parcels in this technical memorandum is described above under "Pier 6 Upland—Proposed Development." These assumptions allow for a conservative analysis reflecting the range of

¹ The AMI is set annually for metropolitan areas and non-metropolitan counties by the U.S. Department of Housing and Urban Development (HUD), and varies according to family size. Median income for the New York, NY HUD Metro Fair Market Rent (FMR) Area for FY 2014 was \$62,500 (not accounting for family size).

development being considered for the site. The analysis accounts for completion and occupancy of the Pier 6 development by 2018. The analysis accounts for changes in background conditions in the area subsequent to completion of the FEIS as well as changes to CEQR methodologies where relevant.

B. CHANGES IN ENVIRONMENTAL CONDITIONS AND CONSIDERATION OF POTENTIAL IMPACTS

B.1 LAND USE, ZONING, AND PUBLIC POLICY

The overall program analyzed in the 2005 FEIS included public open space, a marina, residential units—including two residential buildings on the Pier 6 upland area—a hotel, retail space and restaurants, a mix of education, office and other commercial uses, and a 1,000 seat multi-use theater. A detailed discussion of potential impacts to land use, zoning, and public policy—including consistency with the City’s waterfront policies—was included in the 2005 FEIS. The 2005 FEIS concluded that the development of the Brooklyn Bridge Park Project in place of vacant and underutilized land was compatible with and in support of the surrounding neighborhoods and would not result in any significant adverse impacts on land use, zoning, or public policy.

This analysis describes land uses and development trends in the area that have changed since the 2005 FEIS, and determines whether the proposed project is compatible with those conditions. The analysis also considers the project’s compliance with, and effect on, the area’s zoning and other applicable public policies, including the most recent policies of the New York City Waterfront Revitalization Program (WRP). Consistent with the 2005 FEIS, this analysis examines a roughly 2,000-foot study area, representing those areas most sensitive to potential land use impacts due to the proposed project (see **Figure B.1-1**).

EXISTING CONDITIONS

Land Use

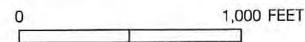
The project site is located in the upland area of Pier 6 in the Brooklyn Bridge Park Project area, at the foot of Atlantic Avenue (see **Figure B.1-1**). Parcel A is bounded by the park’s Loop Road on all four sides, and Parcel B is located on a block bounded by Furman Street to the east and Loop Road to the west, with the Pier 6 dog run directly adjacent to the north, and park open space to the south. Both portions of the project site are currently vacant and surrounded by fencing. Parcel A contains a small temporary structure.

The study area is bounded by Clark Street to the north, Sackett Street to the south, Cadman Plaza West and Court Street to the east, and the East River to the west (see **Figure B.1-1**). The study area contains portions of the Brooklyn Heights, Columbia Street Waterfront, Cobble Hill, and Boerum Hill neighborhoods.

The area immediately surrounding the project site includes Pier 6 and its upland areas. Since the 2005 FEIS, the maintenance garage and storage sheds on the Pier 6 upland area have been demolished. The area directly north of Parcel B has been developed with a dog run, and the areas west of Parcel B and south of Parcel A contain play areas, including water jets, jungle gyms, and a sandbox. Since the 2005 FEIS, the vacant piershed on Pier 6 has been demolished, and the pier now contains a restaurant with rooftop seating areas and ground floor public restrooms, as well as sand volleyball courts and lawn areas. The southern edge of the pier includes a ferry dock providing limited service to Governors Island. North of the project site is the 16-story 360 Furman Street residential condominium building. The building is a



- | | |
|-----------------------------------|------------------------------------|
| Project Site | Public Facilities and Institutions |
| Study Area | Residential |
| Commercial and Office Buildings | Residential with Commercial Below |
| Hotels | Transportation and Utility |
| Industrial and Manufacturing | Vacant Land |
| Open Space and Outdoor Recreation | Vacant Building |
| Parking Facilities | Under Construction |



former warehouse that was converted in 2008 and includes 438 residential units, approximately 80,000 square feet of ground floor retail, and over 500 parking spaces.

The Brooklyn-Queens Expressway runs north-south through the study area. North of Atlantic Avenue, it runs above grade, separating waterfront uses from residential uses in Brooklyn Heights. South of Atlantic Avenue, it runs below grade, separating the Columbia Street Waterfront and Cobble Hill neighborhoods.

Land use along the waterfront has changed dramatically since the 2005 FEIS, with active warehousing, storage, and commercial uses redeveloped into open space and recreation uses. Land use trends identified in the 2005 FEIS in the southern portion of the study area have continued, with residential and commercial growth in the Columbia Street Waterfront neighborhood. While some working waterfront and warehousing uses remain, many of the light industrial uses have been converted to residential use along Hicks Street and the east-west side streets, and mixed-use along Columbia Street.

The remainder of the study area has remained largely similar to conditions described in the 2005 FEIS. The Cobble Hill neighborhood remains an established residential area, protected in part by its New York City historic landmark designation. Atlantic Avenue and Court Street remain the major commercial corridors, and institutional uses are scattered throughout. Similarly, north of Atlantic Avenue, the Brooklyn Heights neighborhood and landmarked historic district contains a well-established mix of residential, office, retail, and institutional uses. The neighborhood is characterized by 19th century brick and brownstone residential rowhouses, as well as a number of larger apartment buildings that date from the first half of the 20th century. The eastern portion of the Brooklyn Heights neighborhood, along Court Street and along Cadman Plaza West, transitions to the institutional, commercial and office use in Downtown Brooklyn.

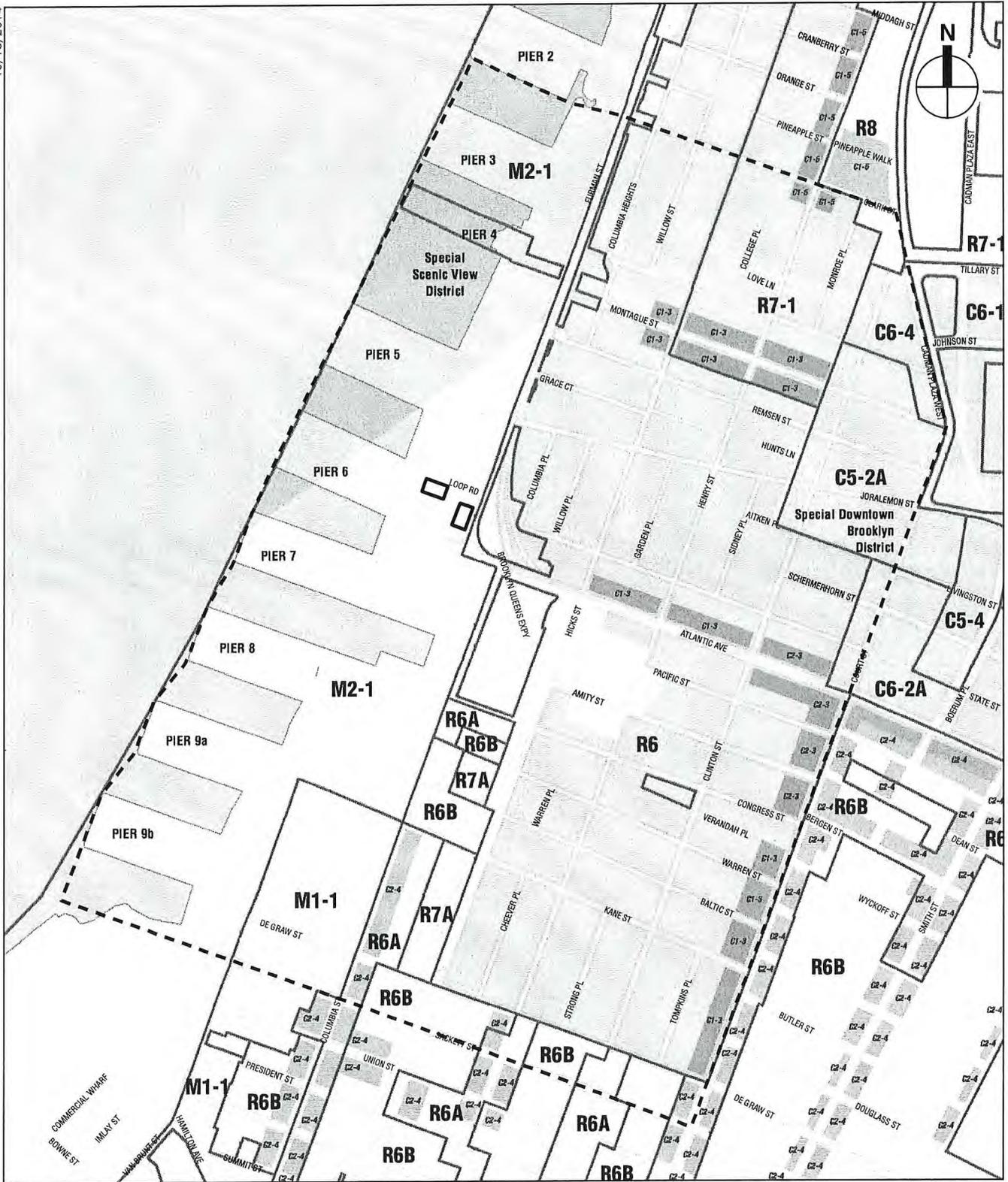
Zoning

Since the 2005 FEIS, the southern portion of the study area was rezoned as part of the Carroll Gardens/Columbia Street Rezoning, adopted by City Council on October 28, 2009. Previously zoned entirely R6, the area was rezoned with R6A, R6B, and R7A contextual zoning districts, with C2-4 commercial overlay districts in some areas (see **Figure B.1-2**). R6A zoning districts are mapped along Congress Street between Hicks and Columbia Streets, and along Columbia Street from Kane south beyond the study area. R6B districts are mapped along a portion of Warren Street west of Hicks Street, and along Columbia Street between Baltic and Kane Streets. South of Degraw Street, the study area is also mapped in R6A districts generally along the north-south Streets, and R6B districts on the east-west midblocks. R7A zoning districts are mapped on Hicks Street between Warren and Baltic Streets, and between Kane and Degraw Streets. The rezoning aimed to preserve the neighborhood characters and scale with height limits that better reflect the existing, predominantly row house character; prevent out of scale development while still allowing for building upgrades, improvements and modest expansions; reduce the depths of commercial districts to reflect existing development patterns and preclude commercial intrusions into residential side streets; and to promote vibrant, mixed-use corridors on certain local commercial thoroughfares.

Public Policy

PlaNYC

In 2007, the Mayor's Office of Long Term Planning and Sustainability (OLTPS) released *PlaNYC: A Greener, Greater New York*. In 2011, OLTPS released an update to the plan. It includes policies to address three key challenges the city faces over the next 20 years, including population growth, aging infrastructure, and global climate change. Elements of the plan are organized into six categories—land, water, transportation, energy, air quality, and climate change—with corresponding goals and objectives



- Project Site
- Study Area
- Zoning Districts
- Limited Height District
- Special Purpose District
- Commercial Overlay Districts

0 1,000 FEET

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for each. An assessment of a project's consistency with PlaNYC is not required under CEQR, except in cases of large-scale public projects. As the proposed actions would not constitute a large-scale public project, pursuant to the *CEQR Technical Manual* they would not warrant a review of consistency with PlaNYC.

Waterfront Revitalization Program

The 2005 FEIS analyzed the Brooklyn Bridge Park Project's consistency with coastal zone policies, specifically the New York City Waterfront Revitalization Program (WRP). The development of the Brooklyn Bridge Park Project was found to be consistent with the 10 WRP policies. Since the publication of the 2005 FEIS, revisions to the WRP were approved by the City Council on October 30, 2013. The revisions are intended to reflect policy elements included in DCP's 2011 *Vision 2020* comprehensive waterfront plan, including incorporation of climate change and sea level rise considerations to increase the resiliency of the waterfront area, promotion of waterfront industrial development and both commercial and recreational water-borne activities, increased restoration of ecologically significant areas, and design of best practices for waterfront open spaces.

The changes still must undergo review and approval by the New York State Department of State (NYS DOS) and the U.S. Department of Commerce. The proposed project's consistency with the WRP has been assessed using the 2013 revisions. This is described below, and a NYSDOS Coastal Management Program Coastal Assessment Form has also been prepared (see Attachment A).

THE FUTURE WITHOUT THE PROPOSED PROJECT

Within the present land use study area for the proposed project, the 2005 FEIS only identified one development project anticipated for completion by the Brooklyn Bridge Park Project's 2012 analysis year—360 Furman Street, which has since been completed. As detailed in **Table B.1-1** and **Figure B.1-3**, since the 2005 FEIS, development has continued in the study area, and there are several projects anticipated for completion by the 2018 analysis year. Notable planned projects include the redevelopment of the Long Island College Hospital campus, the program for which is undetermined; the redevelopment of the Brooklyn Heights branch of the Brooklyn Public Library at 280 Cadman Plaza West with a new library space, residential and retail use; and the redevelopment of the Bossert Hotel building at 98 Montague Street, which will include 280 rooms. Three additional projects will add between 60 and 75 residential units each on Remsen Street, Montague Street, and Boerum Place. There are also several single-family unit projects planned throughout the study area. The no build projects are consistent with land use trends described in the 2005 FEIS for this area, which anticipated additional residential uses in the surrounding area and mixed-use development in the Columbia Street Waterfront neighborhood.

PROBABLE IMPACTS OF THE PROPOSED PROJECT

Land Use

The proposed actions would not alter the maximum amount of residential use on the site compared to the analysis in the 2005 FEIS. While the proposed actions would allow more residential units on Parcel B, there would be a corresponding and equivalent reduction in the number of units on Parcel A. In addition to the ground floor retail uses on Parcel B analyzed in the 2005 FEIS, the proposed actions would also allow community facility uses on the ground and second floors of both Parcels A and B, and ground floor retail use on Parcel A. The additional retail use would be compatible with retail use on the ground floor of 360 Furman Street, and the community facility use would complement the surrounding residential and park uses. The proposed project would be compatible with land use trends that have continued in the Columbia Street Waterfront neighborhood, and planned projects in the study area. The potential closure



-  Project Site
-  Study Area
-  No Build Projects

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the Loop Road elbow would not affect land use in a way that could cause significant adverse impacts. Therefore, the proposed actions would not result in any significant adverse impacts on land use not previously identified in the 2005 FEIS.

**Table B.1-1
Development Projects Planned in the Study Area by 2018**

Ref. no. ¹	Project/ Location	Potential Program	Status / Build Year
1	161 Columbia Street	4-story, 5,434 zsf residential use (4 units)	TBD
2	110-118 Congress Street	9, 4-story single-family residential units	Under Construction
3	84 Congress Street	5-story, 6,720-zsf residential use (4 units)	Under Construction / 2015
4	153 Remsen Street	19-story, 75,124-zsf residential use (60 units); 4,576-zsf restaurant and retail use	Under Construction
5	295-299 Hicks Street	3, 4-story single-family residential units	Parking lot
6	158 Kane Street	2-story single-family residence	Under Construction
7	435 Henry Street	4-story single-family residence	Under Construction / 2015
8	96-98 Degraw Street	2, 3-story single-family residential units	Vacant
9	172 Montague Street	19 stories; 134,632 zsf residential (62 units); 13,673 zsf retail	Under construction / 2015
10	Long Island College Hospital (LICH) 339 Hicks Street	800,000 sf of residential use, 135,000 sf of healthcare use	TBD
11	Bossert Hotel 98 Montague Street	Conversion into a 280-room hotel	Under Construction / 2015
12	177 Montague Street	Conversion into a 12-unit residential building	Under Construction
13	Brooklyn Public Library (280 Cadman Plaza West)	20-story building; redevelopment of 21,000-sf library; 132 market rate units; small retail space ²	2019
14	112 Atlantic Avenue	4-story, 17,355 sf residential use (8 units); 6,000 sf of retail	TBD
Note: 1. See Figure B.1-3 for project locations. 2. The project would also include 114 off-site affordable units, but the exact location is not yet known.			
Sources: New York City Department of Buildings; media coverage; field visits in August 2014.			

Zoning and Public Policy

Waterfront Revitalization Program

The following policies are new and relevant to the proposed project:

Policy 1.4: In areas adjacent to SMIA's, ensure new residential development maximizes compatibility with existing adjacent maritime and industrial uses.

The proposed Pier 6 upland developments are near the Red Hook Significant Maritime Industrial Area (SMIA). The City's six SMIA's were designated in the 1992 Comprehensive Waterfront Plan and encourage concentrated waterfront uses. The Red Hook SMIA begins on the southern border of Atlantic Avenue and encompasses an area along the waterfront southwest to Wolcott Street. The proposed developments would have the buffer of Brooklyn Bridge Park and/or Atlantic Avenue between the buildings and the nearest possible industrial activity. Moreover, the technical analysis for noise, air, and traffic did not indicate the potential for any significant adverse impacts. Further, in accordance with Policy 1.4, the lease for the proposed development would require that the developer disclose to potential residents that the development is located within one block of the Red Hook SMIA and that active

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industrial uses are present in the SMIA consistent with City policy. For these reasons, the proposed project would be consistent with this policy.

Policy 1.5: Integrate consideration of climate change and sea level rise into the planning and design of waterfront residential and commercial development, pursuant to WRP Policy 6.2.

Policy 6.2: Integrate consideration of the latest New York City projections of climate change and sea level rise (as published by the NPCC, or any successor thereof) into the planning and design of projects in the city's Coastal Zone.

The New York City Panel on Climate Change (NPCC) projects that by the 2080s, sea levels would likely be between 18 and 39 inches higher than they are today (based on mid-range projections) and may increase by as much as 58 inches (90th percentile projections). As noted in the 2005 FEIS, the design and construction of the Pier 6 upland residential buildings would include measures to minimize potential floodplain impacts and losses due to flooding. The project's design would take into account potential sea level rise due to climate change and would include measures to address resiliency.

In evaluating a building's resiliency for future sea level rise, it is important to understand the resiliency measures incorporated into the New York City Building Code. The Building Code has a long history of leadership in the field of flood resiliency. Starting in 1983, the City adopted standards into the Building Code to ensure that buildings in New York would incorporate nationally recognized flood-resistant construction methodologies. The City, State and Federal standards for flood resiliency are incorporated into Appendix G of the Building Code, which outlines the flood-resilient construction techniques that are required for buildings in the 100-year floodplain (the area which would potentially flood with a probability of 1 percent in any given year). These requirements include dry flood-proofing to ensure watertight structures, wet flood-proofing, to allow for flood drainage, and elevating structures above the 100-year flood plain level.

More recently, the City has updated the Building Code in response to Hurricane Sandy to improve the resiliency of all new buildings in flood zones. Specifically, an emergency rule was issued in January 2013 adopting the New York State Building Codes elevation standards, which exceed those required by the National Flood Insurance Program (NFIP) by requiring minimum base flood elevations to exceed the current 100-year floodplain elevations. The City also adopted the new preliminary FEMA flood maps, with flood elevations raised due to the most recent reevaluation of current conditions. The project is located in an area with a current 100-year flood elevation of 11 feet NAVD88. Lastly, in response to the recommendations issued by the City's Building Resiliency Task Force and Special Initiative for Rebuilding and Resiliency, the City adopted a series of technical measure in several Local Laws, including elevating critical systems, to further strengthen the New York City Building Code's flood resiliency to current flood conditions.

The lease for the proposed developments on the Pier 6 upland will require the buildings to comply with the New York City Building Code and thus incorporate the Building Code's many resiliency measures. The proposed buildings would include preemptive design decisions to not only be responsive to the risk of flooding due to current storm flood levels, but also to future storm flood levels when accounting for future sea level rise. These preemptive measures include either raising all utility infrastructure to, at minimum, the second floor, and/or enclosing systems below 16 feet NAVD88 (the 100-year flood level projected for 2080), that could not be raised, in a watertight enclosure as appropriate. These utilities would include:

- Electrical service;

- Incoming telephone and data connection and distribution rooms and other related building technology spaces;
- Chilled water plant;
- Hot water boiler plant;
- Domestic hot water heaters;
- Building heating systems; and
- Fuel oil storage tank.

The buildings would have backup generators, likely located on the buildings' roofs.

There would not be any residential units located on the ground floor of either building—since the ground floor is required to be elevated one foot above current 100-year flood level, second floor residential units would all be above the 16 feet NAVD88 (the 100-year flood level projected for 2080). These preemptive measures are all either required by the NYC Building Code or will be enforceable through the lease for the proposed developments. If rising sea levels require additional modifications, such as flood proofing the outer perimeter of the ground floor, these modifications would be possible at a later date and are not inhibited by any of the proposed project designs. Therefore, the proposed project would be consistent with these policies.

Policy 5.5: Protect and improve water quality through cost-effective grey-infrastructure and in-water ecological strategies.

While the proposed project is not expected to implement grey-water strategies (e.g., capacity increases at wastewater treatment plants or the construction of new detention facilities and pumping stations), the 2005 FEIS committed to implementation of a Stormwater Pollution Prevention Plan (SWPPP) during construction and operation and stormwater management to minimize impacts on water quality and aquatic biota from discharge of stormwater during construction and operation of the park. These commitments have been executed, as needed, with the development of portions of the Brooklyn Bridge Park Project.

The following policy has not been revised since the FEIS, but is relevant to the proposed project in light of changed background conditions (specifically Hurricane Sandy).

Policy 6.1: Minimize losses from flooding and erosion by employing non-structural and structural management measures appropriate to the condition and use of the property to be protected and the surrounding area.

As described above, the proposed buildings would comply with Building Code, which has been updated to improve the resiliency of all new buildings in flood zones. In addition, the proposed buildings would include preemptive design decisions to be responsive to the risk of flooding due to current and future storm flood levels, as detailed above. If rising sea levels require additional modifications, such as flood proofing the outer perimeter of the ground floor, these modifications could be made at a later date and are not inhibited by any of the proposed project designs. Therefore, the modified proposed project would be consistent with this policy.

B.2 SOCIOECONOMIC CONDITIONS

The proposed project continues to be located on a portion of the Brooklyn Bridge Park Project area that does not contain any residents and the maintenance garage and storage sheds formerly located on the site have been demolished. Therefore, as analyzed in the 2005 FEIS, there would be no adverse impacts due to direct residential or business displacement. The proposed project would also not increase the number of residential units analyzed in the 2005 FEIS. Residential development has continued in the study area,

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generally consistent with trends identified in the 2005 FEIS. As predicted in the FEIS, relative to the study area as a whole, there has been less new development in Brooklyn Heights, which is an historic and largely built-out neighborhood. However, at the time of the FEIS, there were no planned projects in the Columbia Street Waterfront District. As discussed above, since the 2005 FEIS, residential development has increased in that area, and it has become more mixed use in character. Overall, trends since the 2005 FEIS indicate increasing residential development throughout the study area, which is compatible with the proposed project. In addition, the proposed project would add affordable housing to the study area, which would help ensure housing opportunities for lower-income residents and would help maintain a more diverse demographic composition within the study area. Therefore there would be no potential for the proposed actions to alter the conclusions of the 2005 FEIS with respect to indirect residential displacement due to increased property values or rents. The small proposed retail and community facility space would not be expected to substantially increase the number of employees on the project site, nor would these uses introduce trends that could change socioeconomic character of the study area. Therefore, the proposed project would not result in any new significant adverse socioeconomic impacts not disclosed in the 2005 FEIS.

B.3 COMMUNITY FACILITIES AND SERVICES

The program analyzed in the 2005 FEIS did not exceed the *CEQR Technical Manual* thresholds warranting an analysis of libraries, health care facilities, police and fire, or day care facilities; however, it did warrant an analysis of elementary and intermediate schools. The FEIS concluded that because the Brooklyn Bridge Park Project would increase utilization of elementary schools to only 75 percent and intermediate schools to only 69 percent in Region 2 of Community School District (CSD) 13, the Brooklyn Bridge Park Project would not result in significant adverse impacts to elementary schools or intermediate schools.

The proposed project would not physically displace or alter any existing community facilities, and would therefore not result in any direct effects on community facilities. However, since the 2005 FEIS, the residential population in the area has grown, increasing demand for community facilities and services, and warranting a reassessment of community facility impacts. The proposed project would not exceed the *CEQR Technical Manual* thresholds for Brooklyn for the following community facilities: public child care services (threshold is 110 low- to moderate-income residential units), libraries (threshold is 734 residential units), health care facilities (threshold is the introduction of a sizable new neighborhood), fire and police protection services (threshold is the introduction of a sizable new neighborhood), or public high schools (threshold is 1,068 residential units). However, the proposed project would exceed the *CEQR Technical Manual* threshold warranting an analysis of potential impacts on public elementary and intermediate schools. Therefore, an assessment was conducted to determine whether the proposed project, considering relevant changes in background conditions, would result in any significant adverse impacts to public schools not previously identified in the 2005 FEIS.

PUBLIC SCHOOLS

Following the methodologies in the *CEQR Technical Manual*, the study area for the analysis of elementary and intermediate schools is the school districts' "sub-district" (also known as "regions" or "school planning zones") in which the project is located. The project site is located in Sub-district 2 of Community School District (CSD) 13. According to the most recent enrollment/capacity/utilization data (for the 2013-2014 school year), there are eight elementary schools with 3,279 students and seven intermediate schools with 1,849 students in Sub-district 2/CSD 13. Elementary schools are operating at 98.14 percent utilization with a surplus of 62 seats and intermediate schools are operating at 62.83 percent utilization with a surplus of 1,094 seats.

Future conditions are predicted based on School Construction Authority (SCA) enrollment projections and data obtained from SCA's Capital Planning Division on the number of new housing units and students expected at the sub-district level. The future utilization rate for school facilities is calculated by adding the estimated enrollment from proposed residential projects in the schools' study area to Department of Education's (DOE's) projected enrollment, and then comparing that number with projected school capacity. In accordance with the *CEQR Technical Manual*, projected school capacity does not include temporary classroom buildings or charter school seats. Elementary school utilization is projected to grow in Sub-district 2/CSD 13, from 3,279 students under existing conditions to 4,697 students by 2018 (140.59 percent utilization). Intermediate school utilization is also projected to grow, from 1,849 students under existing conditions to 2,359 students by 2018 (80.16 percent utilization).

According to *CEQR Technical Manual* methodologies, new capacity from new school projects identified in the DOE Five-Year Capital Plan are included if construction has begun or if deemed appropriate to include in the analysis by the lead agency and the SCA. One new intermediate school is identified for the sub-district in the current capital plan. I.S. 611, located at 60 Water Street, is expected to open in 2016 and provide 333 new seats. Additionally, the Proposed 2014-2019 Capital Plan for new school construction designates funding for 757 seats for an elementary and intermediate school facility in District 13. However, as a conservative measure, this additional capacity is not included in the quantitative analysis. If this additional capacity were taken into consideration, utilization rates could be somewhat lower in the future with or without the proposed project.

Based on the proposed development of approximately 430 incremental residential units and the student generation rates provided in the *CEQR Technical Manual* (0.29 elementary and 0.12 intermediate students per housing unit in Brooklyn), the proposed project would generate approximately 125 elementary school students and 52 intermediate school students.

While the new elementary school students would add to the predicted shortfall in 2018, it would not be to a degree considered significant following the guidance of the *CEQR Technical Manual*. According to the *CEQR Technical Manual*, a project may result in a significant adverse impact to schools if it would result in both a collective utilization rate of the elementary or intermediate schools of 100 percent or more in the future with the proposed project and an increase of five percent or more in the collective utilization rate as a result of the proposed project. Enrollment for elementary schools would increase by 3.74 percent (from 140.59 to 144.33 percent utilization) in the future with the proposed project. Intermediate school utilization would increase by 1.77 percent in the future with the proposed project, but would remain below 100 percent (from 80.16 to 81.92 percent). While utilization would be above 100 percent for elementary schools, the percentage point increases for both elementary and intermediate schools would be below the 5 percentage point change that is considered a significant adverse impact. Therefore, the proposed project is not expected to result in any significant adverse impacts to public schools.

B.4 OPEN SPACE

The Brooklyn Bridge Park Project analyzed in the 2005 FEIS would provide a net increase of 68.8 acres of open space for passive and active recreational use. The 2005 FEIS concluded that the development of the Brooklyn Bridge Park Project would result in substantial beneficial effects to open space conditions and would not result in any significant adverse impacts on open space.

While the proposed project would not result in an increase in residential population as compared to the project analyzed in the 2005 FEIS, demand for and supply of open space has changed since the FEIS. The residential population in the study area has grown, and new open spaces have been developed, primarily in the park. Due to changed background conditions since the 2005 FEIS, a preliminary assessment was conducted to examine the effects of the added population on the active and passive public open spaces in

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the study area and to determine whether the population increase would significantly impact the local open spaces. According to *CEQR Technical Manual* methodology, a preliminary assessment is used to determine the need for a more detailed open space analysis. If the preliminary assessment indicates the need for further analysis, then a detailed analysis of open space is performed. Since the proposed development would result in a nominal increase in commercial space, an assessment of potential impacts on the non-residential (worker) population is not warranted.

PRELIMINARY ASSESSMENT

A preliminary assessment of open space consists of calculating total residential and worker population, tallying the open space acreage within the ½-mile study area, and comparing the open space ratios for the future without and with the proposed project with the City’s acceptable open space ratios.

As detailed in **Table B.4-1**, the study area contains eight open spaces that provide approximately 36.38 acres of open space.

**Table B.4-1
Existing Open Space Resources Within the Residential Study Area**

Name/Address	Owner/Agency	Features	Total Acres	Active Acres	Passive Acres
Brooklyn Bridge Park	BBP				
Pier 6 Upland		Sand volleyball courts, paths, seating, promenade, seating, playground area including water play, tot lot, and active play area	7.00	2.80	4.20
Pier 5		Multi-use recreation fields, play area, promenade, paths, seating	5.30	4.77	0.53
Pier 2-4 Upland		BBP Greenway, granite terrace, sculpture, lawn areas, seating	6.20	1.55	4.65
Pier 2		In-line and ice skating rink, handball, basketball, basketball, and bocce courts, play equipment, exercise equipment, paths, seating	4.60	4.14	0.46
Pier 4 Beach		Beach and tidal pool	1.30	0.00	1.30
Brooklyn Heights Promenade	DPR	Esplanade with vistas, playgrounds, sitting areas, trees, plants	2.56	1.02	1.54
111 Livingston Street		Seating	0.13	0.00	0.13
Adam Yauch Park	DPR	Benches, playground equipment, game tables, fitness equipment, dog run, comfort station, spray showers, sculpture, trees, plantings, basketball courts, community garden	1.36	0.68	0.68
Van Vorhees Park	DPR	Tennis, handball, and basketball courts, asphalt play area, play equipments, swings, comfort station, spray showers, sculpture, benches, flowers and trees	5.74	2.88	2.88
LICH Open Spaces	LICH	Playgrounds, seating	0.93	0.39	0.54
Cobble Hill Park	DPR	Play equipment, landscaping, trees, benches, tables	0.59	0.13	0.46
P.S. 29 Playground	DOE	Mostly paved play area, play equipment	0.67	0.67	0.00
Total Existing Open Space, Residential Study Area			36.38	19.03	17.37
Sources: Brooklyn Bridge Park Development Corporation; New York City Department of Parks and Recreation; 2005 <i>Brooklyn Bridge Park Project Final Environmental Impact Statement (FEIS)</i> ; field visits August 2014.					

As shown in **Table B.4-2**, the study area also contains approximately 25,835 residents. With the proposed development, there would be approximately 801 new residents. The total open space ratio between the No Action and With Action conditions would be reduced from 1.91 to 1.86 acres per 1,000 residents. According to the *CEQR Technical Manual*, if a potential decrease in an open space ratio does not exceed

5 percent, it is generally not considered to be a substantial change warranting a detailed analysis. As shown in the table, the total open space ratio, and the active and passive open space ratios would all decrease by approximately 2.76 percent. Additionally, the open space ratio in the With Action condition would remain above the citywide average of 1.5 acres per 1,000 residents. Therefore, a detailed open space assessment is not warranted, and the proposed development would not result in any significant adverse impacts on open space resources.

**Table B.4-2
Adequacy of Public Open Space Resources in the Study Area**

	Existing Condition	No Action	With Action
Study Area Population^{1,2}			
Residents	25,835	28,285	29,086
Open Space Acreage³			
Total	36.38	53.98	53.98
Passive	17.37	26.51	26.51
Active	19.03	27.49	27.49
Open Space Ratios (acres per 1,000 residents)			
Total/Residents	1.41	1.91	1.86
Passive/Residents	0.67	0.94	0.91
Active/Residents	0.74	0.97	0.94
Percent Change, No Action to With Action			
		Total/Residents	-2.76%
		Passive/Residents	-2.76%
		Active/Residents	-2.76%
Notes:	Planning Goal Ratios: 2.5 total acres/1,000 residents; 0.5 passive acres/1,000 residents; 2.0 active acres/1,000 residents City-wide Average Opens Space for Residents: 1.5 total acres/1,000 residents 1. Existing residential totals based on 2010 U.S. Census populations for Census Tracts 3.01, 5.01, 5.02, 7, 9, 45, 47, and 49. 2. The residential population in the future without the proposed project was estimated by applying the weighted average household size for the study area (1.86 persons per household) to the number of new dwelling units expected to be added by developments in the study area. 3. See Table B.4-1.		
Sources:	Brooklyn Bridge Park Development Corporation; New York City Department of Parks and Recreation; 2005 <i>Brooklyn Bridge Park Project Final Environmental Impact Statement (FEIS)</i> ; field visits August 2014.		

B.5-SHADOWS

The proposed buildings would fall within the maximum building envelope analyzed in the 2005 FEIS and the heights of the two buildings would not increase from what was analyzed in the 2005 FEIS. Since the issuance of the FEIS, no sunlight-sensitive resources have been added to the area beyond those considered in the FEIS. Therefore, the proposed actions would not result in any new significant adverse shadows impacts not disclosed in the 2005 FEIS.

B.6 HISTORIC AND CULTURAL RESOURCES

As described above, the proposed project would not change the building heights or overall building envelopes analyzed in the 2005 FEIS. The proposed project would not result in any additional ground

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disturbance that could affect archaeological resources. Therefore, the proposed actions would not result in any additional adverse impacts to historic and cultural resources beyond those previously disclosed in the 2005 FEIS. Changed background conditions would not affect the potential for the proposed project to result in significant adverse impacts to historic or cultural resources. Therefore, the proposed actions would not result in any new significant adverse impacts to historic and cultural resources not disclosed in the 2005 FEIS. For the same reason, the proposed project would not require modifications to the commitments contained in a Letter of Resolution (LOR) among the New York State Office of Parks, Recreation and Historic Preservation (OPRHP), the Empire State Development Corporation (ESDC), and BBPDC executed in January 2006 pursuant to Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law, and amended in 2009 and 2010, committing to further testing, and if appropriate, development of mitigation measures in consultation with OPRHP.

B.7 URBAN DESIGN AND VISUAL RESOURCES

The proposed buildings would fall within the same building envelope analyzed in the 2005 FEIS. Since the issuance of the FEIS, the urban design of the area has been improved with the development of the project area, and new visual resources have been added as the park project has been developed. These changes are in line with the analysis presented in the FEIS. Therefore, the proposed actions would not result in any new significant adverse impacts to urban design and visual resources not disclosed in the 2005 FEIS.

B.8 NATURAL RESOURCES

Compared to what was analyzed in the 2005 FEIS, the proposed actions would not increase the amount of impervious surface on the Pier 6 upland area, and therefore would not affect flooding in or near the Brooklyn Bridge Park Project area or increase the amount of surface runoff. The construction of the two proposed buildings would comply with all relevant stormwater management commitments and permitting requirements. Since the issuance of the FEIS, no changes in background conditions have occurred that would affect the proposed project's potential to result in significant adverse impacts on natural resources. The proposed development would not displace any natural habitats or affect any threatened and endangered species, and would have no potential impacts on natural resources. Therefore, the proposed actions would not result in any new significant adverse impacts to natural resources not disclosed in the 2005 FEIS.

B.9 HAZARDOUS MATERIALS

No additional subsurface disturbance would result from the proposed actions beyond what was considered in the 2005 FEIS. Changed background conditions would not affect the potential for the proposed project to result in significant adverse impacts due to hazardous materials. Construction and any soil disruption activity for the proposed buildings would follow all relevant remediation commitments outlined in the 2005 FEIS and the September 2013 Remedial Action Plan (RAP) and associated Construction Health and Safety Plan (CHASP). Therefore, the proposed actions would not result in any new significant adverse impacts due to hazardous materials not disclosed in the 2005 FEIS.

B.10 WATER AND SEWER INFRASTRUCTURE

The proposed actions would not increase the number of residential units analyzed in the 2005 FEIS, and would therefore not substantially increase infrastructure demand beyond what was analyzed in the 2005 FEIS. The construction of the proposed buildings would comply with all relevant permitting requirements and stormwater management commitments, such as the Stormwater Pollution Prevention Plan (SWPPP).

While new development in the area since the FEIS has increased demand for water supply, sanitary and stormwater sewers and sewage treatment, capacity for these services is still adequate (based on data from the New York City Department of Environmental Protection, the Red Hook Wastewater Treatment Plant operates at less than half of its permitted capacity, with estimated dry weather flows of 28 million gallons per day and a capacity of 60 million gallons per day). Therefore, the proposed actions would not result in any new significant adverse impacts on infrastructure services not disclosed in the 2005 FEIS.

B.11 SOLID WASTE AND SANITATION SERVICES

The proposed actions would not increase the number of residential units analyzed in the 2005 FEIS, and therefore the proposed project would not result in a substantial increase in the amount of solid waste generated by the proposed buildings. Solid waste and sanitation services have not changed substantially since the FEIS and, as indicated in the 2014 *CEQR Technical Manual*, the capacity of the New York City Department of Sanitation (DSNY) to serve New York City is sufficiently flexible to accommodate increased demand for waste and recyclables collection generated by most proposed projects as needed. Therefore, the proposed actions would not result in any new significant adverse impacts on solid waste and sanitation services not disclosed in the 2005 FEIS.

B.12 ENERGY

The proposed actions would not increase the number of residential units analyzed in the 2005 FEIS, and therefore the proposed project would not result in a substantial increase to energy consumption beyond what was analyzed in the 2005 FEIS. Energy infrastructure has not changed substantially since the FEIS, and, as indicated in the 2014 *CEQR Technical Manual*, a detailed assessment of energy impacts would be limited to projects that may significantly affect the transmission or generation of energy. Therefore, the proposed actions would not result in any new significant adverse impacts on infrastructure services not disclosed in the 2005 FEIS.

B.13 TRANSPORTATION

As discussed above, consistent with the previous approvals for the Brooklyn Bridge Park Project, the proposed Pier 6 upland project would involve the redevelopment of the two development parcels on the project site. Together, they would include up to 430 residential units, community facility and commercial uses, and up to 72 parking spaces. Based on trip generation estimates, a restaurant would generate higher vehicle trips and comparable person trips when compared to local retail, and a universal pre-K would generate higher vehicle and person trips than other types of community facility uses. Therefore, for the purposes of the transportation analysis, the community facility and commercial uses are conservatively assumed to be a 5,000 sf restaurant, and a 10,000 sf universal pre-K accommodating up to 75 students.

CEQR SCREENING METHODOLOGY AND ANALYSES

The 2014 *CEQR Technical Manual* identifies procedures for evaluating a proposed project's potential impacts on traffic, parking, transit, and pedestrian conditions. This methodology begins with the preparation of a trip generation analysis to determine the volume of trips associated with the proposed project. The results are then compared to *CEQR Technical Manual*-specified thresholds (Level 1 screening analysis) to determine whether additional quantified analyses are warranted. If the proposed project would result in 50 or more peak hour vehicle trips or 200 or more peak hour transit or pedestrian trips, a Level 2 screening analysis would be undertaken.

For a Level 2 screening assessment, project-generated trips are assigned to specific intersections, transit routes, and pedestrian elements. If the result of this analysis determines that the proposed project would

Brooklyn Bridge Park Project Pier 6 Upland Development

generate 50 or more peak hour vehicle trips per intersection, 50 or more peak hour bus riders on a bus route in a single direction, 200 or more peak hour subway passengers per station, or 200 or more peak hour pedestrian trips per pedestrian element, further quantitative analyses may be warranted to assess the potential impacts on transportation conditions.

TRIP GENERATION ANALYSIS

Travel demand factors for the proposed project were based on information provided in the *CEQR Technical Manual*, the U.S. Census, the 2005 *Brooklyn Bridge Park Project FEIS*, and other established sources and approved studies, as presented in **Table B.13-1**. According to the *CEQR Technical Manual*, transportation analyses of potential impacts associated with residential uses are conducted for weekday peak hours, as presented below. In addition, taking into account the full program for analysis, which includes a pre-K component, the overall number of incremental trips would be highest on weekdays.

**Table B.13-1
Travel Demand Factors**

Use	Residential			Restaurant			School - Staff			School - Student			School - Parent		
Total Daily Person Trip	(1) Weekday 8,075 Trips / DU			(2) Weekday 173.0 Trips / KSF			(1) Weekday 2.0 Trips / Staff			(1) Weekday 2.0 Trips / Student			(1)(6) Weekday 4.0 Trips / Parent		
Trip Linkage	0%			0%			0%			0%			0%		
Net Daily Person trip	Weekday 8,075 Trips / DU			Weekday 173.0 Trips / KSF			Weekday 2.0 Trips / Staff			Weekday 2.0 Trips / Student			Weekday 4.00 Trips / Parent		
Temporal	AM	MD	PM	AM	MD	PM	AM	MD	PM	AM	MD	PM	AM	MD	PM
	(1)			(2)			(1)			(1)			(1)(6)		
	10%	5%	11%	1.0%	13.7%	7.7%	40%	0%	40%	49.5%	0.0%	49.5%	49.5%	0.0%	49.5%
Direction	(2)			(2)			(4)			(4)			(4)		
In	16%	50%	67%	94%	65%	65%	100%	50%	0%	100%	50%	0%	50%	50%	50%
Out	84%	50%	33%	6%	35%	35%	0%	50%	100%	0%	50%	100%	50%	50%	50%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Modal Split	(3)			(2)			(5)			(4)			(4)		
Auto	9.0%	9.0%	9.0%	30.0%	30.0%	30.0%	33.0%	33.0%	33.0%	19.0%	19.0%	19.0%	0.0%	0.0%	0.0%
Taxi	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	1.0%	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Subway	70.0%	70.0%	70.0%	5.0%	5.0%	5.0%	40.0%	40.0%	40.0%	5.0%	5.0%	5.0%	0.0%	0.0%	0.0%
Bus	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%	14.0%	14.0%	14.0%	3.0%	3.0%	3.0%	0.0%	0.0%	0.0%
School Bus	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	2.0%	0.0%	0.0%	0.0%
Walk	17.0%	17.0%	17.0%	55.0%	55.0%	55.0%	12.0%	12.0%	12.0%	71.0%	71.0%	71.0%	100.0%	100.0%	100.0%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Vehicle Occupancy	(2)(3) Weekday			(2) Weekday			(5) Weekday			(4) Weekday					
Auto	1.17			2.20			1.10			1.75					
Taxi	1.40			2.30			1.10			1.75					
School Bus	N/A			N/A			N/A			7.0					
Daily Delivery Trip Generation Rate	(1) Weekday 0.06 Delivery Trips / DU			(2) Weekday 3.60 Delivery Trips / KSF						(4) Weekday 0.03 Delivery Trips / Student					
Delivery Temporal	AM	MD	PM	AM	MD	PM				AM	MD	PM			
	(1)			(2)						(4)					
	12%	9%	2%	6.0%	6.0%	1.0%				9.6%	11.0%	1.0%			
Delivery Direction	(1)			(2)						(4)					
	In	50%	50%	50%	50%	50%				50%	50%	50%			
Out	50%	50%	50%	50%	50%				50%	50%	50%				
Total	100%	100%	100%	100%	100%	100%				100%	100%	100%			
Sources:	(1) 2014 <i>CEQR Technical Manual</i> (2) <i>Brooklyn Bridge Park Project FEIS</i> (2005) (3) U.S. Census Bureau, ACS 2008-2012 Five-Year Estimates - Journey-to-Work (JTW) Data (4) Based on data from <i>Atlantic Yards Arena and Redevelopment Project FSEIS</i> , 2014 (5) U.S. Census Bureau, ACS 2006-2010 Five-Year Estimates - Reverse Journey-to-Work (RJTW) Data (6) Assumes 1 parent for every 2 students walking to school and the same temporal distribution as students.														

As summarized in **Table B.13-2**, the proposed project is forecast to generate approximately 487, 294, and 582 person trips and 61, 43, and 70 vehicle trips during the weekday AM, midday, and PM peak hours, respectively.

**Table B.13-2
Trip Generation Summary: Proposed Project**

Peak Hour	In/Out	Person Trip							Vehicle Trip				
		Auto	Taxi	Subway	Bus	School Bus	Walk	Total	Auto	Taxi	School Bus	Delivery	Total
AM	In	23	1	46	4	0	94	168	15	5	0	3	23
	Out	26	6	204	6	0	77	319	30	5	0	3	38
	Total	49	7	250	10	0	171	487	45	10	0	6	61
Midday	In	31	6	65	6	0	57	165	17	5	0	2	24
	Out	20	4	63	4	0	38	129	12	5	0	2	19
	Total	51	10	128	10	0	95	294	29	10	0	4	43
PM	In	36	7	181	7	0	95	326	34	7	0	0	41
	Out	34	4	96	7	0	115	256	22	7	0	0	29
	Total	70	11	277	14	0	210	582	56	14	0	0	70

LEVEL 1 SCREENING

Traffic

As summarized in **Table B.13-2**, the incremental vehicle trips generated by the proposed project would be 61, 43, and 70 during the weekday AM, midday, and PM peak hours, respectively. Since the incremental vehicle trips would be greater than 50 vehicles during the weekday AM and PM peak hours, a Level 2 screening assessment (presented in the section below) was conducted to determine if there is a need for additional quantified traffic analyses.

Transit

The proposed project is located in the vicinity of multiple transit options including the Court Street Station (R train), Borough Hall Station (No. 2, 3, 4, and 5 trains), Jay Street/MetroTech Station (A, C, F, and R trains), and Bergen Street Station (F and G trains), as well as New York City Transit (NYCT) B61 and B63 local bus routes (See **Figure B.13-1**). As detailed in **Table B.13-2**, the incremental transit trips generated by the proposed project would be 250, 128, and 277 person trips by subway during the weekday AM, midday, and PM peak hours, respectively. The subway trips would be dispersed onto the area's multiple subway stations/lines such that no single subway station/line would exceed the *CEQR Technical Manual* analysis threshold of 200 or more peak hour subway trips per station. Therefore, a detailed analysis of subway facilities is not warranted and the proposed project is not expected to result in any significant adverse subway impacts.

The proposed project is estimated to generate 10, 10, and 14 incremental bus trips and 55, 28, and 61 incremental subway-to-bus transfer trips in the weekday AM, midday, and PM peak hours, respectively. The incremental bus trips and subway-to-bus trips would be dispersed onto the B61 and B63 bus routes such that no single bus route would exceed the *CEQR Technical Manual* analysis threshold of 50 or more peak hour bus riders in a single direction. Therefore, a detailed bus line-haul analysis is also not warranted and the proposed project is not expected to result in any significant adverse bus line-haul impacts.

Pedestrians

As summarized in **Table B.13-2**, the estimated incremental pedestrian trips are 487, 294, and 582 in the weekday AM, midday, and PM peak hours, respectively. Because the incremental pedestrian trips would be greater than 200 during all peak hours, a Level 2 screening assessment (presented in the section below) was conducted to determine if there is a need for additional quantified pedestrian analyses.



BROOKLYN BRIDGE PARK
Pier 6 Uplands Development

Pier 6—Public Transit Options
Figure B.13-1

Brooklyn Bridge Park Project Pier 6 Upland Development

LEVEL 2 SCREENING

As part of the Level 2 screening assessment, project-generated trips were assigned to specific intersections and pedestrian elements near the project site. As previously stated, further quantified analyses to assess the potential impacts of the proposed project on the transportation system may be warranted if the trip assignments were to identify key intersections incurring 50 or more peak hour vehicle trips or pedestrian elements incurring 200 or more peak hour pedestrian trips.

Potential Loop Road Elbow Closure

Potential closure of the Loop Road elbow, which is a private park road that lies between Parcel A and open spaces to the south and west is under consideration. Such closure would require consultation with Metropolitan Transportation Authority (MTA) and possibly the New York City Fire Department (FDNY). As the Loop Road elbow is not a City Street, it would not require consultation with the New York City Department of Transportation. The Loop Road elbow primarily serves as a layover area for the B63 bus route. In the event a site plan is selected which entails a closing of the Loop Road elbow, there would be a modest reassignment of project and baseline traffic; however this potential modification to the circulation plan would not alter the conclusions presented below.

Traffic

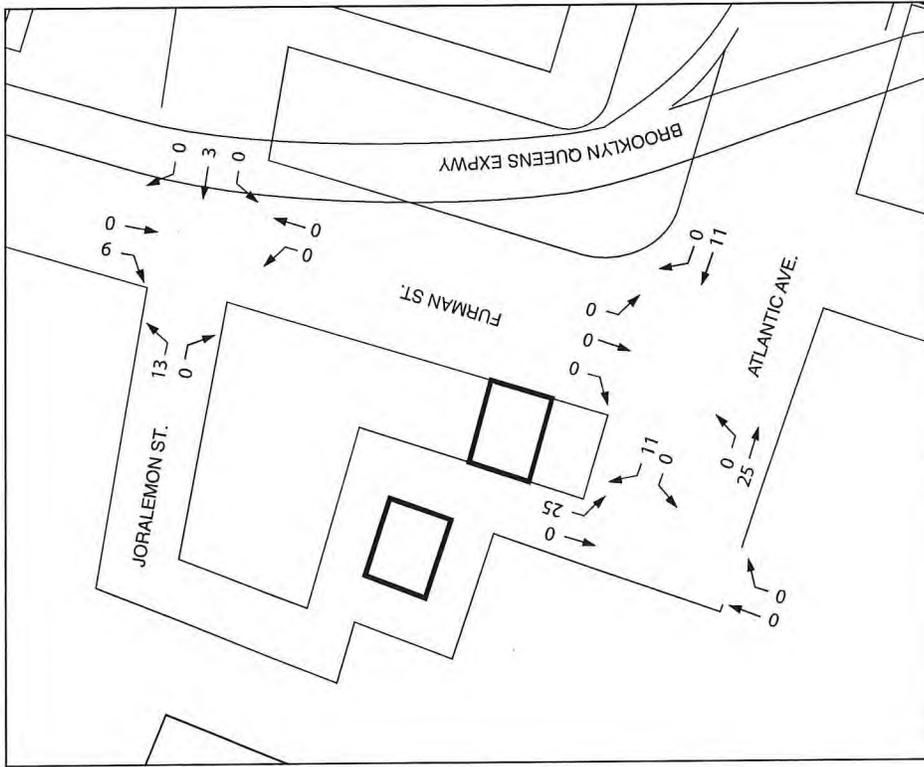
The weekday AM and PM peak hours vehicle trips were assigned to area intersections based on the most likely travel routes to and from the two development parcels, prevailing travel patterns, commuter origin-destination (O-D) summaries from the census data, the configuration of the roadway network, and the anticipated locations of site access and egress. Auto trips were assigned to the new accessory garages at the two development parcels with access and egress from the Loop Road. Site plan options for the two development parcels could include a potential curb cut along Furman Street to provide access and egress to the Parcel B on-site parking garage. However, since auto trips would still have to travel through the Furman Street intersections at Joralemon Street and Atlantic Avenue in order to access the garage, the curb cut would not materially affect the volume of auto trips traveling through these two Furman Street intersections. Taxi trips were assigned to the various block faces of the development sites along the Loop Road. All delivery trips were assigned to the development parcels via NYCDOT designated truck routes.

As shown in **Figure B.13-2**, intersections adjacent to and near the development parcels are expected to incur fewer than 50 (maximum of 36) vehicle trips from the proposed project during the weekday AM and PM peak hours. Based on criteria described in the *CEQR Technical Manual*, a detailed traffic analysis with intersection capacity and delay results is not warranted and the proposed project is not expected to result in any significant adverse traffic impacts.

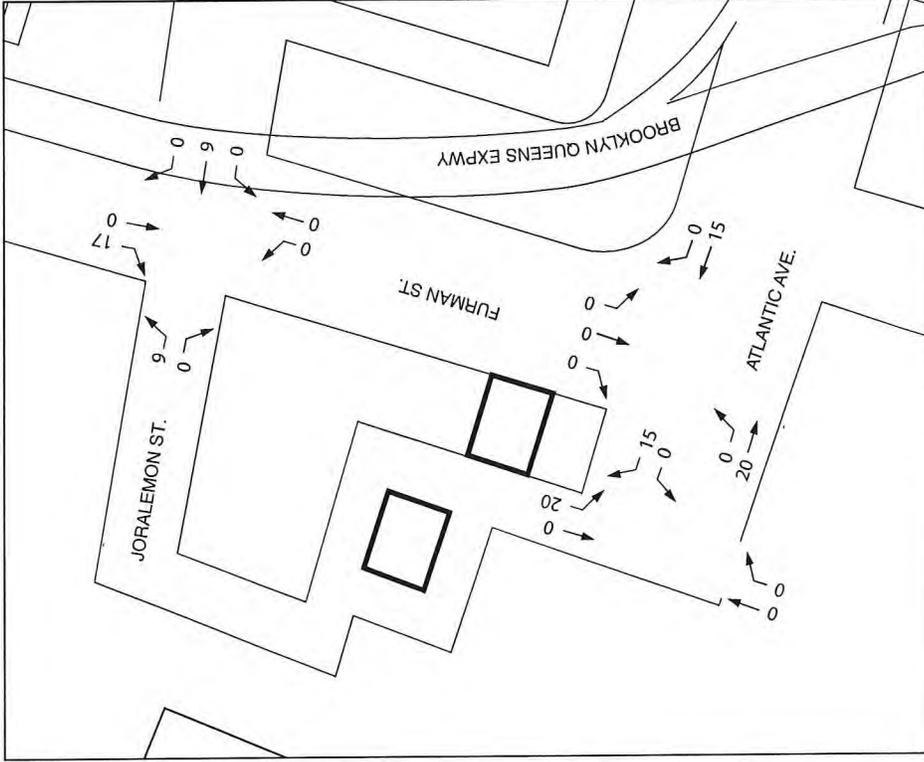
Pedestrians

Level 2 pedestrian trip assignments were individually developed for all the proposed development components and are shown in **Figure B.13-3** and discussed below. This analysis relied on the following assumptions.

- Auto Trips – Motorists would park at the project site’s off-street parking facilities.
- Taxi Trips – Taxi patrons would be dropped off and picked up along the Loop Road adjacent to the two buildings on the project site.
- City Bus Trips – City bus riders would use buses stopping on Atlantic Avenue, Columbia Street, and Loop Road, and would utilize bus stops nearest to the project site.

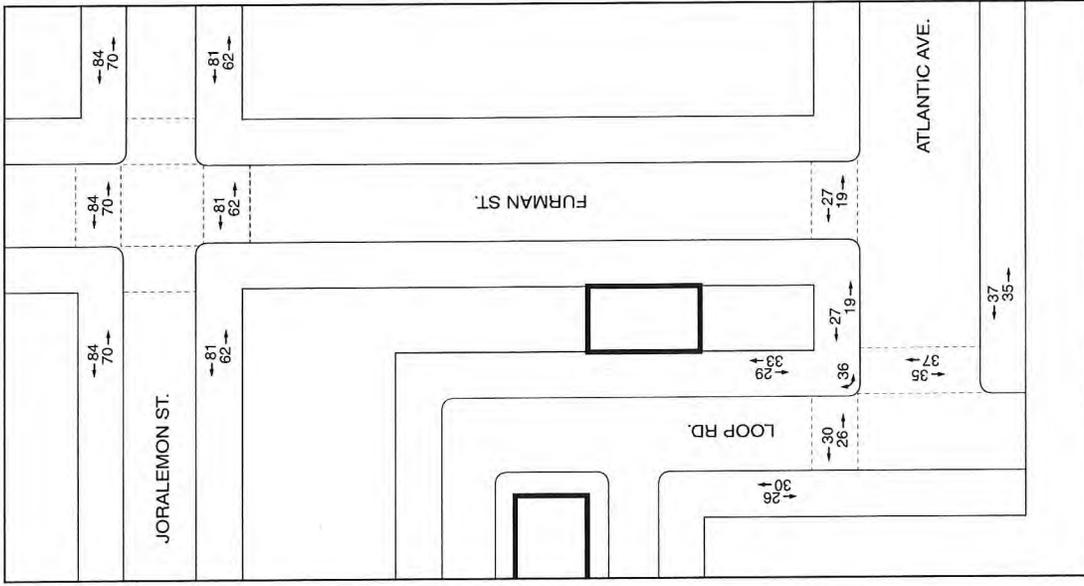
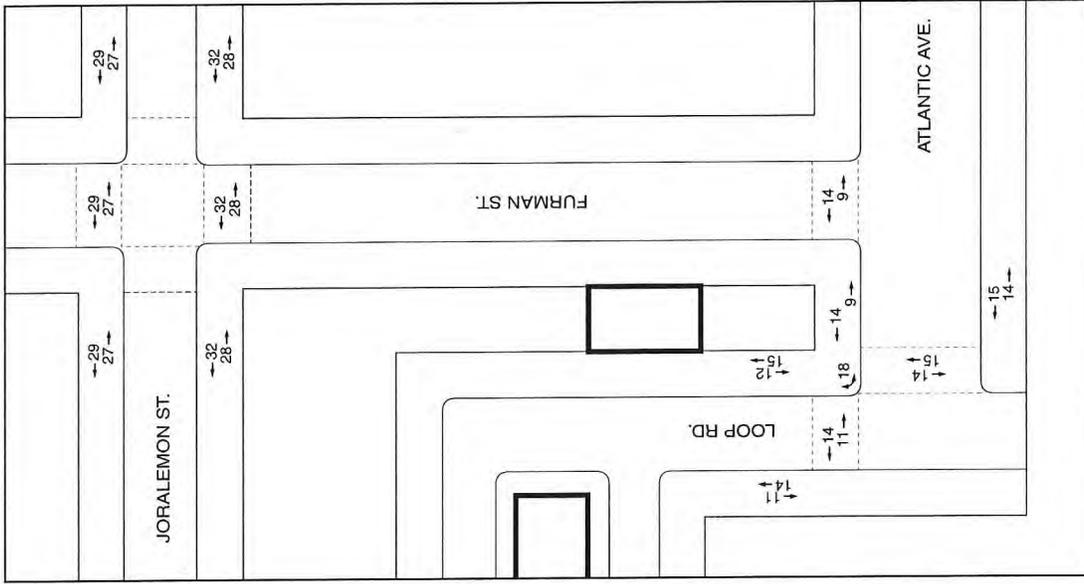
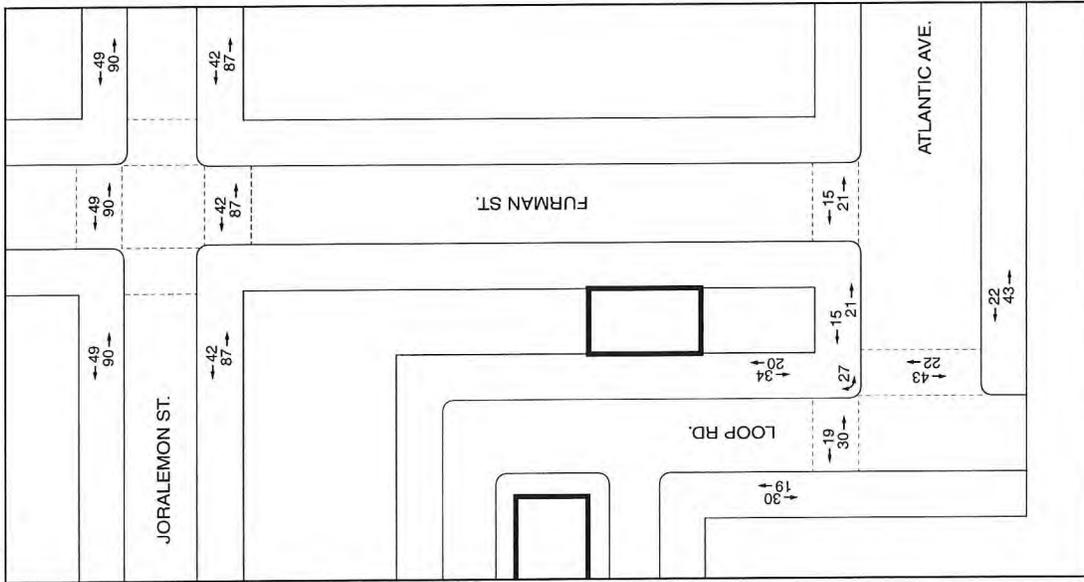


Weekday AM Peak Hour



Weekday PM Peak Hour

 Project Site



Project Site

BROOKLYN BRIDGE PARK
Pier 6 Uplands Development

Project Generated Pedestrian Trips
Figure B.13-3

- Subway Trips – Subway riders were assigned to the Borough Hall Station (No. 2, 3, 4, and 5 trains), the Court Street Station (R train), the Jay Street/MetroTech Station (A, C, F, and R trains), and the Bergen Street Station (F and G trains). Approximately 22 percent of all subway trips were assumed to transfer to and from the B63 and B61 buses, which have stops near the project site and the Borough Hall and Jay Street/MetroTech Stations.
- Walk-Only Trips – Pedestrian walk-only trips were distributed to surrounding pedestrian facilities (i.e., sidewalks, corner reservoirs, and crosswalks) based on population data as well as the land use characteristics of the surrounding neighborhood.

Based on the detailed assignment of pedestrian trips, none of the pedestrian elements in the vicinity of the project site would exceed the *CEQR Technical Manual* analysis threshold of 200 (maximum of 154) or more peak hour pedestrian trips per element. Therefore, a detailed pedestrian analysis is not warranted and the proposed project is not expected to result in any significant adverse pedestrian impacts.

PARKING

As described above, the proposed project would provide up to 72 accessory parking spaces to accommodate the proposed project's parking demand. The *CEQR Technical Manual* states that if a quantified traffic analysis is not required, it is likely that further parking assessment is also not warranted. As discussed above, a detailed quantitative traffic study is not warranted and the proposed project is not expected to result in any significant adverse traffic impacts. Therefore, an on- and off-street parking analysis is not required and the proposed project is similarly not expected to result in significant adverse parking impacts.

B.14 AIR QUALITY

The 2005 FEIS concluded that there would be no potential significant adverse air quality impacts from HVAC systems at the proposed Brooklyn Bridge Park Project. Since the time the FEIS was prepared, some changes have occurred in National Ambient Air Quality Standards (NAAQS), NAAQS attainment status, and subsequently the methods for evaluating potential impacts under CEQR. EPA revised the NAAQS for particulate matter (PM), lowering the levels of the standards for PM less than 2.5 microns in diameter (PM_{2.5}) and revoking the annual average standard for PM less than 10 microns in diameter (PM₁₀). The area has since been redesignated as in attainment of the PM_{2.5} standards, and the *CEQR Technical Manual* analysis methodology, therefore, now applies revised thresholds for determining the significance of potential PM_{2.5} impacts. EPA established a 1-hour average nitrogen dioxide (NO₂) standard in addition to the existing annual average standard, and a 1-hour average sulfur dioxide (SO₂) standard replacing the 24-hour and annual average SO₂ standards. Therefore, the air quality analysis was updated to determine if the proposed actions would have the potential to cause significant adverse impacts not identified in the 2005 FEIS under the new standards and using the latest approved methodology.

METHODOLOGY FOR PREDICTING POLLUTANT CONCENTRATIONS FROM THE PROPOSED PROJECT'S HVAC SYSTEM

The proposed project would include fossil fuel-fired HVAC equipment. Therefore, a stationary source analysis was conducted to evaluate potential air quality impacts. An analysis was conducted to determine air quality impacts associated with emissions from the proposed Pier 6 Parcel B building's heating, ventilation, and air conditioning (HVAC) system on receptors at the proposed Pier 6 Parcel A building. The lease agreement with the designated developer will include provisions that any new development on Parcel B must ensure that fossil fuel-fired heating and hot water equipment utilize only natural gas, and heating and hot water equipment must be fitted with low-NO_x burners with a maximum emission

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concentration of 30 ppm. Since the building on Parcel A would be substantially taller than the building on Parcel B and other buildings in the surrounding area, the exhaust from Building A would not impact surrounding buildings and does not require analysis. Potential 1-hour and annual NO₂ concentrations and PM₁₀, added to representative background concentrations in the area, are compared with the NAAQS. Potential 24-hour and annual incremental concentrations of PM_{2.5} are compared with the City's PM_{2.5} *de minimis* criteria.

Since building specific design information is not yet available, it was conservatively assumed that conventional boiler equipment would be used to provide building heat and hot water. Stack exhaust parameters and emission estimates for the conceptual boiler installation were conservatively estimated. The boiler fuel usage was estimated based on the building's size (in square feet) and development type, using the methodology referenced in the *CEQR Technical Manual*.

Based on initial evaluation, the exclusive use of natural gas-fired boilers equipped with low NO_x burners (30 ppm or less) would be required to ensure that significant adverse air quality impacts do not occur. PM emissions rates were calculated based on emission factors obtained from the EPA *Compilation of Air Pollutant Emission Factors, AP-42, Fifth Edition, Volume I: Stationary Point and Area Sources*.

The emissions rates and stack parameters used for analyzing the Parcel B Building's HVAC source are presented in **Table B-14.1**.

**Table B.14-1
Estimated HVAC Emissions from the Proposed Project**

Parameter	Pier 6 Parcel B ⁽¹⁾
Exhaust Height (ft)	158
Inside Diameter ⁽¹⁾ (ft)	1.0
Exit Velocity ⁽²⁾ (ft/s)	24.2
Exit Temperature ⁽¹⁾ (F)	300
NO _x Emission Rate (1-hour) (lbs/hr)	0.158
NO _x Emission Rate (Annual) (lbs/hr)	0.043
PM Emission Rate (24-hour) (lbs/hr)	0.032
PM Emission Rate (Annual) (lbs/hr)	0.009
Notes:	
(1) The stack exhaust diameter and temperature are based on similar sized equipment.	
(2) The stack exhaust velocity is estimated based on the type of fuel and heat input rate.	

Dispersion Modeling

Potential impacts from the proposed project's HVAC emissions were evaluated using the EPA AERMOD dispersion model. The AERMOD model was designed as a replacement to the EPA Industrial Source Complex (ISC3) model and has been approved for use by the EPA. AERMOD is a state-of-the-art dispersion model, applicable to rural and urban areas, flat and complex terrain, surface and elevated releases, and multiple sources (including point, area, and volume sources). AERMOD is a steady-state plume model that incorporates current concepts about flow and dispersion in complex terrain, including updated treatments of the boundary layer theory, understanding of turbulence and dispersion, and includes handling of terrain interactions.

The AERMOD model calculates pollutant concentrations from one or more points (e.g., exhaust stacks) based on hourly meteorological data, and has the capability of calculating pollutant concentrations in cases where the plume from the exhaust stack would be affected by the aerodynamic wakes and eddies

(downwash) produced by nearby structures. The analyses of potential impacts from exhaust stacks were made assuming stack tip downwash, urban dispersion and surface roughness length, and elimination of calms.

The AERMOD model also incorporates the algorithms from the PRIME model, which is designed to predict impacts in the “cavity region” (i.e., the area around a structure that under certain conditions may affect an exhaust plume, causing a portion of the plume to become entrained in a recirculation region). The Building Profile Input Program (BPIP) program for the PRIME model (BPIPRM) was used to determine the projected building dimensions modeling with the building downwash algorithm enabled. The modeling of downwash from sources accounts for all obstructions within a radius equal to five obstruction heights of the stack. The analysis was performed without downwash, similar to 2005 FEIS, since this option results in the calculation of worst-case impacts at elevated receptor locations.

Methodology Utilized for Estimating NO₂ Concentrations

Annual NO₂ concentrations from emission sources were estimated using an NO₂ to NO_x ratio of 0.75, as described in EPA’s *Guideline on Air Quality Models*.¹

EPA has developed guidance for assessing 1-hour average NO₂ concentrations for compliance with the NAAQS.² Background concentrations are currently monitored at several sites within New York City, which are used for reporting concentrations on a “community” scale. Because this data is compiled on a 1-hour average format, it can be used for comparison with the new 1-hour standards. Therefore, background 1-hour NO₂ concentrations currently measured at the community-scale monitors can be considered representative of background concentrations for purposes of assessing the potential impacts of the HVAC systems.

EPA’s preferred regulatory stationary source model, AERMOD, is capable of producing detailed output data that can be analyzed at the hourly level required for the form of the 1-hour standards. EPA has also developed guidance to estimate the transformation ratio of NO₂ to NO_x, applicable to HVAC sources, as discussed further below. Therefore, an analysis was prepared.

1-Hour average NO₂ concentration increments from the HVAC systems were estimated using AERMOD model’s Plume Volume Molar Ratio Method (PVMRM) module to analyze chemical transformation within the model. The PVMRM module incorporates hourly background ozone concentrations to estimate NO_x transformation within the source plume. Ozone concentrations were taken from the nearest available NYSDEC ozone monitoring stations, i.e., the Queens College monitoring station in Queens for the years 2009-2013. An initial NO₂ to NO_x ratio of 10 percent at the source exhaust stack was assumed for the boiler which is considered representative for this source type.

Total 1-hour average NO₂ concentrations were determined following methodologies that are accepted by the EPA as appropriate and conservative. The methodology used to determine the compliance of total 1-hour average NO₂ concentrations from the proposed source with the 1-hour NO₂ NAAQS³ was based on adding the monitored background to modeled concentrations. The background 1-hour average NO₂ concentrations applied represent the seasonal 98th percentile by hour of the day averaged over five years. The highest combined daily 1-hour NO₂ concentration was determined at each receptor location and the

¹ EPA. “Appendix W to Part 51: Guideline on Air Quality Models”. *40 CFR Part 51*. Section 5.2.4. November, 2005.

² EPA. “Memorandum: Additional Clarification Regarding Application of Appendix W, Modeling Guidance for the 1-Hour NO₂ National Ambient Air Quality Standard”. March 1, 2011.

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98th percentile daily 1-hour maximum concentration for each of the five modeled years was calculated within the AERMOD model and then averaged over the latest five years. This refined approach is recognized as being conservative by EPA and the City and is referenced in EPA modeling guidance.

Meteorological Data

The meteorological data set consisted of five consecutive years of meteorological data: surface data collected at La Guardia Airport (2009–2013) and concurrent upper air data collected at Brookhaven, New York. The meteorological data provide hour-by-hour wind speeds and directions, stability states, and temperature inversion elevation over the five-year period. These data were processed using the EPA AERMET program to develop data in a format which can be readily processed by the AERMOD model. The land use around the site where meteorological surface data were available was classified using categories defined in digital United States Geological Survey (USGS) maps to determine surface parameters used by the AERMET program.

Receptor Placement

A comprehensive receptor (i.e., location at which concentrations are projected) network was developed for the modeling analyses. Discrete receptors were analyzed and included locations on the proposed Parcel A building, at operable windows, and air intake locations.

Background Concentrations

To estimate the maximum expected total pollutant concentrations, the calculated impacts from the analyzed sources must be added to a background concentration that accounts for existing pollutant concentrations from other sources (see **Table B.14-2**). The background levels are based on concentrations monitored at the nearest DEC ambient air monitoring stations over a recent five-year period for which data are available (2009–2013), with the exception of PM₁₀, which is based on three years of data (2011–2013), consistent with current guidance from the New York City Department of Environmental Protection. For the 24-hour average PM₁₀ concentration the maximum second-highest measured values over the 3-year period was used. The annual average background values are the highest measured average concentrations for these pollutants. The measured background concentration was added to the predicted contribution from the analyzed source to determine the maximum predicted total pollutant concentration. It was conservatively assumed that the maximum background concentrations occur on all analysis days.

Table B.14-2
Maximum Background Pollutant Concentrations
For Stationary Source Analysis

Pollutant	Average Period	Location	Concentration ($\mu\text{g}/\text{m}^3$)	NAAQS ($\mu\text{g}/\text{m}^3$)
NO ₂	1-Hour	Queens College, Queens	(1)	188
NO ₂	Annual	Queens College, Queens	40.7	100
PM ₁₀	24-hour	Division Street, NY	48.0	150
PM _{2.5}	24-hour	Division Street, NY	25.3	35

Notes:
(1) The 1-Hour NO₂ background concentration is not presented in the table since the AERMOD model determines the total 98th percentile 1-Hour NO₂ concentration at each receptor, so a single representative background concentration is not used.

Source: New York State Air Quality Report Ambient Air Monitoring System, DEC, 2009–2013.

PM_{2.5} impacts are assessed on an incremental basis and compared with the PM_{2.5} *de minimis* criteria. The PM_{2.5} 24-hour average background concentration of 25.3 $\mu\text{g}/\text{m}^3$ (based on the 98th percentile concentrations, averaged over the 2011 to 2013 period) was used to establish the *de minimis* value.

EXISTING CONDITIONS

Recent concentrations of all criteria pollutants at DEC air quality monitoring stations nearest the study area are presented in **Table B.14-3**. All data statistical forms and averaging periods are consistent with the definitions of the NAAQS. It should be noted that these values are somewhat different than the background concentrations presented in **Table B.14-2**, above. These existing concentrations are based on recent published measurements, averaged according to the NAAQS (e.g., PM_{2.5} concentrations are averaged over the three years); the background concentrations are the highest values in past years, and are used as a conservative estimate of the highest background concentrations for future conditions.

**Table B.14-3
Representative Monitored Ambient Air Quality Data**

Pollutant	Location	Units	Averaging Period	Concentration	NAAQS
CO	Queens College, Queens	ppm	8-hour	1.0	9
			1-hour	1.9	35
SO ₂	Queens College, Queens	µg/m ³	3-hour	42.1	1,300
			1-hour	52.6	196
PM ₁₀	Division Street, Manhattan	µg/m ³	24-hour	39	150
PM _{2.5}	Division Street, Manhattan	µg/m ³	Annual	10.8	15
			24-hour	25	35
NO ₂	Queens College, Queens	µg/m ³	Annual	33	100
			1-hour	114	188
Lead	IS 52, Bronx	µg/m ³	3-month	0.005	0.15
Ozone	Queens College, Queens	ppm	8-hour	0.079	0.075

Notes: Based on the NAAQS definitions, the CO and 3-hour SO₂ concentrations for short-term averages are the second-highest from the year. PM_{2.5} annual concentrations are the average of 2011, 2012, and 2013, and the 24-hour concentration is the average of the annual 98th percentiles in 2011, 2012, and 2013. 8-hour average ozone concentrations are the average of the 4th highest-daily values from 2011 to 2013. SO₂ 1-hour and NO₂ 1-hour concentrations are the average of the 99th percentile and 98th percentile, respectively, of the highest daily 1-hour maximum from 2011 to 2013.

Source: DEC, New York State Ambient Air Quality Data.

With the exception of ozone, there were no monitored violations of NAAQS at these monitoring sites in 2013.

PROBABLE IMPACTS OF THE PROPOSED PROJECT'S HVAC SYSTEM

The maximum concentrations of NO₂ and PM₁₀ projected at any receptor location from the proposed project's HVAC system are presented in **Table B.14-4**. The maximum concentrations were projected to occur at elevated locations on the proposed Parcel A building. As shown in the table, the total pollutant concentrations, when added to ambient background levels, for each of the pollutant time averaging periods shown, would be below the applicable standards.

**Table B.14-4
Future Maximum Modeled NO₂ and PM₁₀ Concentrations
from the Proposed Project (in µg/m³)**

Pollutant	Averaging Period	Concentration Due to Stack Emission	Maximum Background Concentration	Total Concentration	Standard
NO ₂	Annual ⁽¹⁾	0.3	40.7	41	100
	1-hour ⁽²⁾	-	-	166.3	188
PM ₁₀	24-hour	3.8	48	51.8	150

Notes:
 (1) Annual NO₂ impacts were estimated using a NO₂/NO_x ratio of 0.75.
 (2) Reported concentration is the maximum total 98th percentile concentration at any receptor using seasonal-hourly background concentrations.

The air quality modeling analysis also determined the highest potential increase in PM_{2.5} concentrations. The maximum projected 24-hour and discrete (local) annual average PM_{2.5} increments are presented in **Table B.14-5**. The maximum projected PM_{2.5} increments would be less than the applicable *de minimis* criteria.

**Table B.14-5
Future Maximum Projected PM_{2.5} Concentrations from the Proposed Project
(µg/m³)**

Pollutant	Averaging Period	Maximum Concentration	De Minimis
PM _{2.5}	24-hour	3.8	4.9 ⁽¹⁾
	Annual (discrete)	0.08	0.3
Note: ⁽¹⁾ PM _{2.5} <i>de minimis</i> criteria — 24-hour average, not to exceed more than half the difference between the background concentration and the 24-hour standard of 35 µg/m ³ .			

There would not be any significant adverse air quality impacts due to the proposed Parcel B building’s HVAC system. As described above, the lease agreement with the designated developer will include provisions requiring low-emission equipment.

B.15 GREENHOUSE GAS EMISSIONS

The 2005 FEIS did not include a greenhouse gas (GHG) analysis since CEQR did not require it at that time. Generally, a GHG emissions assessment is conducted only for larger projects undergoing an EIS, City capital projects subject to city-wide GHG reduction goals, and projects with special energy needs or other GHG considerations such as power generation or fundamental changes to the City’s solid waste systems. The proposed project does not meet these criteria, and therefore an analysis of GHG is not warranted. In addition, the proposed actions would not intensify the energy requirements of the proposed residential buildings and as such, does not have the potential to result in any significant adverse impacts.

B.16 NOISE

The 2005 FEIS concluded that the proposed project would not result in any significant adverse noise impacts at off-site noise receptor locations. The FEIS found that noise levels at the project area are relatively high due to noise contributions from the Brooklyn-Queens Expressway and Manhattan Bridge. While on-site noise levels were higher than those recommended by *CEQR Technical Manual* guidelines for open space, there would be no feasible and practicable mitigation measures to reduce noise levels at the open space included in the proposed project. Building attenuation levels were specified for project buildings to ensure acceptable interior noise levels.

The analysis of noise levels at the Pier 6 upland was reviewed to determine if the proposed actions would have the potential to result in significant adverse impacts not identified in the 2005 FEIS. Since the time the FEIS was prepared, the building attenuation requirements in the *CEQR Technical Manual* have been updated, and the latest 2014 *CEQR Technical Manual* building attenuation requirements have been used to determine necessary levels of attenuation at project buildings. As part of this assessment, the noise exposure at buildings included in the proposed Pier 6 upland project was reviewed based on an updated noise survey.

As described above in the “Transportation” section, the number of vehicle trips generated by the proposed Pier 6 upland project is lower than the threshold that would require any detailed analysis. Consequently, it is not expected that the proposed Pier 6 upland project would generate sufficient traffic to have the potential to cause a significant noise impact (i.e., it would not result in a doubling of noise passenger car

equivalents [Noise PCEs] which would be necessary to cause a 3 dBA increase in noise levels). However, the effect of ambient noise (primarily noise from vehicular traffic) at the project site is addressed and an analysis is presented that determines the level of building attenuation necessary to ensure that the proposed Pier 6 upland project buildings' interior noise levels satisfy applicable CEQR interior noise criteria.

NEW YORK CEQR NOISE CRITERIA

The 2014 *CEQR Technical Manual* defines attenuation requirements for buildings based on exterior noise level (see **Table B.16-1**). Recommended noise attenuation values for buildings are designed to maintain interior noise levels of 45 dBA or lower for residential or community facility uses and interior noise levels of 50 dBA or lower for commercial uses and are determined based on exterior $L_{10(1)}$ noise levels.

Table B.16-1

Required Attenuation Values to Achieve Acceptable Interior Noise Levels

Noise Level With Proposed Action	Marginally Unacceptable				Clearly Unacceptable
	$70 < L_{10} \leq 73$	$73 < L_{10} \leq 76$	$76 < L_{10} \leq 78$	$78 < L_{10} \leq 80$	$80 < L_{10}$
Attenuation ^A	(I) 28 dB(A)	(II) 31 dB(A)	(III) 33 dB(A)	(IV) 35 dB(A)	$36 + (L_{10} - 80)$ ^B dB(A)
Notes:					
^A The above composite window-wall attenuation values are for residential dwellings and community facility development. Commercial uses would be 5 dB(A) less in each category. All the above categories require a closed window situation and hence an alternate means of ventilation.					
^B Required attenuation values increase by 1 dB(A) increments for L_{10} values greater than 80 dBA.					
Source: New York City Department of Environmental Protection.					

2005 FEIS BUILDING ATTENUATION RESULTS

The 2005 FEIS prescribed 35 dBA of building attenuation for buildings on the Pier 6 upland based on an exterior $L_{10(1)}$ noise level of 78.2 dBA. This noise level was the maximum $L_{10(1)}$ noise level predicted for this location based on the noise level measured adjacent to the Brooklyn-Queens Expressway and adjusted to reflect projected 2012 traffic levels.

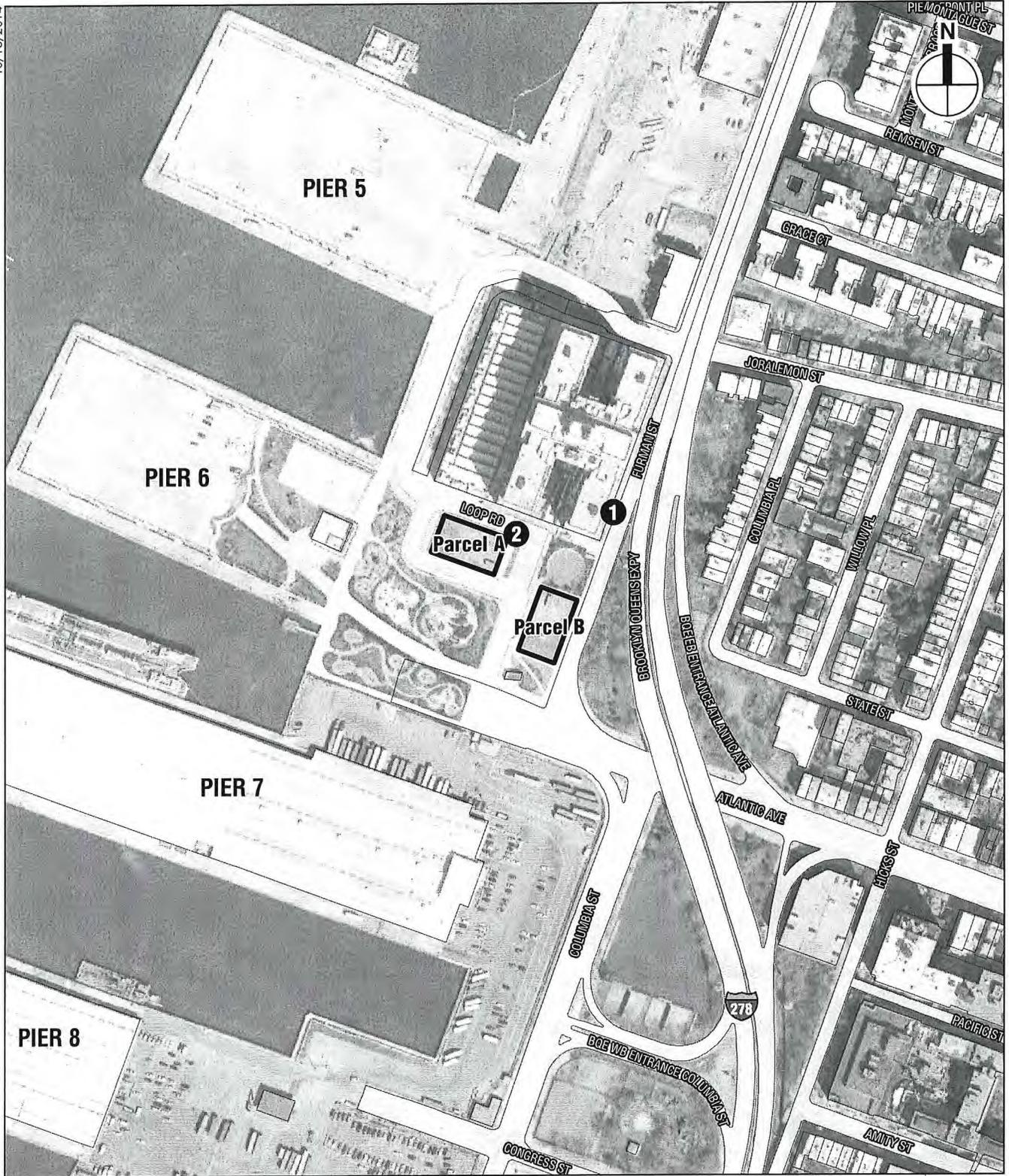
2014 EXISTING NOISE LEVELS

Existing noise levels at the Pier 6 upland project site were measured at two (2) locations. Site 1 was located at the east façade of 360 Furman Street just above the Brooklyn-Queens Expressway, and Site 2 was located at-grade on the Loop Road at the northeast corner of Parcel A (See **Figure B.16-1**). At sites 1 and 2, 1-hour spot measurements were conducted during the AM, MD, and PM peak time periods on October 7, 2014.

EQUIPMENT USED DURING NOISE MONITORING

Measurements were performed using a Brüel & Kjær Sound Level Meters (SLM) Type 2260 and Type 2270, Brüel & Kjær ½-inch microphones Type 4189, and a Brüel & Kjær Sound Level Calibrator Type 4231. The Brüel & Kjær SLMs are a Type 1 instrument according to ANSI Standard S1.4-1983 (R2006). The SLMs have a laboratory calibration date within one year of the date of the measurements. The microphones were mounted away from any large, reflecting surfaces that could affect the sound level measurements. The SLMs were calibrated before and after readings with a Brüel & Kjær Type 4231 Sound Level Calibrator using the appropriate adaptor. Measurements at the location were made on the A-

10/16/2014



- Project Site
- 1 Noise Receptor



BROOKLYN BRIDGE PARK
Pier 6 Uplands Development

Noise Receptor Locations
Figure B.16-1

Brooklyn Bridge Park Project Pier 6 Upland Development

scale (dBA). The data were digitally recorded by the SLM and displayed at the end of the measurement period in units of dBA. Measured quantities included L_{eq} , L_1 , L_{10} , L_{50} , and L_{90} . A windscreen was used during all sound measurements except for calibration. All measurement procedures were based on the guidelines outlined in ANSI Standard S1.13-2005.

RESULTS OF BASELINE MEASUREMENTS

The results of the existing noise level measurements are summarized in **Table B.16-2**.

At each receptor site, vehicular traffic on the Brooklyn-Queens Expressway was the dominant noise source. Measured levels are moderate and reflect the level of vehicular activity on the adjacent highway. In terms of the CEQR criteria, the existing noise levels at site 1 are in the “clearly unacceptable” category, and noise levels at site 2 are in the “marginally acceptable” category.

**Table B.16-2
Existing Noise Levels (in dBA)**

Receptor Site	Measurement Location	Time	L_{eq}	L_1	L_{10}	L_{50}	L_{90}
1	Outside Third Floor of 360 Furman Street East Façade Overlooking Brooklyn-Queens Expressway	AM	83.3	89.7	85.1	82.5	80.1
		MD	83.1	88.8	85.1	82.3	80.2
		PM	81.9	87.6	83.4	81.2	79.5
2	Loop Road at Northeast Corner of Parcel A	AM	66.3	74.3	67.8	65.0	63.1
		MD	67.5	78.2	68.9	64.4	62.3
		PM	63.3	73.0	64.5	60.0	56.9

Note: Measurements were conducted on October 7, 2014

NOISE ATTENUATION MEASURES

As shown in **Table B.16-1**, the 2014 *CEQR Technical Manual* has set noise attenuation quantities for buildings based on exterior $L_{10(1)}$ noise levels in order to maintain interior noise levels of 45 dBA or lower for residential dwellings and community facility development and interior noise levels of 50 dBA or lower for commercial uses.

Measured noise levels at site 1 represent the east façade of 360 Furman Street, at a horizontal distance of approximately 42 feet from the Brooklyn-Queens Expressway. The distance from the east boundary of Parcel B to the Brooklyn-Queens Expressway is at least 100 feet. Since the Brooklyn-Queens Expressway is the dominant source of noise at these locations, the measured noise level from site 1 was adjusted to determine the noise level at the east boundary of Parcel B. The Brooklyn-Queens Expressway can be approximated as a “line source” of noise so, as is indicated in the *CEQR Technical Manual*, the noise level was adjusted based on a 3 dBA reduction per doubling of distance. Consistent with city practices, noise levels were conservatively estimated to be 3 dBA less at an elevation more than 100 feet above the height of the Brooklyn-Queens Expressway.

The building attenuation requirements are summarized in **Table B.16-3**.

**Table B.16-3
Minimum Building Attenuation Requirements**

Parcel	Façade	Elevation (in feet)	Associated Noise Site	Maximum L ₁₀₍₁₎ (in dBA)	Attenuation Required (in dBA) ¹
A	All	All	2	68.9	N/A ²
B	North, East, South	0 to 130	1	81.3 ³	38
		131 through top	1	78.3 ³	35
	West	All	2	68.9	N/A ²
Notes: ¹ The composite window-wall attenuation values are for residential development. Retail and commercial uses would be 5 dB(A) less. ² "N/A" indicates that the L ₁₀ value is less than 70 dB(A). The <i>CEQR Technical Manual</i> does not address noise levels this low, therefore there is no minimum attenuation guidance. ³ Adjusted by 3 dBA per doubling of horizontal distance from the Brooklyn-Queens Expressway and a 3 dBA reduction at elevations more than 100 feet above the Brooklyn-Queens Expressway.					

The attenuation of a composite structure is a function of the attenuation provided by each of its component parts and how much of the area is made up of each part. Normally, a building façade consists of wall, glazing, and any vents or louvers associated with the building mechanical systems. The building façades would be designed to provide a composite Outdoor-Indoor Transmission Class (OITC) rating¹ greater than or equal to those listed above in **Table B.16-3**, along with an alternative means of ventilation in all habitable rooms of the residential units.

Based upon the L₁₀₍₁₎ values measured at the project site, the proposed project’s design measures would be expected to provide sufficient attenuation to achieve the CEQR interior noise level requirements.

In addition, the building mechanical system (i.e., heating, ventilation, and air conditioning systems) would be designed to meet all applicable noise regulations (i.e., Subchapter 5, §24-227 of the New York City Noise Control Code and the New York City Department of Buildings Code) and to avoid producing levels that would result in any significant increase in ambient noise levels.

COMPARISON TO 2005 FEIS BUILDING ATTENUATION REQUIREMENTS

At the north, east, and south façades of Parcel B up to 130 feet above grade, the attenuation requirements are 3 dBA greater than those prescribed in the 2005 FEIS. At the north, east, and south façades of Parcel B more than 130 feet above grade, the attenuation requirements are the same as those prescribed in the 2005 FEIS. All attenuation requirements will be included in the lease for the site. At the west façade of Parcel B and all facades of Parcel A, noise levels would be below the range requiring specific attenuation requirements according to *CEQR Technical Manual* noise exposure guidelines.

B.17 PUBLIC HEALTH

The 2005 FEIS did not provide an analysis of public health, as the development of Brooklyn Bridge Park did not meet the any of the thresholds warranting a public health assessment according to the guidelines

¹ The OITC classification is defined by ASTM International (ASTM E1332) and provides a single-number rating that is used for designing a building façade including walls, doors, glazing, and combinations thereof. The OITC rating is designed to evaluate building elements by their ability to reduce the overall loudness of ground and air transportation noise.

Brooklyn Bridge Park Project Pier 6 Upland Development

of the 2001 *CEQR Technical Manual*, which applied at the time. The 2014 *CEQR Technical Manual* requires an analysis of potential public health impacts only for projects that result in unmitigated significant adverse impacts in areas such as air quality, water quality, hazardous materials, or noise, or when the lead agency determines that a project may have potential public health consequences not related to these technical areas. As described above, the proposed actions, taking into account change in background conditions, would not result in significant adverse impacts in any of these technical areas. Therefore a public health analysis is not warranted, and the proposed actions would not result in any significant adverse impacts to public health.

B.18 NEIGHBORHOOD CHARACTER

The proposed actions would not adversely affect the defining features of the neighborhood, nor create new significant adverse impacts on any of the elements that contribute to neighborhood character. Since the issuance of the FEIS, the character of the area has improved with the development of the project area. The development of portions of the park and several of the development sites has improved many of the factors that contribute to neighborhood character, including land use, open space, and visual resources. The proposed actions would be in keeping with the plan considered in the 2005 FEIS, and would further enliven the area with activity and improve the character of the area. Therefore, the proposed actions would not result in any new significant adverse impacts on neighborhood character not disclosed in the 2005 FEIS.

B.19 CONSTRUCTION IMPACTS

The 2005 FEIS analyzed the effects of the proposed project's construction activities, focusing on areas where construction activities may pose specific environmental problems such as transportation, air quality, and noise. The 2005 FEIS concluded that although there may be localized, temporary disruptions due to the construction of the Brooklyn Bridge Park Project, as is the case with any construction activity, the analysis found that the proposed project would not result in any significant adverse impacts due to construction activities. Since the 2005 FEIS, updated and more detailed construction plans have been developed for the two development parcels on the upland on Pier 6. Therefore, the construction analysis in the 2005 FEIS was revisited to determine if the proposed actions and the updated construction plans for Parcels A and B would have the potential to cause significant adverse impacts not identified in the 2005 FEIS, taking into consideration the guidelines of the 2014 *CEQR Technical Manual*.

CONSTRUCTION SCHEDULE AND TASKS

Parcels A and B on the upland of Pier 6 are anticipated to be constructed simultaneously and would proceed in three primary stages: excavation and foundation; superstructure, and; interiors and finishing. Construction would begin with the excavation of the soils, any required remediation, and the construction of the foundations. When the below-grade construction is completed, construction of the superstructure (the building's beams, columns, floor decks, and core) would begin. Superstructure construction would also include the installation of the exterior façades of the proposed buildings. Finally, interiors and finishing would commence and would include the construction of nonstructural building elements such as interior partitions and interior finishes (i.e., flooring, painting, etc.). **Table B.19-1** presents the anticipated schedule for the construction of Parcels A and B. As shown in **Table B.19-1**, based on responses to the RFP, the overall construction duration of Parcels A and B is anticipated to be approximately 19-months, a duration that is considered to be short-term (less than two years) according to the *CEQR Technical Manual* and thus not requiring detailed assessment.

**Table B.19-1
Anticipated Construction Schedule**

Construction Task	Anticipated Schedule	Approximate Duration (months)
Excavation and Foundation	January 2016 to July 2016	7
Superstructure	August 2016 to December 2016	6
Interiors and Finishing	January 2017 to July 2017	6
Source: Brooklyn Bridge Park		

CONSTRUCTION PRACTICES

Construction of the proposed project would be carried out in accordance with New York City laws and regulations, which allow construction activities between 7:00 AM and 6:00 PM on weekdays. Construction work would typically begin at 7:00 AM on weekdays, with most workers arriving between 6:00 AM and 7:00 AM. Normally, work would end at 3:30 PM. Necessary permits would be obtained from the appropriate agencies if work is required outside of normal construction hours (i.e., weekend and after-hour work). No work outside of normal construction hours could be performed until such permits are obtained.

Access to the construction sites for Parcels A and B would be controlled. The work areas would be fenced off, and limited access points for workers and trucks would be provided. Flaggers would be posted as necessary to control trucks entering and exiting the site to ensure the safety of pedestrians and vehicles passing through the area.

If necessary, the contractor would carry out a rodent (mouse and rat) control program.

PROBABLE IMPACTS DURING CONSTRUCTION

Construction of the proposed project, as is the case with any construction activities, may be disruptive to the surrounding area for limited periods of time throughout the construction period. The following analyses describe the overall temporary effects on transportation, air quality, noise, historic and cultural resources, hazardous materials, natural resources, infrastructure, and socioeconomic conditions during construction.

Transportation

As described in the *CEQR Technical Manual*, construction activities may affect several elements of the transportation system, including traffic, transit, pedestrians, and parking. A transportation analysis of construction activities is predicated upon the duration, intensity, complexity and/or location of construction activity.

Most of the proposed project’s construction staging (i.e., storage of construction materials, construction truck loading/unloading areas, etc.) would occur within the project sites, thereby limiting any effects on surrounding roadways and pedestrian elements. However, similar to many other construction projects in New York City, temporary curb-lane and sidewalk closures are expected to be required adjacent to the project sites during construction. In addition, if the Loop Road elbow is closed, it may be used for construction staging. As currently envisioned, the sidewalk immediately adjacent to the project sites along Loop Road and the curb-lane west of Parcel A would be closed for varying periods of time during construction. Maintenance and Protection of Traffic (MPT) plans would be developed for any lane and/or sidewalk closures during construction. If the lane and/or sidewalk closures are on NYCDOT-mapped streets, then approval of these plans and implementation of the closures would be coordinated with NYCDOT’s Office of Construction Mitigation and Coordination (OCMC).

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As described above, construction would normally take place from 7 AM to 3:30 PM on weekdays. Construction workers are expected to park on weekdays at nearby parking resources (i.e., within ¼-mile of the project site), either on-street or within off-street parking facilities (e.g., Quik Park Garage adjacent to Pier 6, 44 State Street Corporation at 38-44 State Street, and Pro Park America at 352 Hicks Street).

Throughout the construction period, construction workers would travel to and from the project sites by personal vehicle or public transportation. In addition, the proposed project would also generate truck trips from the deliveries of materials and excavated materials. Given that construction worker commuting trips and construction truck deliveries generally occur during off-peak hours, and over a short duration of construction period (i.e., less than 24 months), the proposed actions and the construction plans as currently envisioned would not result in significant adverse transportation impacts during construction.

Air Quality

Emissions from on-site construction equipment and on-road construction-related vehicles, as well as dust generating construction activities, have the potential to affect air quality. In general, much of the heavy equipment used in construction has diesel-powered engines and produces relatively high levels of nitrogen oxides (NO_x) and particulate matter (PM). Fugitive dust generated by construction activities also contains particulate matter. Finally, gasoline engines produce relatively high levels of carbon monoxide (CO). As a result, the primary air pollutants of concern for construction activities include nitrogen dioxide (NO₂), particulate matter with an aerodynamic diameter of less than or equal to 10 micrometers (PM₁₀), particulate matter with an aerodynamic diameter of less than or equal to 2.5 micrometers (PM_{2.5}), and CO.

With regard to the air quality impacts during construction, the *CEQR Technical Manual* suggests that potential impacts should be analyzed only when construction activities would affect a sensitive receptor over a long period of time. Construction duration as defined by the *CEQR Technical Manual* is broken down into short-term (less than two years) and long-term (two or more years). As described above, the overall construction duration of Parcels A and B is anticipated to be completed over a 19-month construction period, a duration that is considered to be short-term and would not require a detailed assessment.

As appropriate, all necessary measures (i.e., watering of exposed areas and dust covers for trucks) would be implemented during construction to ensure adherence to the New York City Air Pollution Control Code regulating construction-related dust emissions.

Therefore, based on the information presented above, the proposed actions and the construction plans would not result in any significant adverse construction air quality impacts, and no further analysis is required.

Noise

Impacts on community noise levels during construction would include noise from the operation of construction equipment and noise from construction and delivery vehicles traveling to and from the site. Noise levels at a given location are dependent on the type and quantity of construction equipment being operated, the acoustical utilization factor of the equipment (i.e., the percentage of time a piece of equipment is operating), the distance from the construction site, and any shielding effects (from structures such as buildings, walls, or barriers). Noise levels caused by construction activities would vary widely, depending on the stage of construction and the location of the construction activities relative to noise-sensitive receptor locations.

Construction noise is regulated by the requirements of the *New York City Noise Control Code* (also known as Chapter 24 of the Administrative Code of the City of New York, or Local Law 113), the DEP Notice of Adoption of Rules for Citywide Construction Noise Mitigation (also known as Chapter 28), and

the USEPA's noise emission standards. These local and federal requirements mandate that specific construction equipment and motor vehicles meet specified noise emission standards; that construction activities be limited to weekdays between the hours of 7:00 AM and 6:00 PM; and that construction materials be handled and transported in such a manner as not to create unnecessary noise. As part of the Code, a site-specific noise mitigation plan would be developed and implemented that may include source controls (i.e., reducing noise levels at the source or during most sensitive time periods), and path controls (e.g., placement of equipment and implementation of barriers between equipment and sensitive receptors).

For impact determination purposes, significant adverse noise impacts are based on whether maximum predicted incremental noise levels at sensitive receptor locations off-site would be greater than the impact criteria suggested in the *CEQR Technical Manual* for more than two years. As described above, the duration of the proposed project's construction is expected to be short-term (less than two years), and while noise associated with the proposed construction activities may be considered noisy and intrusive, as is the case with any construction activities, potential increases in noise levels as a result of construction-related activities would be of limited duration and therefore not considered significant.

Therefore, based on the information presented above, the proposed actions would not result in any significant adverse construction noise impacts, and no further analysis is required.

Historic and Cultural Resources

None of the architectural resources identified in the 2005 FEIS are located on or adjacent to the Pier 6 upland area. The proposed project would result in a shift in residential units from Parcel A to Parcel B, but would not change the building locations or overall building envelopes analyzed in the 2005 FEIS. Therefore, the proposed actions would not result in any additional adverse impacts to historic and cultural resources during construction. The proposed project would also not result in any additional ground disturbance beyond what was analyzed in the FEIS that could affect archaeological resources. As noted above, to the degree that archaeological resources could be affected by construction and depending on the methods of construction ultimately employed, the LOR would be followed and the archaeological testing protocol that was developed and has been implemented as construction in the Brooklyn Bridge Park Project area has progressed would be implemented as warranted.

Hazardous Materials

In accordance with the 2005 FEIS, a Remedial Action Plan (RAP)/Construction Health and Safety Plan (CHASP) was prepared in August 2005 for implementation during excavation and construction work involving soil disturbance to assure that the construction workers, the surrounding community, and the environment are not adversely affected by the construction activities. The plan specifies the appropriate monitoring by field personnel during construction and excavation activities and details appropriate measures in the event that underground storage tanks, soil and groundwater contamination, or other unforeseen environmental conditions are encountered, including notification of the proper regulatory agencies as necessary and clean-up under regulatory guidance. With these measures, no significant adverse impacts related to hazardous materials would be expected to occur as a result of the construction activities related to the proposed project.

Natural Resources

As discussed above under "Natural Resources," the proposed actions would not increase the amount of impervious surface on the Pier 6 upland area compared to the previously-approved project, and therefore would not affect flooding in or near Brooklyn Bridge Park or increase the amount of surface runoff. The proposed development would not displace any natural habitats or affect any threatened and endangered species and would therefore have no impacts on natural resources beyond what was analyzed in the 2005

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FEIS. The construction of the two proposed buildings would comply with all relevant stormwater management commitments and permitting requirements. Therefore, the proposed actions would not result in any significant adverse natural resources impacts during construction.

Infrastructure

As discussed above under “Water and Sewer Infrastructure,” the construction of the proposed project would comply with all relevant stormwater management commitments and permitting requirements. Therefore, the proposed actions would not result in any significant adverse infrastructure impacts during construction.

Socioeconomic Conditions

Construction activities associated with the proposed project would not result in any significant adverse impacts on socioeconomic conditions. Construction of the proposed project would not block or restrict access to any facilities in the area including the nearby Brooklyn Bridge Park components (e.g., Pier 6 dog run to the east of Parcel B) and the Quik Park public garage to the southeast of Parcel A, affect the operations of any nearby businesses, or obstruct major thoroughfares used by customers or businesses. Therefore, the proposed actions would not result in any significant adverse socioeconomic conditions impacts during construction.

C. CONCLUSION

Based on the analyses above for each of the impact categories, neither changes in background conditions nor changes to the proposed actions would result in any significant adverse environmental impacts that were not identified in the 2005 FEIS. Therefore, a Supplemental Environmental Impact Statement is not required. *

ATTACHMENT A

New York State Department of State Coastal Management Program
Coastal Assessment Form

NEW YORK STATE DEPARTMENT OF STATE
COASTAL MANAGEMENT PROGRAM

Coastal Assessment Form

A. INSTRUCTIONS (Please print or type all answers)

1. State agencies shall complete this CAF for proposed actions which are subject to Part 600 of Title 19 of the NYCRR. This assessment is intended to supplement other information used by a state agency in making a determination of significance pursuant to the State Environmental Quality Review Act (see 6 NYCRR, Part 617). If it is determined that a proposed action will not have a significant effect on the environment, this assessment is intended to assist a state agency in complying with the certification requirements of 19 NYCRR Section 600.4.
2. If any question in Section C on this form is answered "yes," then the proposed action may affect the achievement of the coastal policies contained in Article 42 of the Executive Law. Thus, the action should be analyzed in more detail and, if necessary, modified prior to either (a) making a certification of consistency pursuant to 19 NYCRR Part 600 or, (b) making the findings required under SEQRA, 6 NYCRR, Section 617.11, if the action is one for which an environmental impact statement is being prepared. If an action cannot be certified as consistent with the coastal policies, it shall not be undertaken.
3. Before answering the questions in Section C, the preparer of this form should review the coastal policies contained in 19 NYCRR Section 600.5. A proposed action should be evaluated as to its significant beneficial and adverse effects upon the coastal area.

B. DESCRIPTION OF PROPOSED ACTION

1. Type of state agency action (check appropriate response):

- (a) Directly undertaken (e.g. capital construction, planning activity, agency regulation, land transaction)
- (b) Financial assistance (e.g. grant, loan, subsidy)
- (c) Permit, license, certification

2. Describe nature and extent of action:

The proposed project would involve the redevelopment of the project site with two buildings containing up to 430 residential units. It would also include up to 5,000 sf of neighborhood-oriented retail or non-fast food restaurant space; up to 10,000 sf of community facility use on the ground floor and second floor; and up to 72 parking spaces. The community facility use could include any combination of a pool, a universal pre-K (accommodating up to 75 students), non-profit office or art gallery space, public game room or meeting rooms.

3. Location of action:

Parcel A is bounded by the BBP Loop Road on all four sides; Parcel B is bounded by Furman Street to the east and Loop Road to the west, with the Pier 6 dog run directly adjacent to the north, and BBP open space to the south.

Kings
County

New York City
City, Town or Village

the south.
Street or Site Description

4. If an application for the proposed action has been filed with the state agency, the following information shall be provided:
 - (a) Name of applicant: _____
 - (b) Mailing address: _____
 - (c) Telephone Number: Area Code _____

(d) State agency application number: _____

5. Will the action be directly undertaken, require funding, or approval by a federal agency?
Yes _____ No X If yes, which federal agency? _____

C. COASTAL ASSESSMENT (Check either "YES" or "NO" for each of the following questions)

	<u>YES</u>	<u>NO</u>
1. Will the proposed activity be <u>located</u> in, or contiguous to, or have a <u>significant effect</u> upon any of the resource areas identified on the coastal area map:		
(a) Significant fish or wildlife habitats?	_____	_____ X
(b) Scenic resources of statewide significance?	_____	_____ X
(c) Important agricultural lands?	_____	_____ X
2. Will the proposed activity have a <u>significant effect</u> upon:		
(a) Commercial or recreational use of fish and wildlife resources?	_____	_____ X
(b) Scenic quality of the coastal environment?	_____	_____ X
(c) Development of future, or existing water dependent uses?	_____	_____ X
(d) Operation of the State's major ports?	_____	_____ X
(e) Land and water uses within the State's small harbors?	_____	_____ X
(f) Existing or potential public recreation opportunities?	_____	_____ X
(g) Structures, sites or districts of historic, archeological or cultural significance to the State or nation?	_____	_____ X
3. Will the proposed activity <u>involve</u> or <u>result in</u> any of the following:		
(a) Physical alteration of two (2) acres or more of land along the shoreline, land under water or coastal waters?	_____	_____ X
(b) Physical alteration of five (5) acres or more of land located elsewhere in the coastal area?	_____	_____ X
(c) Expansion of existing public services of infrastructure in undeveloped or low density areas of the coastal area?	_____	_____ X
(d) Energy facility not subject to Article VII or VIII of the Public Service Law?	_____	_____ X
(e) Mining, excavation, filling or dredging in coastal waters?	_____	_____ X
(f) Reduction of existing or potential public access to or along the shore?	_____	_____ X
(g) Sale or change in use of state-owned lands located on the shoreline or under water?	_____	_____ X
(h) Development within a designated flood or erosion hazard area?	_____ X	_____
(i) Development on a beach, dune, barrier island or other natural feature that provides protection against flooding or erosion?	_____	_____ X
4. Will the proposed action be <u>located</u> in or have a <u>significant effect</u> upon an area included in an approved Local Waterfront Revitalization Program?	_____ X	_____

D. SUBMISSION REQUIREMENTS

If any question in Section C is answered "Yes", AND either of the following two conditions is met:

Section B.1(a) or B.1(b) is checked; or
Section B.1(c) is checked AND B.5 is answered "Yes",

THEN one copy of the Completed Coastal Assessment Form shall be submitted to:

New York State Department of State
Office of Coastal, Local Government and Community Sustainability
One Commerce Plaza
99 Washington Avenue, Suite 1010
Albany, New York 12231-0001

If assistance of further information is needed to complete this form, please call the Department of State at (518) 474-6000.

E. REMARKS OR ADDITIONAL INFORMATION

A Technical Memorandum (see attached) has been prepared to assess whether the proposed project would result in any significant adverse impacts not identified in the FEIS prepared for the Brooklyn Bridge Park project in 2005. The Technical Memorandum concluded that the proposed project is consistent with the State's coastal policies and NYC's LWRP.

Preparer's Name: Rachel Shatz
(Please print)

Title: VP, Planning & Environmental Review Agency: Empire State Development

Telephone Number: (212) 803-3252 Date: November 18, 2014



AKRF, Inc.
Environmental Planning Consultants
440 Park Avenue South
7th Floor
New York, NY 10016
tel: 212 696-0670
fax: 212 213-3191
www.akrf.com

Memorandum

To: Rachel Shatz, Vice President, Planning and Environmental Review,
Empire State Development

From: AKRF, Inc.

Date: June 19, 2015

Re: Consideration of Technical Memorandum

cc: Regina Myer, President, Brooklyn Bridge Park Corp.

AKRF, Inc. prepared a technical memorandum in November 2014 to determine whether proposed changes to two previously approved but unbuilt residential buildings in the upland area of Pier 6 of the Brooklyn Bridge Park Project would have the potential for any significant adverse environmental impacts not previously identified in the 2005 Final Environmental Impact Statement (the "2005 FEIS") for the Brooklyn Bridge Park Project. The technical memorandum concluded that the proposed project as modified, accounting for changes in background conditions and any relevant changes in City Environmental Quality Review (CEQR) 2014 *Technical Manual* methodologies, would not result in any significant adverse environmental impacts not previously identified in the 2005 FEIS for the Brooklyn Bridge Park Project.

In the time since the technical memorandum was prepared, refinements have been made to the proposed modification of the General Project Plan (GPP). These refinements would not result in new significant adverse environmental impacts that have not been previously identified.

The technical memorandum considered the potential modifications of the GPP, including allowances for the inclusion of affordable of residential units, the potential inclusion of community facility uses and additional retail space, and the potential closure of a portion of the Loop Road.

The overall unit count for both parcels would still not exceed the 430 units established in the GPP.

The proposed modifications to the GPP will also require that the building heights will be measured from the flood resistant construction elevation as defined in section 64-11 of the New York City Zoning Resolution and that the height of each building shall be inclusive of all mechanicals, bulkheads, parapets and any other permanent structures and equipment. The project would still fall within the overall building heights considered in the technical memorandum.

Privileged and Confidential Attorney Work Product Prepared at the Request of Counsel

In the time since the technical memorandum was prepared, there have not been significant changes in background conditions or methodologies that would affect its conclusions. Background projects, including work on Brooklyn Bridge Park and other development parcels, have progressed as anticipated in the technical memorandum. There have been no updates to the 2014 *New York City Environmental Review Technical Manual* that would result in changes to the conclusion of the technical memorandum, which determined that the proposed modification would not result in any significant adverse environmental impacts not previously identified.

Overall, since the technical memorandum was prepared there have not been significant changes to either the proposed modifications of the GPP or to background conditions that would result in new significant adverse environmental impacts that have not been previously identified. Therefore, the conclusions of the technical memorandum remain valid and no Supplemental Environmental Impact Statement is warranted.

*

Empire State Development

FOR INFORMATION

June 25, 2015

TO: The Directors

FROM: Howard Zemsky

SUBJECT: Budget Variance Reports for the fiscal year ended March 31, 2015

In accordance with applicable law, attached are the variance reports for the department operating budgets, as well as subsidiary operating and capital budgets, for the fiscal year ended March 31, 2015.

The Corporation ended fiscal year 2014-2015 under budget by \$11.9 million, or approximately 20% in comparison to the \$58 million budget approved by the Empire State Development (ESD) Board of Directors in March 2014. Both personal and non-personal services expenses were under the approved budget by \$5.4 million, or 14.6% and \$6.5 million, or 31%, respectively. This is mainly attributable to the existence of budgeted staff positions that remained vacant throughout the fiscal year, including associated fringe benefits. In addition, amounts budgeted in non-personal services primarily for government assessment (cost recovery) and consulting fees, were not fully utilized during the fiscal year.

Total subsidiary spending for operations, excluding HCDC Weatherization, was approximately \$4.26 million, or 97% of the total budget of \$4.39 million. Operating spending, as compared to the budget, was in line for the period, while cumulative spending for the full fiscal year was within the overall annual budget. Spending for HCDC's Weatherization Program is shown separately as it is federally funded.

Total subsidiary spending for capital work was approximately \$125.5 million, or 57% of the \$222 million cumulative capital budget for all subsidiaries. The variance in spending reflects a time lag in billing which is common with large scale construction and capital projects. Much of the capital work completed throughout the period is generally not invoiced until 60 days or more after the work has ended. These costs are not readily measurable, but as construction progresses, it is expected that the pace of capital spending will escalate.

Departmental Budget Variance Report
March 31, 2015

	Admin Services	CFO	Community Economic Development	Contract Admin	Controller	Corporate	Design & Construction	Economic Analysis & Research	Economic Incentives	Executive Office	Human Resources	Internal Audit
ANNUAL BUDGET												
Personal Services (incl. Benefits)	\$ 535,280	\$ 227,500	\$ 1,885,503	\$ 1,095,433	\$ 1,573,635	\$ 12,170,293	\$ 1,288,497	\$ 149,127	\$ 268,584	\$ 1,261,805	\$ 568,707	\$ 322,148
Occupancy Expenses	-	-	-	-	-	7,376,300	-	-	-	-	-	-
Government Assessment Fee	-	-	-	-	-	3,736,000	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv /	110,075	500	10,463	200	36,500	126,550	1,000	100	550	16,335	29,679	-
Computers, Software & Telephone	395,500	-	-	-	-	-	-	-	-	-	-	-
Legal / Consulting / Accounting Fees	196,875	200	932,787	-	135,000	68,000	-	-	-	-	-	-
Office Supplies / Printing / Advertising	-	-	27,250	-	-	11,400	100	-	200	-	-	-
Insurance	-	-	-	-	-	302,729	-	-	-	-	-	-
Travel & Meals	11,225	4,500	37,500	1,000	1,800	-	10,735	11,610	2,500	60,000	648	929
On-Line Services, Dues & Subscriptions	-	1,500	54,150	-	550	3,224	3,515	1,000	450	3,374	1,952	1,821
Other Post Employment Cost	-	-	-	-	-	4,300,000	-	-	-	-	-	-
Total	\$ 1,248,955	\$ 234,200	\$ 2,947,653	\$ 1,096,633	\$ 1,747,485	\$ 28,094,496	\$ 1,303,847	\$ 161,837	\$ 272,284	\$ 1,341,514	\$ 600,986	\$ 324,898

	Admin Services	CFO	Community Economic Development	Contract Admin	Controller	Corporate	Design & Construction	Economic Analysis & Research	Economic Incentives	Executive Office	Human Resources	Internal Audit
ACTUAL TO DATE												
Personal Services (incl. Benefits)	\$ 430,749	\$ 226,327	\$ 1,233,162	\$ 1,087,609	\$ 1,474,362	\$ 10,129,925	\$ 1,181,322	\$ 149,127	\$ 263,729	\$ 1,019,039	\$ 514,011	\$ 314,319
Occupancy Expenses	-	-	-	-	-	7,227,608	-	-	-	-	-	-
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv /	97,336	-	7,213	40	24,890	115,172	464	-	-	16,335	29,679	-
Computers, Software & Telephone	417,612	-	3,644	-	125,000	66,116	-	-	-	-	-	-
Legal / Consulting / Accounting Fees	126,980	-	2,518	-	-	11,400	100	-	-	-	-	-
Office Supplies / Printing / Advertising	-	-	-	-	-	239,417	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Travel & Meals	11,225	806	17,843	3,521	758	-	8,329	11,610	1,605	55,220	648	40
On-Line Services, Dues & Subscriptions	-	500	3,830	-	432	3,224	3,515	-	-	2,220	620	1,821
Other Post Employment Cost	-	-	-	-	-	4,303,375	-	-	-	-	-	-
Total	\$ 1,083,903	\$ 227,633	\$ 1,268,209	\$ 1,091,170	\$ 1,625,442	\$ 22,090,237	\$ 1,193,730	\$ 160,737	\$ 265,334	\$ 1,092,814	\$ 544,958	\$ 316,180

Balance Remaining	\$ 104,531	\$ 1,173	\$ 652,341	\$ 7,824	\$ 99,273	\$ 2,046,368	\$ 107,175	\$ -	\$ 4,855	\$ 242,766	\$ 54,696	\$ 7,829
Personal Services (incl. Benefits)	-	-	-	-	-	148,692	-	-	-	-	-	-
Occupancy Expenses	-	-	-	-	-	3,736,000	-	-	-	-	-	-
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv /	12,739	500	3,251	160	11,610	11,378	536	100	550	-	-	-
Computers, Software & Telephone	(22,112)	-	-	-	-	-	-	-	-	-	-	-
Legal / Consulting / Accounting Fees	-	-	929,143	-	10,000	1,884	-	-	-	-	-	-
Office Supplies / Printing / Advertising	69,895	200	24,732	-	-	-	-	-	200	-	-	-
Insurance	-	-	-	-	-	63,312	-	-	-	-	-	-
Travel & Meals	-	3,694	19,657	(2,521)	1,043	-	2,406	-	895	4,780	889	-
On-Line Services, Dues & Subscriptions	-	1,000	50,320	-	118	-	-	1,000	450	1,154	1,332	-
Other Post Employment Cost	-	-	-	-	-	(3,375)	-	-	-	-	-	-
Total	\$ 165,052	\$ 6,567	\$ 1,679,444	\$ 5,463	\$ 122,043	\$ 6,004,259	\$ 110,117	\$ 1,100	\$ 6,950	\$ 248,700	\$ 56,028	\$ 8,718

OVERVIEW												
Annual Budget	\$ 1,248,955	\$ 234,200	\$ 2,947,653	\$ 1,096,633	\$ 1,747,485	\$ 28,094,496	\$ 1,303,847	\$ 161,837	\$ 272,284	\$ 1,341,514	\$ 600,986	\$ 324,898
Actual to Date	\$ 1,083,903	\$ 227,633	\$ 1,268,209	\$ 1,091,170	\$ 1,625,442	\$ 22,090,237	\$ 1,193,730	\$ 160,737	\$ 265,334	\$ 1,092,814	\$ 544,958	\$ 316,180
Balance Remaining	\$ 165,052	\$ 6,567	\$ 1,679,444	\$ 5,463	\$ 122,043	\$ 6,004,259	\$ 110,117	\$ 1,100	\$ 6,950	\$ 248,700	\$ 56,028	\$ 8,718
% of Annual Budget Used	87%	97%	43%	100%	93%	79%	92%	99%	97%	81%	91%	97%

Departmental Budget Variance Report
March 31, 2015

	Intergov./ Legis. Affairs	International	IT	Legal	Loans & Grants	Marketing	Motion Pictures & TV	NY Works	Portfolio Mgt	Public Affairs	Real Estate Dev	Regional Councils	Reg Off Cap
ANNUAL BUDGET													
Personal Services (incl. Benefits)	\$ 374,710	\$ 254,308	\$ 1,255,205	\$ 2,296,696	\$ 1,197,661	\$ 1,635,237	\$ 530,821	\$ 187,585	\$ 615,740	\$ 834,491	\$ 653,614	\$ 1,311,536	\$ 138,745
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv /	500	500	16,600	17,730	1,000	14,510	300	21,777	23,544	7,500	48,317	133,321	1,371
Computers, Software & Telephone	-	-	403,890	-	-	-	-	12,000	-	-	-	-	-
Legal / Consulting / Accounting Fees	-	-	-	400,000	-	19,365	-	704,000	-	-	567,000	384	-
Office Supplies / Printing / Advertising	-	100	-	500	-	4,141	1,212	37,000	100	-	500	24,500	14
Insurance	12	-	-	-	-	-	-	336	-	-	-	1,295	-
Travel & Meals	15,465	3,700	8,500	10,000	2,039	46,955	3,288	37,027	3,000	10,000	20,000	30,000	102
On-Line Services, Dues & Subscriptions	1,500	-	100	58,270	161	129	1,000	5,700	2,300	6,000	1,500	50	428
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 392,687	\$ 258,608	\$ 1,684,295	\$ 2,783,196	\$ 1,200,861	\$ 1,720,337	\$ 536,621	\$ 1,005,425	\$ 644,684	\$ 857,991	\$ 1,290,931	\$ 1,501,086	\$ 140,660
ACTUAL TO DATE													
Personal Services (incl. Benefits)	\$ 276,827	\$ 254,308	\$ 1,165,668	\$ 2,139,096	\$ 911,749	\$ 1,255,620	\$ 530,821	\$ 179,372	\$ 564,694	\$ 705,034	\$ 644,551	\$ 1,034,339	\$ 36,139
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv /	165	-	27,835	17,730	-	14,510	81	505	23,544	2,233	48,317	109,129	-
Computers, Software & Telephone	-	-	412,718	-	-	-	-	-	-	-	-	-	-
Legal / Consulting / Accounting Fees	-	-	-	254,404	-	19,365	-	47,987	-	-	211,508	384	-
Office Supplies / Printing / Advertising	-	-	-	93	-	4,141	1,212	1,925	-	-	-	2,197	-
Insurance	12	-	-	-	-	-	-	336	-	-	-	1,295	-
Travel & Meals	15,465	3,405	14,351	3,353	2,039	52,961	3,042	1,205	12,461	8,185	19,398	18,487	-
On-Line Services, Dues & Subscriptions	-	-	-	49,095	-	129	72	1,686	923	2,369	532	-	-
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 292,469	\$ 257,713	\$ 1,620,573	\$ 2,463,772	\$ 913,787	\$ 1,346,725	\$ 535,228	\$ 233,015	\$ 601,622	\$ 717,821	\$ 924,305	\$ 1,165,831	\$ 36,139
Balance Remaining													
Personal Services (incl. Benefits)	\$ 97,883	\$ -	\$ 89,537	\$ 157,600	\$ 285,912	\$ 379,617	\$ -	\$ 8,213	\$ 51,046	\$ 129,457	\$ 9,063	\$ 277,197	\$ 102,606
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv /	335	500	(11,235)	-	1,000	-	219	21,272	-	5,267	-	24,192	1,371
Computers, Software & Telephone	-	-	(8,828)	-	-	-	-	12,000	-	-	-	-	-
Legal / Consulting / Accounting Fees	-	-	-	145,596	-	-	-	656,014	-	-	355,492	-	-
Office Supplies / Printing / Advertising	500	100	-	407	-	-	-	35,075	100	-	500	22,303	14
Insurance	-	-	-	-	-	-	-	0	-	-	-	-	-
Travel & Meals	1,500	295	(5,851)	6,647	161	(6,006)	246	35,822	(9,461)	1,815	602	11,513	102
On-Line Services, Dues & Subscriptions	-	-	100	9,175	-	-	928	4,014	1,377	3,631	968	50	428
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 100,218	\$ 895	\$ 63,722	\$ 319,424	\$ 287,073	\$ 373,612	\$ 1,393	\$ 772,410	\$ 43,061	\$ 140,170	\$ 366,626	\$ 335,254	\$ 104,521
OVERVIEW													
Annual Budget	\$ 392,687	\$ 258,608	\$ 1,684,295	\$ 2,783,196	\$ 1,200,861	\$ 1,720,337	\$ 536,621	\$ 1,005,425	\$ 644,684	\$ 857,991	\$ 1,290,931	\$ 1,501,086	\$ 140,660
Actual to Date	\$ 292,469	\$ 257,713	\$ 1,620,573	\$ 2,463,772	\$ 913,787	\$ 1,346,725	\$ 535,228	\$ 233,015	\$ 601,622	\$ 717,821	\$ 924,305	\$ 1,165,831	\$ 36,139
Balance Remaining	\$ 100,218	\$ 895	\$ 63,722	\$ 319,424	\$ 287,074	\$ 373,612	\$ 1,393	\$ 772,410	\$ 43,062	\$ 140,170	\$ 366,626	\$ 335,255	\$ 104,521
% of Annual Budget Used	74%	100%	96%	89%	76%	78%	100%	23%	93%	84%	72%	78%	26%

Departmental Budget Variance Report
March 31, 2015

	Reg Off CNY	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	Treasury	Total of Departments
ANNUAL BUDGET												
Personal Services (incl. Benefits)	\$ 182,562	\$ 188,489	\$ 259,248	\$ 126,530	\$ 120,679	\$ 203,032	\$ 190,198	\$ 974,049	\$ 515,000	\$ 992,538	\$ 713,604	\$ 37,098,790
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	7,376,300
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	3,736,000
Repairs / Maint / Prop Mgmt / Other Outside Serv / Computers, Software & Telephone	1,371	797	2,057	-	686	1,371	416	11,718	2,426	1,500	2,500	643,764
Legal / Consulting / Accounting Fees	-	-	-	-	-	-	-	-	-	-	-	811,390
Office Supplies / Printing / Advertising	14	399	21	7	7	14	14	93	-	500	1,000	2,826,536
Insurance	404	1,143	1,200	828	109	2,849	1,639	9,500	25,054	14,000	500	313,872
Travel & Meals	428	428	643	196	215	428	428	2,787	1,126	22,100	26,000	395,696
On-Line Services, Dues & Subscriptions	-	-	-	-	-	-	-	-	-	-	-	203,453
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	4,300,000
Total	\$ 184,779	\$ 191,256	\$ 263,169	\$ 127,561	\$ 121,696	\$ 207,694	\$ 192,695	\$ 1,013,594	\$ 543,606	\$ 1,030,638	\$ 743,604	\$ 58,012,462

	Reg Off CNY	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	Treasury	Total of Departments
ACTUAL TO DATE												
Personal Services (incl. Benefits)	\$ 172,134	\$ 143,617	\$ 259,248	\$ 126,335	\$ 91,956	\$ 179,569	\$ 184,572	\$ 926,662	\$ 469,991	\$ 683,333	\$ 699,098	\$ 31,652,413
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	7,227,608
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv / Computers, Software & Telephone	182	-	25	-	-	60	65	4,782	2,426	234	-	542,953
Legal / Consulting / Accounting Fees	-	-	-	-	-	-	-	-	-	-	-	830,330
Office Supplies / Printing / Advertising	-	399	-	-	-	-	-	-	-	-	-	728,407
Insurance	3,914	1,143	3,837	828	7,191	2,849	1,639	12,117	25,054	13,454	136	150,965
Travel & Meals	-	50	-	-	25	-	-	598	-	-	25,875	241,060
On-Line Services, Dues & Subscriptions	-	-	-	-	-	-	-	-	-	-	-	338,117
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	97,516
Total	\$ 176,230	\$ 145,208	\$ 263,110	\$ 127,163	\$ 99,171	\$ 182,478	\$ 186,276	\$ 944,158	\$ 497,471	\$ 697,021	\$ 725,109	\$ 46,112,745

	Reg Off CNY	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	Treasury	Total of Departments
Balance Remaining												
Personal Services (incl. Benefits)	\$ 10,428	\$ 44,872	\$ -	\$ 195	\$ 28,723	\$ 23,463	\$ 5,626	\$ 47,387	\$ 45,009	\$ 309,205	\$ 14,506	\$ 5,446,378
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	148,692
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	3,736,000
Repairs / Maint / Prop Mgmt / Other Outside Serv / Computers, Software & Telephone	1,189	797	2,032	-	686	1,311	351	6,936	-	1,266	2,500	100,811
Legal / Consulting / Accounting Fees	-	-	-	-	-	-	-	-	-	-	-	(18,940)
Office Supplies / Printing / Advertising	14	-	21	7	7	14	14	93	-	500	1,000	2,098,129
Insurance	(3,510)	-	(2,637)	-	(7,082)	-	-	9,500	-	546	364	155,696
Travel & Meals	428	378	643	196	190	428	428	2,189	1,126	22,100	125	72,812
On-Line Services, Dues & Subscriptions	-	-	-	-	-	-	-	-	-	-	-	105,937
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	(3,375)
Total	\$ 8,549	\$ 46,047	\$ 60	\$ 398	\$ 22,525	\$ 25,216	\$ 6,419	\$ 69,436	\$ 46,135	\$ 333,617	\$ 18,495	\$ 11,899,717

	Reg Off CNY	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	Treasury	Total of Departments
OVERVIEW												
Annual Budget	\$ 184,779	\$ 191,256	\$ 263,169	\$ 127,561	\$ 121,696	\$ 207,694	\$ 192,695	\$ 1,013,594	\$ 543,606	\$ 1,030,638	\$ 743,604	\$ 58,012,462
Actual to Date	\$ 176,230	\$ 145,208	\$ 263,110	\$ 127,163	\$ 99,171	\$ 182,478	\$ 186,276	\$ 944,158	\$ 497,471	\$ 697,021	\$ 725,109	\$ 46,112,745
Balance Remaining	\$ 8,549	\$ 46,048	\$ 59	\$ 398	\$ 22,525	\$ 25,216	\$ 6,419	\$ 69,436	\$ 46,135	\$ 333,617	\$ 18,495	\$ 11,899,717
% of Annual Budget Used	95%	76%	100%	100%	81%	88%	97%	93%	92%	68%	98%	79.5%

Subsidiary Operating Budget Summary Variance Report (Excluding LMDC)
March 31, 2015

	Atlantic Yards Comm Dev (1)	Convention Center	Empire State New Market	Erie Canal Harbor	HCDC Zone	Moynihan Station	Queens West	USA Niagara	Total	HCDC Weatherization (2)
ANNUAL BUDGET										
Personal Services (Incl. Benefits)	\$0	\$185,992	\$0	\$777,467	\$242,525	\$384,014	\$151,017	\$561,373	\$3,428,450	\$710,255
Occupancy Expenses	0	26,500	0	68,342	0	0	20,600	65,895	197,337	0
Government Assessment Fee	0	0	0	0	0	0	0	0	0	0
Repairs / Maint / Prop Mgmt / Other Outside Serv / Expenses	0	500	4,910	75,431	1,275	6,250	850	7,250	119,866	507,285
Computers, Software & Equipment	0	0	0	400	0	3,500	350	3,500	14,750	3,500
Telephone/Fax/Internet	0	655	0	10,000	150	23,000	100	17,717	87,122	5,500
Legal / Accounting Fees	0	28,080	39,500	3,000	23,000	68,500	0	351	162,551	13,500
Consulting Fees	0	1,150	32,500	1,500	0	4,500	32	0	48,682	15,600
Office Supplies / Printing / Advertising	0	300	0	8,000	500	27,000	2,000	3,750	78,050	18,000
Insurance	0	23,265	12,010	47,549	12,111	56,567	21,499	24,858	223,384	14,529
Travel & Meals	0	1,500	5,000	3,178	889	6,500	1,330	500	18,897	11,000
On-Line Services, Dues & Subscriptions	0	50	1,200	2,000	0	8,500	750	2,700	15,200	25,500
Total	\$0	\$267,992	\$95,120	\$996,867	\$280,450	\$493,843	\$200,594	\$689,394	\$4,394,289	\$1,324,669
ACTUAL SPENDING TO DATE										
Personal Services (Incl. Benefits)	\$12,180	\$181,978	\$0	\$911,015	\$283,950	\$383,413	\$126,327	\$559,574	\$3,584,499	\$571,125
Occupancy Expenses	0	26,012	0	68,342	0	0	16,672	52,525	163,552	0
Government Assessment Fee	0	0	0	0	0	0	0	0	0	0
Repairs / Maint / Prop Mgmt / Other Outside Serv / Expenses	3,123	200	598	75,431	214	8,283	2,402	2,118	92,369	361,559
Computers, Software & Equipment	0	0	0	0	0	4,603	0	4,132	12,134	1,788
Telephone/Fax/Internet	131	655	19,000	6,756	96	19,108	32,025	0	76,488	8,926
Legal / Accounting Fees	0	28,080	19,000	1,928	6,000	62,554	0	351	118,033	14,000
Consulting Fees	0	1,150	32,500	1,500	0	650	4,500	32	40,332	0
Office Supplies / Printing / Advertising	0	0	0	4,169	18	9,677	0	336	14,200	9,610
Insurance	537	8,703	7,720	24,543	8,575	42,514	8,901	9,648	119,655	1,331
Travel & Meals	311	144	0	3,178	889	5,162	1,330	42	11,057	9,355
On-Line Services, Dues & Subscriptions	0	0	0	1,149	0	3,557	0	1,985	6,692	16,268
Total	\$16,282	\$246,923	\$59,818	\$1,098,011	\$299,742	\$435,584	\$152,053	\$648,429	\$4,239,011	\$993,962
BALANCE REMAINING										
Personal Services (Incl. Benefits)	(\$12,180)	\$4,014	\$0	(\$133,548)	(\$41,425)	\$0	\$601	\$24,690	(\$156,049)	\$139,130
Occupancy Expenses	0	488	0	0	0	16,000	0	13,370	33,785	0
Government Assessment Fee	0	0	0	0	0	0	0	0	0	0
Repairs / Maint / Prop Mgmt / Other Outside Serv / Expenses	(3,123)	300	4,312	0	1,061	15,117	850	5,133	27,497	145,726
Computers, Software & Equipment	(131)	0	0	400	0	898	100	868	2,616	1,712
Telephone/Fax/Internet	0	0	0	3,244	54	3,892	3,475	0	10,634	(3,426)
Legal / Accounting Fees	0	0	20,500	1,072	17,000	5,946	0	0	44,518	(500)
Consulting Fees	0	0	0	0	0	8,350	0	0	15,600	15,600
Office Supplies / Printing / Advertising	(537)	14,562	4,290	23,006	482	17,323	36,500	3,414	63,850	8,390
Insurance	(311)	1,356	5,000	0	3,536	14,053	12,985	15,210	103,729	13,198
Travel & Meals	0	50	1,200	851	0	1,338	0	458	7,840	1,645
On-Line Services, Dues & Subscriptions	0	0	0	1,149	0	4,943	750	715	8,508	9,232
Total	(\$16,282)	\$21,069	\$35,302	(\$101,143)	(\$19,292)	\$87,859	\$48,541	\$40,966	\$155,278	\$330,707
% of YTD Budget Used	0.00%	92.14%	62.89%	110.15%	106.88%	93.59%	88.20%	75.80%	96.47%	75.03%
OVERVIEW										
Annual Budget	\$0	\$267,992	\$95,120	\$996,867	\$280,450	\$493,843	\$200,594	\$689,394	\$4,394,289	\$1,324,669
Actual to Date	\$16,282	\$246,923	\$59,818	\$1,098,011	\$299,742	\$435,584	\$152,053	\$648,429	\$4,239,011	\$993,962
Balance Remaining	(\$16,282)	\$21,069	\$35,302	(\$101,144)	(\$19,292)	\$87,860	\$48,541	\$40,965	\$155,278	\$330,707
% of Annual Budget Used	0.00%	92.14%	62.89%	110.15%	106.88%	93.59%	88.20%	75.80%	96.47%	75.03%

1 Atlantic Yards Community Development Corporation was made a legal subsidiary on November 25, 2014. As such, no budget was established for FY 2014-2015. However, all funds expended by the subsidiary corporation in FY 2014-2015 will be fully reimbursed by the designated project developer.

2 HCDC Weatherization is shown separately as it is federally funded

Subsidiary Capital Budget Summary Variance Report (Excluding LMDC)
March 31, 2015

	Convention Center	Erie Canal Harbor	HCDC	Moynihan Station	Farley	Queens West	USA Niagara	Total All Subsidiaries
ANNUAL BUDGET								
Acquisition Costs	\$0	\$6,000,000	\$0	\$0	\$250,000	\$0	\$0	\$6,250,000
Design & Other Soft Costs	2,500,000	7,290,931	0	3,153,056	775,000	100,896	1,666,100	15,485,983
Legal Costs	50,000	502,780	150,000	73,734	375,000	500,000	20,000	1,671,514
Property Management/Maintenance Costs	0	2,640,325	0	0	4,800,000	120,000	1,500,000	9,060,325
Insurance	0	70,000	0	0	795,204	0	0	865,204
Demolition & Site Clearance	0	700,000	0	0	72,000	75,000	0	847,000
Construction Costs	60,000,000	33,699,418	0	74,148,210	506,587	1,177,873	7,489,900	177,021,988
Other Misc. Costs	0	500,000	0	0	221,209	6,089,229	3,900,000	10,710,438
Total	\$62,550,000	\$51,403,454	\$150,000	\$77,375,000	\$7,795,000	\$8,062,998	\$14,576,000	\$221,912,452

ACTUAL SPENDING TO DATE

Acquisition Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Design & Other Soft Costs	861,822	5,515,191	0	3,153,056	743,023	35,676	1,975	10,310,743
Legal Costs	1,926	1,107,540	72,554	73,733	91,388	90,761	0	1,437,903
Property Management/Maintenance Costs	0	2,521,170	0	0	1,787,987	33,146	1,071,929	5,414,232
Insurance	0	68,136	0	0	795,204	0	0	863,340
Demolition & Site Clearance	0	0	0	0	72,000	54,870	0	126,870
Construction Costs	30,688,229	9,936,349	0	65,146,642	506,587	500,159	287,952	107,059,673
Other Misc. Costs	0	269,582	0	0	0	200	150	269,932
Total	\$31,551,977	\$19,417,968	\$72,554	\$68,373,430	\$3,996,191	\$714,812	\$1,362,006	\$125,482,693

BALANCE REMAINING

Acquisition Costs	\$0	\$6,000,000	\$0	\$0	\$250,000	\$0	\$0	\$6,250,000
Design & Other Soft Costs	1,638,178	1,775,740	0	0	31,977	65,220	1,664,125	5,175,240
Legal Costs	48,074	(604,760)	77,446	2	283,612	409,239	20,000	233,611
Property Management/Maintenance Costs	0	119,155	0	0	3,012,013	86,854	428,071	3,646,093
Insurance	0	1,864	0	0	0	0	0	1,864
Demolition & Site Clearance	0	700,000	0	0	0	20,130	0	720,130
Construction Costs	29,311,771	23,763,069	0	9,001,568	0	677,714	7,201,948	69,962,315
Other Misc. Costs	0	230,418	0	0	221,209	6,089,029	3,899,850	10,440,506
Total	\$30,998,023	\$31,985,486	\$77,446	\$9,001,570	\$3,798,809	\$7,348,186	\$13,213,994	\$96,429,759

ANNUAL OVERVIEW

Annual Budget	\$62,550,000	\$51,403,454	\$150,000	\$77,375,000	\$7,795,000	\$8,062,998	\$14,576,000	\$221,912,452
Actual Spending to Date	\$31,551,977	\$19,417,968	\$72,554	\$68,373,430	\$3,996,191	\$714,812	\$1,362,006	\$125,482,693
Balance Remaining	\$30,998,023	\$31,985,486	\$77,446	\$9,001,570	\$3,798,809	\$7,348,186	\$13,213,994	\$96,429,759
% of Budget Used	50.44%	37.78%	48.37%	88.37%	51.27%	8.87%	9.34%	56.55%



FOR INFORMATION

June 25, 2015

TO: The Directors

FROM: Howard Zemsky

SUBJECT: Annual Report on Utilization of Certified Minority and Women Business Enterprises (MWBES) and Procurement Commitments to MWBEs for Fiscal Year 2014-2015

Disbursements on Pre 2014-2015 Procurements and Amendments:

During the fiscal year 2014-2015, ESD's total disbursements were \$640.9 million. Approximately \$347.6 million of that amount was directly related to procurements and amendments executed on or prior to March 31, 2014.

Utilization of Certified MWBEs:

Of ESD's total disbursements during FY 2014-2015, approximately \$123.3 million were reported paid to MWBE firms during the above fiscal year.

ESD achieved MWBE participation of 19.2% during the fiscal year ending March 31, 2015. The goal was 23% for the fiscal year. During the 2013-2014 and 2012-2013 fiscal years the agency achieved M/WBE participation of 19.6% and 26.6%, respectively. The decline in the latest fiscal year was due primarily to advance disbursements totaling more than \$100 million related to the Buffalo Billion Initiative.

Initial Commitments to Certified MWBEs:

For the fiscal year 2014-2015, ESD and its subsidiaries executed a total of \$132 million in procurements and amendments, of which \$117.1 million were MWBE eligible procurements. Of the eligible procurements, ESD and its subsidiaries and prime vendors committed \$4.5 million, or 3.8% to MWBE firms. In the prior fiscal year, MWBE firms received initial commitments totaling 7.8%.

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 2015 (04/01/2014 - 03/31/2015)

CO. EMPIRE STATE DEVELOPMENT	VENDOR NAME	ORIGINAL CONTRACT DATE	CONTRACT NUMBER	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	Massey Knakai Realty of Manhattan, LLC	7/22/2014	8795	*TBD	Provide brokerage services to value, market and facilitate the disposition of approximately 1.5 million square feet of excess development rights at the James A. Farley Post Office and Annex.		On-going	YES	Best Value	YES - 20%	*0.33% of the gross sales price	9
ESD	Total Wrecking and Environmental LLC	11/18/2014	8848	5,853,415	Provide abatement and demolition services relating to the former Episcopal Church Home in Buffalo, NY.	260,029	On-going	YES	Best Value	YES - 25%		7
ESD	The Research Foundation for SUNY	10/8/2014	9076	999,809	Provide full service project management services for implementation support of the critical Buffalo Billion projects and initiatives.		On-going	YES	Best Value	YES - 20%		2
ESD	Cameron Engineering and Associates	4/28/2014	8586	900,000	Provide consulting services to ESD with respect to certain aspects of the New York Rising Community Reconstruction (NYRCR) Program, specifically relating to the development of NYRCR plans for Herkimer, Oneida and Madison Counties.	848,138	On-going	YES	Best Value	YES - 23%		8
ESD	Ricoh USA, Inc.	3/11/2015	9136	407,955	Provide new and existing multi-service copiers including Equitrac print management solution and provide maintenance on all machines.		On-going	YES	Best Value	NO	Vendor under State OGS competitive contract.	
ESD	Willis of New York, Inc.	1/23/2015	9066	375,000	Provide insurance/risk management support services for ESD's insurance portfolio. Services include marketing, procuring and advising on the renewal of the ESD policies.		On-going	YES	Best Value	YES - 25%		11

**Empire State Development
Annual Procurement Contracts
Entered During the Fiscal Year 2015 (04/01/2014 - 03/31/2015)**

CO.	VENDOR NAME	ORIGINAL CONTRACT DATE	CONTRACT NUMBER	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	Foley & Lardner LLP	5/6/2014	8680	350,000	Provide legal services in relation to the long term planning for the retention of the Buffalo Bills in New York, including consideration of substantial renovation of the Ralph Wilson Jr. Stadium, or the construction of a new stadium as contemplated under the current Stadium lease.	205,770	On-going	NO	Best Value	NO	Single Source	
ESD	AKRF, Inc.	5/6/2014	8580	300,000	Provide consulting services to ESD with respect to certain aspects of the New York Rising Community Reconstruction (NYRCR) Program, specifically relating to the development of NYRCR plans for Montgomery County.	298,966	On-going	YES	Best Value	YES - 23%		8
ESD	Gonzalez Saggio & Harlan, LLC	5/7/2014	8691	300,000	Provide real estate, environmental and other related legal services in relation to the disposition of the former Arthur Kill Correctional Facility in Staten Island.	32,687	On-going	YES	Best Value	YES - 25%	Certified MBE	3
ESD	Schoeman Updike Kaufman Stern & Ascher LLP	10/22/2014	8891	300,000	Provide legal services to ESD in connection with the disposition of the former Bayview Correctional Facility located at 550 West 20th Street in Manhattan.	18,048	On-going	YES	Best Value	YES - 25%	Certified WBE	4
ESD	Bryant Rabbino LLP	10/17/2014	8874	300,000	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.	17,200	On-going	YES	Best Value	YES - 25%	Certified MBE	4
ESD	Renee Sacks Associates, Inc. d/b/a Sacks Communications	8/18/2014	8803	293,000	Provide full-service project management services including but not limited to event management, event marketing, pre-event and on-site registration and management.	236,488	On-going	NO	Best Value	YES - 20%	Single Source Certified WBE	

Empire State Development
Annual Procurement Contracts
Entered During the Fiscal Year 2015 (04/01/2014 - 03/31/2015)

CO.	VENDOR NAME	ORIGINAL CONTRACT DATE	CONTRACT NUMBER	CONTRACT AMOUNT	INITIAL SCOPE OF SERVICES	PAYMENTS DURING FISCAL YEAR	CURRENT STATUS	COMPETITIVE SEARCH	BASES OF AWARD	MWBE ELIGIBLE CONTRACTS/ASSIGNED GOALS	COMMENTS	NUMBER OF BIDS
ESD	AECOM USA Inc	4/28/2014	8587	262,000	Provide consulting services to ESD with respect to certain aspects of the New York Rising Community Reconstruction (NYRCR) Program, specifically relating to the development of NYRCR plans for Niagara County.	261,836	On-going	YES	Best Value	YES - 23%		8
ESD	VHB Engineering, Surveying and Landscape Architecture, P.C.	3/3/2015	9110	255,200	Provide an environmental assessment of the proposed redevelopment at the Arthur Kill Correctional Facility.		On-going	YES	Best Value	YES - 23%		3
ESD	Applied Business Software, Inc.	2/19/2015	9084 9086	180,000	Provide loan servicing to the Portfolio Management Department to manage and monitor all loans in its portfolio through satisfaction.	35,740	On-going	YES	Best Value	NO		5
ESD	BIH Advisors, LLC	2/12/2015	9078	115,332	Provide real estate and consulting services to ESD in evaluating different reuse and redevelopment options for up to 72 acres at Creedmoor Psychiatric Center.	35,926	On-going	YES	Best Value	YES - 40%	Certified MBE	3
ESD	Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, Inc.	3/27/2015	9202	80,000	Advise and represent ESD in connection with all aspects of entering into limited partnership arrangements with the Investment Entities.		On-going	YES	Best Value	YES - 30%		4
ESD	Frank Tartaglia Inc.	6/8/2014	8709	71,900	Provide repair/reconstruction to two Railway Road Crossings on Brundage Road and West Entry Road in the Radisson Corporate Park to meet the Federal Railway Administration Track Safety Standards.	71,900	Completed	YES	Best Value	YES - 23%		5
ESD	Bloomberg L.P.	4/28/2014	8677	51,600	Provide services to perform financial analysis and provide information.	12,900	On-going	N/A	Best Value	NO	Sole Source	
				ESD TOTAL:								
					<u>\$11,395,212</u>							
						<u>\$2,335,628</u>						

Empire State Development
Annual Procurement Contracts
Entered During the Fiscal Year 2015 (04/01/2014 - 03/31/2015)

CO.	VENDOR NAME	ORIGINAL CONTRACT DATE	CONTRACT NUMBER	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
ERIE CANAL HARBOR DEVELOPMENT CORPORATION												
ECHDC	Fontanese Folts Aurbrecht Ernst Architects	4/29/2014	8678	2,490,000	Provide architecture, engineering services related to the redevelopment of the southern portion of the former Memorial Auditorium Block.	1,073,925	On-going	YES	Best Value	YES - 30%		10
ECHDC	Frey Electric Construction Co.	10/21/2014	8910	1,759,500	Provide electrical construction services in connection with the Connecting Terminal Illumination Project.	146,552	On-going	YES	Best Value	YES - 30%		3
ECHDC	Global Spectrum LP	4/1/2014	8672	1,715,500	Provide public space management services, programming and events management, and canal/ice rink operations and maintenance.	2,195,800	On-going	YES	Best Value	YES - 30%		7
ECHDC	Hohl Industrial Services, Inc.	10/21/2014	9054	1,167,710	Provide general construction services in connection with the Connecting Terminal Illumination Project.	261,583	On-going	YES	Best Value	YES - 30%		3
ECHDC	Queen City Ferry Company, Inc.	12/10/2014	9003	852,300	Provide four years of regular water ferry (pedestrian and bicycle) service with a more efficient, standardized route and schedule between the Inner and Outer Harbors.		On-going	NO	Best Value	NO	Single Source	7
ECHDC	Perkins + Will	7/24/2014	8758	738,072	To study the feasibility of various development scenarios along Buffalo's Outer Harbor, perform public outreach, and prepare an implementation-oriented "Master Blueprint" that outlines a preferred scenario for the Outer Harbor's redevelopment based on input from the public.	613,941	On-going	YES	Best Value	YES - 25%		
				<u>\$8,723,082</u>							<u>\$4,291,800</u>	
HARLEM COMMUNITY DEVELOPMENT CORPORATION												
HCDC	Gordon Rees Scully Mansukhani, LLP	11/8/2014	8940	250,000	Provide legal services to the Corporation in connection with a federal lawsuit filed by four former HCDC employees and with a charge filed with the federal Equal Employment Opportunity Commission by a current HCDC employee, and all related matters.		On-going	NO	Best Value	NO	Single Source	
HCDC	New York Heating Corp.	3/12/2015	9138	118,599	Provide heating system replacement at 513-517 West 135th Street.		On-going	YES	Best Value	NO	Vendor under NYS DHCR competitive contract	3
HCDC	New York Heating Corp.	2/19/2015	9107	99,700	Provide heating system upgrade at 237-241 East 115th Street.	53,975	On-going	YES	Best Value	NO	Vendor under NYS DHCR competitive contract	2
HCDC	New York Heating Corp.	2/19/2015	9140	88,699	Provide heating system replacement at 234 Bradhurst Avenue.		On-going	YES	Best Value	NO	Vendor under NYS DHCR competitive contract	3
				<u>\$56,998</u>							<u>\$53,975</u>	

Empire State Development
Annual Procurement Contracts
Entered During the Fiscal Year 2015 (04/01/2014 - 03/31/2015)

CO.	VENDOR NAME	ORIGINAL CONTRACT DATE	CONTRACT NUMBER	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
MSDC	Ernst & Young	5/16/2014	8699	973,500	Provide assessments of the current proposed financing options available for Moynihan Station Phase 2 and improvements to the existing Penn Station.		On-going	YES	Best Value	YES - 23%		3
MSDC	Consolidated Edison Company of New York, Inc.	2/12/2015	9113	368,549	Provide utility relocation services.	244,363	On-going	N/A	Best Value	NO	Sole Source	
MSDC	Skadden, Arps, Slate, Meagher & Flom LLP	3/26/2015	9203	250,000	Provide legal services related to the planning, financing, and documentation of Phase 2 of the Project.		On-going	YES	Best Value	NO	MWBE Goals Waived	3
MSDC	Bryant Rabbino LLP	12/8/2014	8935	200,000	Provide legal services related to the construction, leasing, and other general real estate matters related to Phase 2 of the Moynihan Station Project.		On-going	YES	Best Value	YES - 25%	Certified MBE	1

TOTAL MSDC:	<u>\$1,792,049</u>	<u>244,363</u>
	<u>\$22,467,341</u>	
	<u>\$109,490,481</u>	
	<u>\$131,957,822</u>	
		<u>\$6,925,766</u>
		<u>\$93,088,132</u>
		<u>\$100,013,898</u>

Contract Totals
Amendment Totals
GRAND TOTALS

Empire State Development
Annual Procurement Contracts (Amendments)
Executed During Fiscal Year 2015 (04/01/2014 - 03/31/2015)

CO.	VENDOR NAME	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 GOAL	COMMENTS	TOTAL OF BIDS
ESD	EMPIRE STATE DEVELOPMENT BBDO USA LLC	4/7/2014	7506	50,000,000	50,000,000	Provide all necessary services in the areas of research, marketing and advertising to create a campaign that will position New York State favorably in the global marketplace to spur investment, job creation, and income generation in New York's economic rebuilding process.	186,500,000	82,943,457	On-going	YES	YES - 20%		12
ESD	BBDO USA LLC	11/12/2014	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.	211,500,000	82,943,457	On-going	YES	YES - 20%		12
ESD	Office of General Services	11/17/2014	4868	11,000,000	11,000,000	Provide building management services for the James A. Farley Post Office Building and Annex, including day-to-day operation, management, and maintenance of the building and building system.	44,000,000	303,240	On-going	Legally Exempt	NO	Single Source	
ESD	STV Inc.	5/12/2014	6717	2,500,000	1,250,000	Provide Owner's Representative technical services which will include monitoring construction activity, site safety, and reviewing construction and design documents as well as contractor requisitions as it relates to the Atlantic Yards land Use Improvement and Civic Project.	3,750,000	534,825	On-going	N/A	YES - 20%	Legally Exempt	
ESD	AKRF, Inc.	7/22/2014	3400	1,500,000	1,000,000	Prepare a Supplemental Environmental Impact Statement analyzing potential impacts from a possible extended construction schedule for Phase II of the Project.	7,736,230	1,734,452	On-going	Legally Exempt	YES - 23%	Single Source	
ESD	Henningson Durham & Richardson PC	6/17/2014	4869	360,000	500,000	Provide environmental monitoring including the completion of an Environmental Impact Statement (EIS) for the proposed Atlantic Yards Arena and Redevelopment Project.	3,145,000	344,621	On-going	N/A	Yes	Amendment provided for in original contract	

Empire State Development
Annual Procurement Contracts (Amendments)
Executed During Fiscal Year 2015 (04/01/2014 - 03/31/2015)

CO.	VENDOR NAME	AMEND. DATE	CONTRACT NUMBER	ORIGINAL CONTRACT AMOUNT	AMEND AMOUNT	SCOPE OF SERVICES	REVISED CONTRACT AMOUNT	AMOUNT EXPENDED FOR FISCAL YEAR	CURRENT STATUS	CONTRACT REPORTER	CONTRACTS/ASSIGNED GOAL	COMMENTS	TOTAL OF BIDS
ESD	Baker Donelson, Bearman, Caldwell, & Berkowitz, PC	5/30/2014	8378	214,620	384,930	Provide assistance in identifying growth opportunities and retention strategies to keep New York State military bases as economic contributors and job generators.	599,550	346,923	On-going	YES	NO	MWBE Waiver Granted / Exempt Contract	5
ESD	McKenna Long & Aldridge LLP	9/12/2014	8833	45,000	300,000	Provide specialized bond counsel services to ESD in connection with tax consultations and related services to support with the ongoing disposition by ESD of real property owned by various state entities, including various state prison facilities.	345,000	313,392	On-going	Legally Exempt	NO	Single Source MWBE Waiver Granted/Exempt Contract	
ESD	Gonzalez Saggio & Harlan	2/16/2015	8545	49,999	250,001	Provide legal services in connection with the disposition of two non-contiguous parcels of undeveloped land within the Brooklyn Development Center in Brooklyn, NY.	300,000	59,321	On-going	YES	YES - 30%	Certified MBE	3
ESD TOTAL:				\$65,669,619	\$89,684,931		\$271,375,780	\$86,577,231					
ERIE CANAL HARBOR DEVELOPMENT CORPORATION													
ECHDC	Global Spectrum, LP	3/23/2015	8672	1,715,499	2,449,121	Provide management services at Canalside related to operations and maintenance, programming and events, sponsorship sales, food and beverage, financial, and capital improvements.	4,164,620	2,195,800	On-going	N/A	YES - 26%		
ECHDC	Global Spectrum, LP	3/18/2015	8672	1,715,499	860,020	Provide management services at Canalside related to operations and maintenance, programming and events, sponsorship sales, food and beverage, financial, and capital improvements.	5,024,640	2,195,800	On-going	N/A	YES - 26%	Amendment provided for in original contract	
ECHDC	Phillips Lytle, LLP	11/26/2014	7957	300,000	900,000	Provide environmental, land use, real estate and related litigation matters in relation to the Canalside Project.	1,700,000		On-going	N/A	YES - 20%	Pre Qualified List	

**Empire State Development
Annual Procurement Contracts (Amendments)
Executed During Fiscal Year 2015 (04/01/2014 - 03/31/2015)**

CO.	VENDOR NAME	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	TOTAL OF BIDS
											ELIGIBLE CONTRACTS/ASSIGNED GOAL	
												Single Source
ECHDC	Liro Engineers	7/23/2014	6589	1,771,693	500,000	Provide additional construction monitoring services necessary for the Historically Aligned Canals and Associated Landscaping and Facilities.	2,271,693	394,041	On-going	Legally Exempt	YES - 25%	
ECHDC	Perkins Eastman Company	6/8/2014	7281	5,099,109	236,000	Continue to provide design and construction documentation through the final phases and execution of the Canalside Project.	5,335,109	134,446	On-going	Legally Exempt	YES - 30%	
ECHDC	Eric Mower and Associates	5/9/2014	8300	289,000	210,000	Provide assistance to create a Canalside brand narrative, visual identity, and marketing plan in order to help build awareness and distinguish it as a true regional destination, as well as ensure communication consistency.	499,000		On-going	YES	YES - 25%	11
TOTAL ECHDC:							\$14,830,442	\$2,724,287				
LOWER MANHATTAN DEVELOPMENT CORPORATION												
LMDC	SomethingDigital.com LLC	1/15/2015	5978	109,840	35,400	Provide website design, hosting, and maintenance services to LMDC through December 31, 2015.	319,160	40,850	On-going	Legally Exempt	NO	Single Source
LMDC TOTAL:							\$319,160	\$40,850				
MOYNIHAN STATION DEVELOPMENT CORPORATION												
MSDC	Skidmore Owings & Merrill LLP	11/17/2014	7273	6,500,000	12,829,466	Provide architectural, engineering, design, and related services in connection with the Moynihan Station Civic and Land Use Improvement Project.	26,604,334	1,939,646	On-going	Legally Exempt	YES - 20%	Single Source
MSDC	Parsons Brinkerhoff, Inc.	3/17/2015	7021	1,573,250	158,903	Provide architectural, engineering services to re-design E-Yard structures of the train shed and to provide necessary phase services during construction.	3,756,403	321,757	On-going	Legally Exempt	YES - 20%	Single Source

Empire State Development
Annual Procurement Contracts (Amendments)
Executed During Fiscal Year 2015 (04/01/2014 - 03/31/2015)

CO.	VENDOR NAME	AMEND. DATE	CONTRACT NUMBER	ORIGINAL CONTRACT AMOUNT	AMEND AMOUNT	SCOPE OF SERVICES	REVISED CONTRACT AMOUNT	AMOUNT EXPENDED FOR FISCAL YEAR	CURRENT STATUS	CONTRACT REPORTER	COMMENTS	TOTAL OF BIDS
MSDC	Jerome Haim's Realty, Inc.	11/6/2014	4819	81,400	68,750	Provide updated appraisal services of the Farley Building and the Harley Building TDRs intended for the Penn West site.	353,750	17,000	On-going	Legally Exempt	NO	Single Source
MSDC	AKRF, Inc.	11/6/2014	2698	265,650	45,000	Continue to provide environmental consulting services in connection with the Moynihan Station Project.	5,350,650		On-going	Legally Exempt	NO	Single Source
				MSDC TOTAL:	\$8,420,300	\$13,102,119		\$2,278,403				
USA NIAGARA DEVELOPMENT CORPORATION												
USAN	Global Spectrum, LP	3/26/2015	8676	725,628	825,624	Provide management services for maintenance and programming services of Old Falls Street, Niagara Falls, NY.	1,551,252	834,546	On-going	N/A	YES - 26%	
USAN	Global Spectrum, LP	3/26/2015	8525	345,060	687,266	Provide management services for the USA Niagara owned Conference Center Niagara Fall.	1,405,326	632,815	On-going	N/A	YES - 26%	
				USAN TOTAL:	\$1,070,688	\$1,512,890		\$1,467,361				
				GRAND TOTAL:	\$94,445,748	\$109,490,481		\$93,086,132				

EMPIRE STATE DEVELOPMENT
PROCUREMENT CONTRACTS EXECUTED
PRIOR TO 04/01/2014 WITH FY' 2015 PAYMNETS

Contract Number	Contract Date	Vendor Name	Program Name	Contract Amount	Total Disbursement	Balance As of 03-31-2015	Payment During FY 2015
1701	03/10/93	Shearman And Sterling	42ND ST 42ND ST Total	8,165,535 8,165,535	8,165,535 8,165,535	N/A -	673 673
27	09/05/03	Shearman And Sterling	Durst Sixth Avenue Durst Sixth Avenue Total	1,250,000 1,250,000	1,031,286 1,031,286	218,714 218,714	40 40
8301	07/30/13	Arts Services Initiative Of Western NY	ECHDC	264,550	164,543	100,008	73,083
8025	02/07/13	Audubon Architecture, Engineering	ECHDC	1,286,440	1,286,440	-	56,250
8272	06/21/13	Biederman Redevelopment Ventures Corp.	ECHDC	846,192	526,659	319,532	330,231
7974	01/29/12	C And S Engineers, Inc.	ECHDC	544,000	474,306	69,694	30,802
7359	06/22/11	C And S Engineers, Inc.	ECHDC	2,277,000	2,274,773	2,227	139,913
7208	03/18/11	Damon Morey LLP	ECHDC	200,000	150,015	49,985	50,961
8300	07/30/13	Eric Mower And Associates	ECHDC	499,000	363,783	135,217	238,064
7767	06/04/12	Foit-Albert Associates	ECHDC	1,840,797	1,387,484	453,313	646,207
7886	09/19/12	Keleman-Bauer Construction	ECHDC	3,090,353	3,078,653	11,700	75,220
7608	01/27/12	Liro Engineers, Inc.	ECHDC	318,501	9,427	309,074	9,427
6589	03/19/10	Liro Engineers, Inc.	ECHDC	2,271,693	2,137,696	133,997	394,041
8132	03/08/13	Mark Cerrone, Inc.	ECHDC	5,288,621	5,287,296	1,325	626,887
7597	01/20/12	Parsons Brinckerhoff Quade And	ECHDC	370,311	317,554	52,757	155,408
6708	05/11/10	PB Americas, Inc.	ECHDC	350,017	303,110	46,907	1,932
6206	07/27/09	PB Americas, Inc.	ECHDC	3,990,214	2,998,728	991,486	272,220
7281	06/06/11	Perkins Eastman Architects, P.C.	ECHDC	1,012,549	867,055	145,493	134,446
7957	10/31/12	Phillips Lytle LLP	ECHDC	1,700,000	1,365,367	334,633	1,069,905
7818	06/20/12	Quality Inspection Services, Inc.	ECHDC	240,000	219,950	20,051	57,035
7280	05/26/11	Queen City Ferry Company Inc.	ECHDC	132,294	130,662	1,632	5,528
8270	06/18/13	Rosato Management Services Inc.	ECHDC	524,465	408,462	116,003	200,447
8490	01/09/14	Travelers Casualty And Surety Co.	ECHDC	9,947,941	8,883,822	1,064,120	7,895,299
			ECHDC Total	36,994,937	32,635,783	4,359,154	12,463,304
8587	03/05/14	Aecom USA Inc.	Economic Development	262,000	261,836	164	261,836
8378	10/01/13	Baker, Donelson, Berman, Caldwell & Berkowitz PC	Economic Development	599,550	447,083	152,467	346,923
8586	03/05/14	Cameron Engineering & Associate, LLP	Economic Development	900,000	848,138	51,862	848,138
8356	09/27/13	Ernst & Young	Economic Development	150,000	150,000	-	74,838
8507	01/17/14	Fxfowle Architects. PC	Economic Development	125,000	114,269	10,731	14,729
8531	01/30/14	Mercy Corps	Economic Development	404,400	240,960	163,440	190,960
			Economic Development Total	2,440,950	2,062,287	378,663	1,737,425
8317	06/28/13	Liro Engineers, Inc.	ESDC - Episcopal Church	715,342	399,169	316,173	190,255
			ESDC - Episcopal Church Total	715,342	399,169	316,173	190,255
8495	07/01/13	633 Third 33 Equities LLC	ESDC- 633 Third Ave.- Lease	19,500,375	11,537,341	7,963,034	6,662,247

* No-Upset Contracts

EMPIRE STATE DEVELOPMENT
PROCUREMENT CONTRACTS EXECUTED
PRIOR TO 04/01/2014 WITH FY 2015 PAYMNETS

Contract Number	Contract Date	Vendor Name	Program Name	Contract Amount	Total Disbursement	Balance As of 03-31-2015	Payment During FY 2015
			ESDC- 633 Third Ave.- Lease Total	19,500,375	11,537,341	7,963,034	6,662,247
8007	01/15/13	Menter Rudin Trivelpiece PC	ESDC- Legal Foreclosure Service *	15,016	15,016	N/A	7,723
8008	01/16/13	Gonzalez, Saggio & Harlan LLP	ESDC- Legal Foreclosure Service *	113,309	113,309	N/A	47,226
			ESDC- Legal Foreclosure Service Total	128,325	128,325	-	54,948
7741	12/20/11	Toski & Co., Cpas, P.C.	ESDC-Annual Audit	910,000	675,000	235,000	230,000
			ESDC-Annual Audit Total	910,000	675,000	235,000	230,000
1889	02/22/99	Orrick Herrington And Sutcliffe, LLP.	ESDC-Arbitrage Bond Services	671,000	324,000	347,000	12,000
			ESDC-Arbitrage Bond Services Total	671,000	324,000	347,000	12,000
3400	01/24/06	AKRF Inc.	ESDC-Atlantic Yards	7,700,000	7,382,894	317,106	1,734,452
4869	06/11/07	Henningson, Durham And Richardson	ESDC-Atlantic Yards	3,145,000	2,702,056	442,944	341,621
6717	05/25/10	STV Incorporated	ESDC-Atlantic Yards	3,750,000	2,857,192	892,808	534,825
3311	12/13/05	Berger And Webb, LLP	ESDC-Atlantic Yards *	11,895,685	11,895,685	N/A	1,836,395
3738	06/08/06	Bryan Cave LLP	ESDC-Atlantic Yards *	9,181,525	9,181,525	N/A	1,187,370
3783	06/26/06	Skadden Arps Slate Meagher And Flom LLP	ESDC-Atlantic Yards *	8,996,118	8,996,118	N/A	358,685
			ESDC-Atlantic Yards Total	44,668,327	43,015,470	1,652,857	5,993,348
6630	03/23/10	Law Offices Of Donald J. Tobias	ESDC-Bankruptcy Matters	1,350,000	366,914	983,086	25,005
1911	05/18/04	McNamee Lochner Titus And Williams, P.C.	ESDC-Bankruptcy Matters	200,000	194,924	5,076	1,008
			ESDC-Bankruptcy Matters Total	1,550,000	561,839	988,161	26,012
58	01/27/95	Bloomberg L.P.	ESDC-Bloomberg Terminals	673,518	652,059	21,459	12,900
			ESDC-Bloomberg Terminals Total	673,518	652,059	21,459	12,900
8500	01/15/14	Orrick Herrington And Sutcliffe, LLP	ESDC-Bond	150,000	117,368	32,632	117,368
			ESDC-Bond Total	150,000	117,368	32,632	117,368
8280	07/15/13	Buffalo Bills	ESDC-Buffalo Bills	29,573,953	16,762,371	12,811,582	9,788,331
8267	07/03/13	Buffalo Bills	ESDC-Buffalo Bills	130,000,000	116,640,151	13,359,849	98,285,587
7959	12/04/12	Hodgson Russ LLP	ESDC-Buffalo Bills	100,000	86,315	13,685	2,400
			ESDC-Buffalo Bills Total	159,673,953	133,488,837	26,185,116	108,076,318
7882	09/12/12	Spectrum Personal Communications Corp	ESDC-Columbia University	1,125,000	514,622	610,378	30,028
2577	12/15/04	Carter Ledyard And Milburn	ESDC-Columbia University *	14,198,297	14,198,297	N/A	707,512
			ESDC-Columbia University Total	15,323,297	14,712,919	610,378	737,540
85	04/18/03	Bryan Cave LLP	ESDC-Farley Building	5,400,000	5,181,013	218,987	108,522
6687	04/28/10	Holland And Knight LLP	ESDC-Farley Building	900,000	860,923	39,077	85,083
4819	08/28/07	Jerome Haims Realty Inc.	ESDC-Farley Building	347,500	295,300	52,200	17,000

* No-Upset Contracts

EMPIRE STATE DEVELOPMENT
PROCUREMENT CONTRACTS EXECUTED
PRIOR TO 04/01/2014 WITH FY' 2015 PAYMNETS

Contract Number	Contract Date	Vendor Name	Program Name	Contract Amount	Total Disbursement	Balance As of 03-31-2015	Payment During FY 2015
7635	02/24/12	Kramer Levin Naftalis And Frankel LLP	ESDC-Farley Building	750,000	160,184	589,816	400
4868	08/24/07	NYS Office Of General Services	ESDC-Farley Building	39,349,560	25,885,462	13,464,098	303,240
8133	03/22/13	Rosenwach Tank Co. LLC	ESDC-Farley Building	630,000	563,139	66,861	563,139
6905	09/30/10	Tri-Rail Construction, Inc.	ESDC-Farley Building	3,950,019	3,897,156	52,863	52,000
4964	11/27/07	Washington Square Partners Inc.	ESDC-Farley Building	1,600,000	1,383,224	216,776	30,204
			ESDC-Farley Building Total	52,927,078	38,226,402	14,700,676	1,159,588
8576	03/05/14	Cool Insuring Agency, Inc.	ESDC-Insurance	140,000	140,000	-	140,000
			ESDC-Insurance Total	140,000	140,000	-	140,000
8545	09/01/13	Gonzalez, Saggio & Harlan LLP	ESDC-Legal	300,000	71,616	228,384	59,321
7739	05/21/12	Rehon And Roberts A Professional Corp	ESDC-Legal	55,000	36,074	18,926	1,626
			ESDC-Legal Total	355,000	107,690	247,310	60,948
8020	12/13/12	Schoeman Updike Kaufman Stern and Ascher LLP	ESDC-Legal Real Estate	349,500	293,275	56,225	89,551
			ESDC-Legal Real Estate Total	349,500	293,275	56,225	89,551
1711	04/20/04	Putney Twombly Hall & Hirson	ESDC-Legal-Human Resource	467,227	467,227	N/A	26,315
			ESDC-Legal-Human Resource Total	467,227	467,227	-	26,315
1724	04/05/04	McCracken Financial Software, Inc.	ESDC-Loan Servicing	379,102	379,102	-	27,168
			ESDC-Loan Servicing Total	379,102	379,102	-	27,168
8155	04/03/13	Cherry Road Technologies, Inc.	ESDC-MIS	108,000	84,000	24,000	39,000
8113	03/20/13	Marcum Technology Llc.	ESDC-MIS	213,635	213,480	155	16,450
			ESDC-MIS Total	321,635	297,480	24,155	55,450
7506	12/05/11	BBDO USA LLC	ESDC-NY Open for Business	221,500,000	197,400,943	24,099,057	82,943,457
			ESDC-NY Open for Business Total	221,500,000	197,400,943	24,099,057	82,943,457
5651	07/01/08	Michigan Street Development LLC.	ESDC-Upstate	3,733,200	3,529,112	204,088	513,993
			ESDC-Upstate Total	3,733,200	3,529,112	204,088	513,993
8135	03/26/13	Cohnreznick LLP	ESNMC	500,000	69,000	431,000	24,500
6297	06/22/09	Holland And Knight LLP	ESNMC	129,218	64,846	64,372	628
8339	08/19/13	National Development Council	ESNMC	500,000	60,000	440,000	30,000
			ESNMC Total	1,129,218	193,846	935,372	55,128
8294	07/18/13	Bryant Rabbino LLP	HCDC	150,000	27,895	122,105	14,605
			HCDC Total	150,000	27,895	122,105	14,605
3707	02/09/06	Phillips Lytle LLP	HCDC-Victoria Theatre	500,000	451,911	48,089	32,930

* No-Upset Contracts

**EMPIRE STATE DEVELOPMENT
PROCUREMENT CONTRACTS EXECUTED
PRIOR TO 04/01/2014 WITH FY' 2015 PAYMNETS**

Contract Number	Contract Date	Vendor Name	Program Name	Contract Amount	Total Disbursement	Balance As of 03-31-2015	Payment During FY 2015
4668	05/22/07	The Gibson Law Firm	HCDC-Victoria Theatre	300,000	254,560	45,440	27,880
			HCDC-Victoria Theatre Total	800,000	706,471	93,529	60,810
8388	10/09/13	Brooklyn Mechanical Htg Corp	HCDC-Weatherization	118,800	117,800	1,000	1,800
8415	11/07/13	Brooklyn Mechanical Htg Corp	HCDC-Weatherization	134,300	134,300	-	23,130
8458	12/10/13	New York Heating Corporation	HCDC-Weatherization	65,449	65,449	-	29,715
8640	03/30/14	New York Heating Corporation	HCDC-Weatherization	69,999	69,999	-	69,999
8639	03/31/14	New York Heating Corporation	HCDC-Weatherization	74,999	74,999	-	74,999
8385	10/09/13	Ross Window Corporation	HCDC-Weatherization	168,355	168,355	-	30,600
			HCDC-Weatherization Total	631,902	630,902	1,000	230,243
3435	04/28/05	NYS Office Of General Services	HRTDC	1,081,544	1,022,339	59,205	91,608
			HRTDC Total	1,081,544	1,022,339	59,205	91,608
60	12/11/96	Central New York Regional Market	JDA	1,914,125	1,045,684	868,441	65,305
6314	10/13/09	McCracken Financial Software, Inc.	JDA	121,194	114,564	6,630	23,303
			JDA Total	2,035,319	1,160,249	875,070	88,607
5661	10/31/08	AKRF Inc.	LMDC	2,420,000	1,712,230	707,770	248,418
2545	11/19/04	BFP One Liberty Plaza Co. Llc	LMDC	9,601,634	9,189,481	412,152	654,740
5833	02/18/09	Carter Ledyard And Milburn	LMDC	1,090,000	944,439	145,561	185,687
5113	12/13/07	Inventus, LLC	LMDC	1,475,824	1,028,516	447,309	9,083
6257	08/28/09	Miller Advertising Agency, Inc.	LMDC	260,000	163,150	96,850	22,455
8178	04/22/13	Richard J. Davis Attorney At Law	LMDC	99,500	60,160	39,340	35,000
5978	03/20/09	Something Digital	LMDC	319,160	281,070	38,090	40,850
5812	02/09/09	Toski, Schaefer & Co., Pc.	LMDC	415,000	370,000	45,000	40,000
5405	06/13/08	Venable LLP	LMDC	625,000	392,243	232,757	184,654
7918	10/16/12	Winston And Strawn LLP	LMDC	18,425,000	8,687,263	9,737,737	1,310,145
			LMDC Total	34,731,118	22,828,553	11,902,566	2,731,031
9113	02/18/14	Consolidated Edison Company Of NY, Inc.	MSDC	335,044	244,363	90,681	244,363
7797	05/31/12	National Railroad Passenger Corporation	MSDC	33,000,000	24,632,832	8,367,168	9,519,854
7021	12/23/10	PB Americas, Inc.	MSDC	3,649,268	3,342,032	307,236	321,757
7396	07/11/11	Port Authority Of NY And NJ	MSDC	4,500,000	1,720,300	2,779,700	185,781
8262	06/24/13	Skanska Usa Civil Northeast Inc.	MSDC	16,326,483	5,102,228	11,224,255	5,102,228
7833	06/13/12	Skanska USA Civil Northeast Inc.	MSDC	184,714,266	116,418,887	68,295,379	49,781,550
7273	05/31/11	Skidmore Owings And Merrill LLP	MSDC	24,772,678	11,735,052	13,037,626	1,939,646
7497	11/09/11	STA Joint Venture	MSDC	20,279,909	14,016,420	6,263,488	5,269,585
7112	02/01/11	Systra Engineering, Inc.	MSDC	4,039,312	3,424,566	614,746	359,291
7914	10/12/12	Thacher Associates LLC	MSDC	2,241,115	965,844	1,275,271	524,349
110	05/15/00	URS Corporation	MSDC	7,682,992	7,458,405	224,587	1,749

EMPIRE STATE DEVELOPMENT
PROCUREMENT CONTRACTS EXECUTED
PRIOR TO 04/01/2014 WITH FY' 2015 PAYMNETS

Contract Number	Contract Date	Vendor Name	Program Name	Contract Amount	Total Disbursement	Balance As of 03-31-2015	Payment During FY 2015
MSDC Total				301,541,066	189,060,929	112,480,137	73,250,153
6782	06/28/10	BDO Consulting	NYCCDC	2,169,675	2,161,966	7,709	30,407
3218	10/11/05	Javits II Architecture, Ll.	NYCCDC	96,517,934	93,139,911	3,378,023	2,299,717
7926	10/16/12	Shearman And Sterling	NYCCDC	500,000	34,722	465,278	18,030
3069	09/01/05	Sive Paget And Riesel P.C.	NYCCDC	840,000	773,060	66,940	4,151
6057	05/01/09	Tectonic Engineering And Surveying	NYCCDC	3,000,000	2,600,623	399,377	17,586
6417	12/04/09	Tishman Construction Corporation	NYCCDC	430,017,450	369,192,613	60,824,837	45,196,900
NYCCDC Total				533,045,059	467,902,894	65,142,165	47,566,790
106	08/20/01	Abel Bainnson Butz Landscape A	QWDC	5,700,358	5,663,016	37,342	35,676
3063	08/23/05	Eic Associates, Inc.	QWDC	23,899,824	23,791,719	108,105	14,663
7383	07/15/11	Fleming-Lee Shue, Inc.	QWDC	1,163,345	1,096,563	66,782	9,766
5479	07/22/08	Fresh Meadow Electrical Contractors, LLC	QWDC	328,825	328,825	-	51,145
6179	07/10/09	Galvin Brothers	QWDC	18,019,867	17,963,195	56,671	279,351
2144	03/20/01	Sive Paget And Riesel P. C.	QWDC	8,925,394	8,925,394	N/A	87,776
QWDC Total				58,037,612	57,768,712	268,900	478,377
5142	03/01/08	First Street Group, LLC	USA Niagara	573,000	405,875	167,125	52,525
8525	01/28/14	Global Spectrum L.P.	USA Niagara	1,405,326	705,168	700,158	632,815
8676	01/01/14	Global Spectrum L.P.	USA Niagara	1,551,252	834,546	716,706	834,546
6418	12/03/09	Global Spectrum L.P.	USA Niagara	2,688,907	2,667,591	21,316	7,930
5631	09/29/08	Global Spectrum L.P.	USA Niagara	3,046,389	160,781	2,885,608	160,781
USA Niagara Total				9,264,874	4,773,961	4,490,913	1,688,597
Grand Total				1,515,436,014	1,236,425,200	279,010,814	347,586,796

* No-Upset Contracts



FOR INFORMATION

June 25, 2015

TO: The Directors

FROM: Howard Zemsky

SUBJECT: Quarterly Report on Utilization of Certified Minority and Women Business Enterprises (MWBEs) and Procurement Commitments to MWBEs for the Fourth Quarter of Fiscal Year 2014-2015

Utilization of Certified MWBEs:

For the fourth quarter of fiscal year 2014-2015, ESD achieved MWBE participation in agency projects and procurements totaling 42.8%. During the quarter, ESD disbursed a total of \$86.7 million in eligible procurements to vendors, grantees and borrowers. Of the eligible procurements, \$37.1 million in payments were reported to MWBEs.

Initial Commitments to Certified MWBEs:

For the fourth quarter of fiscal year 2014-2015, ESD and its subsidiaries executed a total of \$18.6 million in procurements and amendments, of which \$5.68 million were MWBE eligible procurements. Of the eligible procurements, approximately \$438,000 or 7.7% has been 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 (01/01/2015 - 03/31/2015)

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
EMPIRE STATE DEVELOPMENT												
ESD	RICOH USA, INC. 711 Third Avenue 14th Floor New York, NY 10017	3/11/2015	Need to purchase five (5) color multifunction copiers and three (3) black/white multifunction copiers, including Equitrac Office, a printing management software solution and service agreement for all new machines and four(4) existing copiers to gain operating efficiencies.	9136	Provide new and existing multi-service copiers including Equitrac print management solution and provide maintenance on all machines.	407,955	On-going	NO	YES	Best Value	NO	Vendor under State OGS competitive contract.
ESD	VHB Engineering, Surveying and Landscape Architecture, P.C. 2 Penn Plaza Suite 2602 New York, NY 10121	3/3/2015	Need for consulting services in connection with the proposed sale of the Arthur Kill Correctional Facility Site.	9110	Provide an environmental assessment of the proposed redevelopment at the Arthur Kill Correctional Facility.	255,200	On-going	YES	YES	Best Value	YES - 23%	
ESD	Applied Business Software, Inc. 2847 Gundry Avenue Long Beach, CA 90755	2/12/2015	Need for loan servicing services in connection with the ESD Loan Portfolio.	9084 9086	Provide loan servicing to the ESD Portfolio Management Department to manage and monitor all loans in its portfolio through satisfaction.	180,000	On-going	YES	YES	Best Value	NO	
ESD	Willis of New York, Inc. Brookfield Place 200 Liberty Street, 6th Floor New York, NY 10281	1/23/2015	Need for insurance brokerage services to protect the assets of ESD and its subsidiaries.	9066	Provide insurance/risk management support services for ESD's insurance portfolio. Services include marketing, procuring and advising on the renewal of the ESD policies.	375,000	On-going	YES	YES	Best Value	NO	
ESD	BJH Advisors, LLC. 182 Dean Street Brooklyn, NY 11217	2/12/2015	Need for consulting services in connection with the redevelopment of the Creedmoor Psychiatric Facility.	9078	Provide real estate and consulting services to ESD in evaluating different reuse and redevelopment options for up to 72 acres at Creedmoor Psychiatric Center.	115,332	On-going	YES	YES	Best Value	YES - 40%	Certified MWBE Firm
ESD	Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, Inc. 666 Third Avenue New York, NY 10017	3/27/2015	Need for legal services in connection with the NYS Innovation Venture Capital Fund.	9202	Advise and represent ESD in connection with all aspects of entering into limited partnership arrangements with the Investment Entities.	80,000	On-going	YES	YES	Best Value	YES - 30%	
						ESD TOTAL :	\$1,413,487					

Empire State Development
Report on Procurement Contracts
Entered Into During the Quarter of (01/01/2015 - 03/31/2015)

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
HARLEM COMMUNITY DEVELOPMENT CORPORATION												
HCDC	New York Heating Corp. 354 Humboldt Street Brooklyn, NY 11211	3/12/2015	Need for heating system replacement at 513-517 West 135th Street.	9138	Provide heating system replacement at 513-517 West 135th Street.	118,599	Completed	NO	YES	Best Value	NO	Vendor under NYS DHCR competitive contract
HCDC	New York Heating Corp. 354 Humboldt Street Brooklyn, NY 11211	2/19/2015	Need for heating system upgrade at 237-241 East 115th Street.	9107	Provide heating system upgrade at 237-241 East 115th Street.	99,700	Completed	NO	YES	Best Value	NO	Vendor under NYS DHCR competitive contract
HCDC	New York Heating Corp. 354 Humboldt Street Brooklyn, NY 11211	2/19/2015	Need for heating system replacement at 234 Bradhurst Avenue.	9140	Provide heating system replacement at 234 Bradhurst Avenue.	88,699	Completed	NO	YES	Best Value	NO	Vendor under NYS DHCR competitive contract
						HCDC TOTAL :						
						\$306,998						
MOYNIHAN STATION DEVELOPMENT CORPORATION												
MSDC	Consolidated Edison Company of New York, Inc. 4 Irving Place, 17th Floor New York, NY 10003	2/12/2015	Need for utility relocation services in connection with the Connecting Corridor Improvement Project.	9113	Provide utility relocation services.	368,549	On-going	NO	N/A	Best Value	NO	Sole Source
MSDC	Stadden, Arps, Slate, Meagher & Flom LLP 4 Times Square New York, NY 10036	3/26/2015	Need for legal services in connection with Phase 2 of the Moynihan Station/Farley Project.	9203	Provide legal services related to the planning, financing, and documentation of Phase 2 of the Project.	250,000	On-going	YES	YES	Best Value	NO	MWBE Goals Waived
						MSDC TOTAL :						
						\$618,549						
						TOTAL FOR CONTRACTS:						
						\$2,339,034						
						TOTAL FOR AMENDMENTS:						
						\$16,266,335						
						GRAND TOTAL:						
						\$18,605,369						

Empire State Development
Report on Procurement Contracts (Amendments)
Entered into During the Quarter of (01/01/2015 - 03/31/2015)

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	CONTRACTS/ASSIGNED GOALS	MI/MBE ELIGIBLE	COMMENTS
ESD	Gonzalez Saggio & Harlan 292 Madison Ave., 19th Floor New York, NY 10017	9/1/2013	2/16/2015	Need for legal services in connection with the disposition of the Fountain Property in Brooklyn, NY.	8545	49,999	250,001	Provide legal services in connection with the disposition of two non-contiguous parcels of undeveloped land within the Brooklyn Development Center in Brooklyn, NY.	300,000	On-going	YES	YES - 30%		Certified MBE Firm
ESD	Office of General Services Tower Building Empire State Plaza Albany, NY 12242	6/22/2007	11/17/2014	Need for management services in connection with the James A. Farley Post Office Building and Annex.	4868	11,000,000	11,000,000	Provide building management services for the James A. Farley Post Office Building and Annex, including day-to-day operation, management, and maintenance of the building and building system.	44,000,000	On-going	Legally Exempt	NO		Single Source
ESD TOTAL:									\$44,300,000					
ERIE CANAL HARBOR DEVELOPMENT CORPORATION														
ECHDC	Global Spectrum, LP 3601 South Broad Street Philadelphia, PA 19148	4/1/2014	3/23/2015	Need for management services in connection with the Canalside Public Space Management.	8672	1,715,499	2,449,121	Provide management services at Canalside related to operations and maintenance, programming and events, sponsorship sales, food and beverage, financial, and capital improvements.	4,164,620	On-going	N/A	YES - 23%		
ECHDC	Global Spectrum, LP 3601 South Broad Street Philadelphia, PA 19148	4/1/2014	3/18/2015	Need for management services in connection with the Canalside Public Space Management.	8672	1,715,499	860,020	Provide management services at Canalside related to operations and maintenance, programming and events, sponsorship sales, food and beverage, financial, and capital improvements.	5,024,640	On-going	N/A	YES - 23%		Amendment provided for in original contract
ECHDC TOTAL:									\$5,024,640					

Empire State Development
Report on Procurement Contracts (Amendments)
Entered into During the Quarter of 01/01/2015 - 03/31/2015

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
LOWER MANHATTAN DEVELOPMENT CORPORATION													
LMDC	SomethingDigital.com LLC 58 West 40th St, 7th Floor New York, NY 10018	1/1/2009	1/15/2015	Need for website maintenance and design services in connection with the revitalization of Lower Manhattan.	5978	109,840	35,400	Provide website design, hosting, and maintenance services to LMDC through December 31, 2015.	319,160	On-going	Legally Exempt	NO	Single Source
				LMDC TOTAL:		\$109,840	\$35,400		\$319,160				
MOYNIHAN STATION DEVELOPMENT CORPORATION													
MSDC	Parsons Brinkerhoff, Inc. One Penn Plaza Suite 200 New York, NY 10019	12/23/2010	3/17/2015	Need for consulting services in connection with the Moynihan Station Expansion Project.	7021	1,573,250	158,903	Provide architectural, engineering services to re-design E-Yard structures of the train shed and to provide necessary phase services during construction.	3,756,403	On-going	Legally Exempt	YES - 20%	Single Source
				MSDC TOTAL:		\$1,573,250	\$158,903		\$3,756,403				
USA NIAGARA DEVELOPMENT CORPORATION													
USAN	Global Spectrum, LP 3601 South Broad Street Philadelphia, PA 19148	1/28/2014	3/26/2015	Need for management services in connection with the Niagara Falls Conference and Convention Facility Civic Project.	8576	725,628	825,624	Provide management services for maintenance and programming services of Old Falls Street, Niagara Falls, NY.	1,551,252	On-going	N/A	YES - 26%	
USAN	Global Spectrum, LP 3601 South Broad Street Philadelphia, PA 19148	1/28/2014	3/26/2015	Need for management services in connection with the Niagara Falls Conference and Convention Facility Civic Project.	8525	345,060	687,266	Provide management services for the USA Niagara owned Conference Center Niagara Fall.	1,405,326	On-going	N/A	YES - 26%	
				TOTAL FOR AMENDMENT CONTRACTS:		\$1,070,688	\$1,512,890		\$2,956,578				
						\$15,519,276	\$16,266,335		\$56,356,781				



FOR INFORMATION

June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – Priority Project – Syracuse (Central New York Region – Onondaga County) – Ephesus Technologies Capital – Regional Council Capital Fund (Capital Grant)

I. Background

At a meeting held December 19, 2014, the ESD Directors adopted a General Project Plan (“GPP”) and authorized a discretionary capital grant in the amount of \$150,000 (the “Grant”), to Ephesus Technologies, LLC (the “Grantee”) for a portion of the cost of machinery and equipment purchase and installation at the Grantee’s LED lighting manufacturing facility in Syracuse. Total project costs were estimated to be approximately \$585,203.

The Company completed renovations to an existing 40,000-square-foot facility which will serve as its international headquarters to engineer, manufacture, and test LED lighting fixtures and devices. Ephesus remodeled the existing space into a lab, a showroom and offices, wired the building for internet and conducted HVAC improvements. The Company moved into the building in September 2014. A public hearing on the GPP was held January 13, 2015 at which no negative comment was received. The grant was approved by the Public Authorities Control Board on January 21, 2015.

II. Update

The Grantee has requested that ESD change the recipient of grant funds from Ephesus Technologies, LLC to Ephesus Lighting Inc. As the Company’s new product development evolved from the planning phase to commercialization, Ephesus Lighting, Inc. was formed in November 2012 for the purpose of designing, engineering and producing LED lighting fixtures and devices consistent with the “Project” referenced in the December board materials. For this reason, Ephesus Lighting, Inc. is the preferred entity which will incur expenses for the Project, and is committed to achieving the employment goals and reporting requirements specified in the grant terms and conditions. Other than the name of the Grantee, the information provided in the General Project Plan and provided to the ESD Board for their consideration at the December 19, 2014 Board Meeting remains the same. The requested change is being made to

better accommodate the purpose of the grant and the entity managing the grant requirements. No other change to the ESD grant terms are proposed. Because the project scope and budget are as presented in the December 19, 2014 authorization materials, and the parties with respect to the project remain as described, staff will accommodate the request for change of the Grantee as an administrative matter. This is brought to your attention for information only; no further authorization is required.

III. Additional Submissions to Directors

Board Materials approved December 19, 2014

Empire State Development

FOR CONSIDERATION

December 19, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Regional Council Award – Priority Project – Syracuse (Central New York Region – Onondaga County) – Ephesus Technologies 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

General Project Plan

I. Project Summary

Grantee: Ephesus Technologies, LLC (“Ephesus” or the “Company”)

ESD* Investment: A grant of up to \$150,000 to be used for a portion of the cost of the purchase of machinery and equipment.

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

Project Location: 125 East Jefferson Street, Syracuse, Onondaga County

Proposed Project: Relocation of headquarters and the purchase and installation of machinery and equipment, furniture and fixtures

Project Type: Business expansion involving job retention and creation

Regional Council: The project is consistent with the Central New York Regional Economic Development Council’s (“CNYREDC”) Strategic Plan to strengthen advanced manufacturing and support targeted industry concentrations that leverage unique economic assets.

Employment:	Initial employment at time of ESD Incentive Offer:	10
	Current employment level:	10
	Minimum employment on January 1, 2016:	34

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>	
Furniture, Fixtures & Equipment	\$408,924	
Machinery & Equipment	<u>176,279</u>	
 Total Project Costs	 <u>\$585,203</u>	
 <u>Financing Sources</u>	 <u>Amount</u>	 <u>Percent</u>
ESD-Grant	\$150,000	26%
Third Party Funding*	360,203	61%
Company Equity	<u>75,000</u>	<u>13%</u>
 Total Project Financing	 <u>\$585,203</u>	 <u>100%</u>

*Confidential investors

III. Project Description

A. Company

- Industry: Light Emitting Diode (“LED”) lighting products.
- Company History: Founded in June 2009, Ephesus is a woman-owned LED lighting-innovation company that designs, engineers, and manufactures a portfolio of LED lighting products in New York State. The Company’s products are used in a broad range of applications, including warehouses, manufacturing facilities, parking lots, garages, roadways, stadiums, tunnels and bridges. The Company is dedicated to producing sustainable, environmentally-friendly products that do not contain mercury or rare earth metals.
- Ownership: The Company is a privately-held limited liability company.
- Size: All facilities located in Syracuse, NY.
- Market: The Company serves customers in the sports, entertainment, and industrial industries. Some of its customers include the U.S. Naval Academy, Cornell University and the Arizona Cardinals.
- ESD Involvement: During the development of its EG4TM Chip in June 2011, the Company

sought to move into engineering and manufacturing of high output LED lighting, and to relocate from its original home in the Syracuse Technology Garden to an existing 5,000-square-foot facility in downtown Syracuse, NY. The Company intended for the new space to serve as headquarters for its operations in addition to providing a place to test and showcase its variety of LED lighting fixtures. Ephesus wished to capture a greater share of the current LED fixture market by differentiating its products from other LED manufacturers and centralizing creation of all fixtures at its new headquarters. However, the Company was unable to fund the required renovation and equipment purchase needed to occupy the new facility.

In October 2011, the Company applied under Round 1 of the Regional Council Consolidated Funding Application to close a funding gap in its budget. The CNYREDC identified the Company's project as a priority for the region, and in October 2012, ESD made Ephesus an offer of financial assistance, which the Company accepted in November 2012. ESD's grant was critical to the Company's decision to remain in New York.

Competition: The Company considered relocating its manufacturing operations to California.

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

B. The Project

Completion: September 2014

Activity: The Company completed renovations to an existing 40,000-square-foot facility which will serve as its international headquarters to engineer, manufacture, and test LED lighting fixtures and devices. Ephesus remodeled the existing space into a lab, a showroom and offices, wired the building for internet and conducted HVAC improvements. The floors were refinished, the building was repainted, and carpeting and cubicles were installed, including with lab benches and equipment. The Company moved into the building on September 1, 2014.

Results: Retain 10 existing jobs and create 24 new jobs.

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 \$1,574,965;
- Fiscal cost to NYS government is estimated at \$150,000;
- Project cost to NYS government per direct job is \$6,927;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$3,026;
- Ratio of project fiscal benefits to costs to NYS government is 10.50:1;
- Fiscal benefits to all governments (state and local) are estimated at \$2,667,758;
- Fiscal cost to all governments is \$150,000;
- All government cost per direct job is \$6,927;
- All government cost per total job is \$3,026;
- The fiscal benefit to cost ratio for all governments is 17.79:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$15,215,197, or \$306,970 per job (direct and indirect);
- The economic benefit to cost ratio is 101.43:1;
- There is no construction activity related to this project;
- For every permanent direct job generated by this project, an additional 1.30 indirect job is 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.)

Grantee Contact: Amy Casper, Chief Executive Officer
253 Harrison Street
Syracuse, NY 13202
Phone: (315) 579-2768

ESD Project No.: X781

Project Team:	Origination	Bonnie Palmer
	Project Management	Simone Bethune
	Contractor & Supplier Diversity	Vikas Gera
	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 \$150,000 capital grant (\$1,500), and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will be obligated to advise ESD of any 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 \$150,000 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$75,000) upon completion of the project substantially described in these materials, and documentation verifying purchase and installation of \$176,279 in machinery and equipment project costs, and total project expenditures of \$585,203 and documentation of the employment of at least 10 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 (\$37,500) will be disbursed upon documentation of the employment of at least 22 Full-time Permanent Employees at the Project Location (Employment Increment of 12), provided Grantee is otherwise in compliance with program requirements;
 - c) a Third Disbursement of an amount equal to 25% of the grant (\$37,500) will be disbursed upon documentation of the employment of at least 34 Full-time Permanent Employees at the Project Location (Employment Increment of 12), 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 November 15, 2012, to be considered eligible project costs. All disbursements must be requested by April 1, 2016.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$150,000, 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	10
A	B
Reporting Date	Employment Goals
February 1, 2016	10+X+Y
February 1, 2017	10+X+Y
February 1, 2018	10+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=12, and Employment Goals shall equal $[10 + X = 22]$ 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 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=12, and Employment Goals shall equal $[12 + X + Y = 34]$ 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 – Regional Council Capital Fund

The project was authorized in the 2011-2012 New York State budget and reappropriated in the 2012-2013, 2013-2014 and 2014-2015 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 20% 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

December 19, 2014

Regional Council Award – Priority Project – Syracuse (Central New York Region – Onondaga County) – Ephesus Technologies 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

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 Ephesus Technologies, LLC a grant for a total amount not to exceed One Hundred and Fifty Thousand Dollars (\$150,000) 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

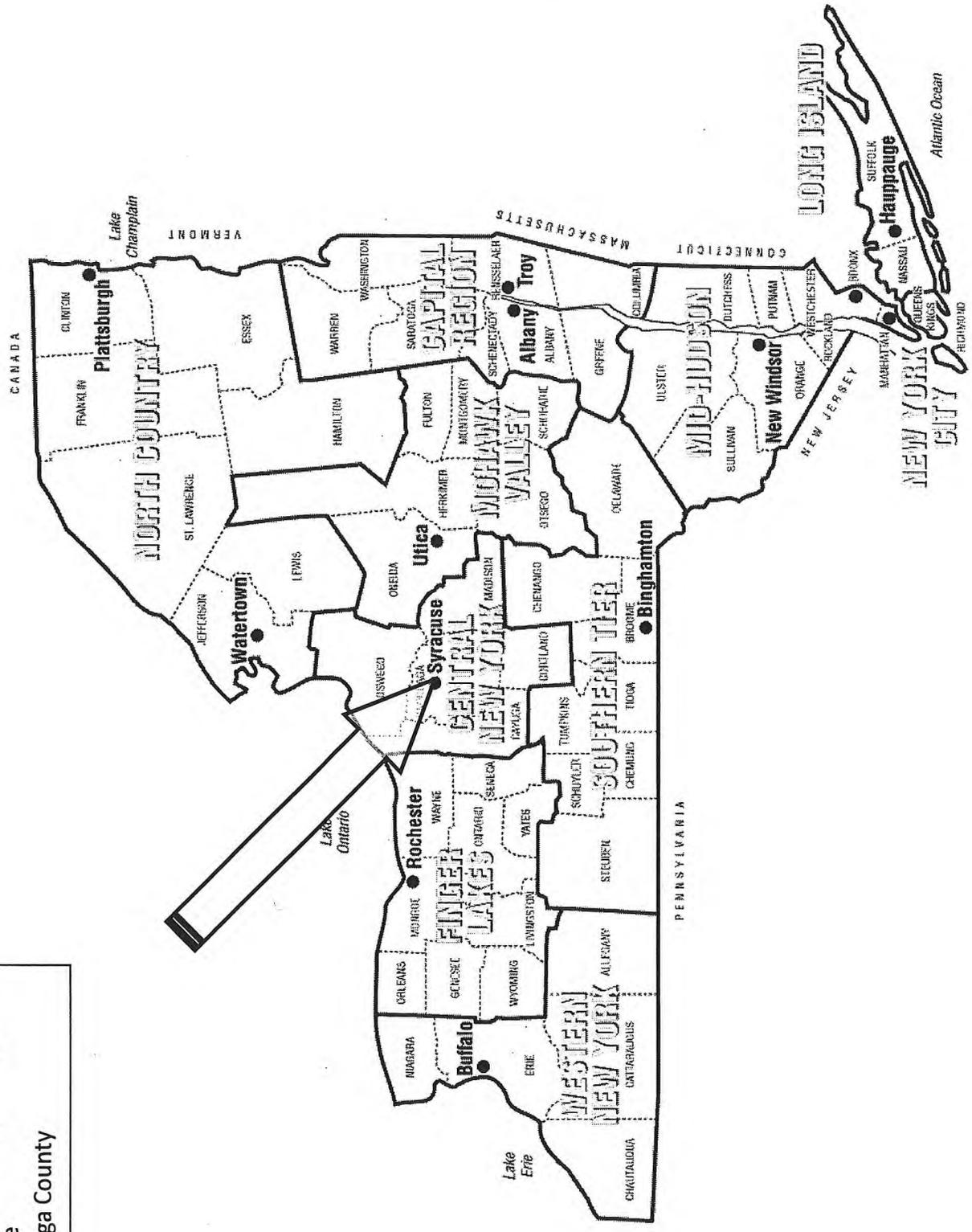
RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in 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.

* * *

Ephesus Technologies Capital
Syracuse
Onondaga County



FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – Painted Post (Southern Tier Region –Steuben County) – Corning Diesel Capital II – Empire State Economic Development Fund – General Development Financing and Regional Council Capital Fund (Capital Grants)

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

General Project Plan

I. Project Summary

Grantee: Corning Incorporated (“Corning” or the “Company”)

ESD* Investment: Grants of up to \$3,000,000 to be used for a portion of the cost of 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: 890 Addison Road, Painted Post, Steuben County*
One Riverfront Plaza, Corning

*Project activity site; other is job-retention site

Proposed Project: Purchase and install of machinery and equipment to support the Company’s facility expansion in New York State

Project Type: Facility expansion involving job retention and creation

Regional Council: The project is consistent with the Southern Tier Regional Economic Development Council’s (“STREDC”) Strategic Plan to strengthen the

manufacturing sector and increase global export. Through this facility expansion, Corning Incorporated will enhance its operations through the application of next generation technology and advance manufacturing capabilities within the transportation industry.

The President of Corning Enterprise, a department of Corning Incorporated, is Co-Chair of the 36-member STREDC. In conformance with the State’s policy, this individual has recused himself on votes recommending this project. The Council includes 14 additional, ex-officio members who are elected officials but cannot vote on individual project recommendations.

Employment:	Initial employment at time of ESD Incentive Proposal:	5,616*
	Current employment level at Project Location:	685
	Minimum employment on January 1, 2017:	750**
	*5,616 jobs retained at all other existing facilities statewide	
	**250 new Full-time Permanent Employees at Project Locations.	
	New employees cannot be transferred from other NYS locations	

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction/Renovation	\$96,620,000
Machinery & Equipment	<u>\$153,380,000</u>
 Total Project Costs	 <u>\$250,000,000</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant (Y411)	\$2,500,000	1%
ESD-Grant (Y438)	\$500,000	.2%
NYSERDA*	\$7,587,500	3%
New York Power Authority	\$6,800,000	3%
New York State Electric & Gas	\$3,070,000	1.6%
Corning Natural Gas Corp.	\$472,000	.2%
Steuben County IDA	\$14,000,000	5%
Company Equity	<u>\$215,070,500</u>	<u>86%</u>
 Total Project Financing	 <u>\$250,000,000</u>	 <u>100%</u>

*New York State Energy Research & Development Authority

III. Project Description

A. Company

- Industry: Manufacturing
- Company History: Corning traces its origins to a glass business that was established in 1851. The present corporation was incorporated in the State of New York in December 1936 and its name was changed from Corning Glass Works to Corning Incorporated on April 28, 1989.
- Ownership: Corning Incorporated is a publicly held company.
- Size: Corning has a combined total of 142 sales and manufacturing operations in over 100 countries. The Company employs approximately 30,000 people worldwide, including 4,900 in New York's Southern Tier.
- Market: Telecommunications and information display industries and manufacturers of emission control systems. Major customers include large electronics and telecommunications companies. Major competitors include large domestic and foreign manufacturers.
- ESD Involvement: In recent years Corning Incorporated has experienced significant growth in the domestic and international markets for their Heavy Duty Diesel products. In order to accommodate this growing demand, Corning decided it was necessary to undertake an expansion project at its primary facility, which included the installation of machinery and equipment with advanced technology capabilities to create a more cost effective operation. By expanding primary assets and increasing capacity at the manufacturing facility, this allows Corning to mitigate risk, provides the most flexibility, lowers intellectual property risk and lowers technology execution risk by keeping programs close to the core technical community. Co-locating the expansion with the existing facility gives Corning the ability to optimize asset utilization in volatile markets by having most of the assets under one roof, thereby improving the ability to manage costs through potential down cycles. Given the high cost of this facility expansion, the Company approached ESD in early 2012 for financial assistance. ESD responded in April 2013 with \$3 million dollar grants and \$40 million in Excelsior Tax Credits to induce the Company to undertake the project and to offset the costs of expansion. The Company accepted the offer in April 2013.
- Competition: N/A
- Past ESD Support: ESD's financial support to the Company began in 1997. Since then, total financial support to the Company, including loans and grants, has been

\$13,967,000 for 24 projects and \$40,750,000 for 2 Excelsior Tax Credit Program projects, for a combined total of \$54,717,000 in financial assistance. The Company was in compliance with the terms and conditions of these awards except for several minor job defaults due in part to the sale of its photonics business and restructuring. As a result, ESD made several interest rate adjustments and recaptured approximately \$100,000 for 3 projects.

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	U144	\$200,000	July 2010	April 2011	Capital Grant – Machinery and Equipment
	U145	\$100,000			Training Grant
JOBS Now	V376	1,500,000	April 2013	On-going	Machinery and Equipment
Excelsior	Y410	\$40,000,000	April 2013	January 2024	Construction
Excelsior	Z441	\$750,000	October 2014	January 2025	Facility Expansion

B. The Project

Completion: March 2015

Activity: Corning constructed and equipped a 90,000-square-foot addition to the Company's environmental technologies plant in the Town of Erwin, facilitating increased production capacity for a new heavy-duty engine emission control device product line for the global market.

Results: The project will retain 500 existing jobs and create 250 new jobs.

Grantee Contact: Cheri Crozier, Government Affairs Coordinator
890 Addison Road
Painted Post, NY 14870
Phone: (607) 974-7818

ESD Project No's.: Y411; Y438

Project Team:	Origination	Michael Morse
	Project Management	Omar Sanders
	Contractor & Supplier Diversity	Denise Ross
	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 \$3,000,000 capital grants (\$30,000) 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 3,000,000 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$1,500,000) upon documentation of construction/renovations/machinery and equipment project cost totaling approximately \$250,000,000, including documentation verifying purchase and installation of \$83,000,000 in machinery and equipment, a Certificate of Occupancy or other documentation verifying project completions as ESD may require, employment of at least 550 Full-time Permanent Employees at the Project Locations (Employment Increment of 50), 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 (\$750,000) will be disbursed upon documentation of the employment of at least 650 Full-time Permanent Employees at the Project Locations (Employment Increment of 100), provided Grantee is otherwise in compliance with program requirements;
 - c) a Third Disbursement of an amount equal to 25% of the grant (\$750,000) will be disbursed upon documentation of the employment of at least 750 Full-time Permanent Employees at the Project Locations (Employment Increment of 100), 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 April 25, 2013 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 \$3,000,000, 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	500
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A	B
Reporting Date	Employment Goals
February 1, 2016	500+X+Y+Z
February 1, 2017	500+X+Y+Z
February 1, 2018	500+X+Y+Z
February 1, 2019	500+X+Y+Z
February 1, 2020	500+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=50, and Employment Goals shall equal $[500 + X = 550]$ 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=100, and Employment Goals shall equal $[500 + X + Y = 650]$ 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=100, and Employment Goals shall equal $[500 + X + Y + Z = 750]$ 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 Z=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 500 and create 250 new jobs.

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

Without ESD assistance, 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.

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 \$28,547,919;
- Fiscal cost to NYS government is estimated at \$3,000,000;
- Project cost to NYS government per direct job is \$7,674;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$3,403;
- Ratio of project fiscal benefits to costs to NYS government is 9.52:1;
- Fiscal benefits to all governments (state and local) are estimated at \$48,835,488;
- Fiscal cost to all governments is \$3,000,000;
- All government cost per direct job is \$7,674;
- All government cost per total job is \$3,403;
- The fiscal benefit to cost ratio for all governments is 16.28:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$374,959,977, or \$425,275 per job (direct and indirect);
- The economic benefit to cost ratio is 124.99:1;
- Project construction cost is \$96,620,000, which is expected to generate 987 direct job years and 392 indirect job years of employment;
- For every permanent direct job generated by this project, an additional 0.89

- 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. Statutory Basis – Regional Council Capital Fund

The project was authorized in the 2012-2013 New York State budget and reappropriated in the 2013-2014, 2014-2015 and 2015-2016 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

VI. Environmental Review

The Town of Erwin 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 April 1, 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.

VII. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-discrimination & Contractor and Supplier Diversity policy will apply to the Project. The Grantee shall be required to use good faith efforts (pursuant to 5 NYCRR §142.8) to achieve an overall Minority and Women Business Enterprise ("MWBE") participation goal of 23%, 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 and to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project.

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 Photographs

Project Finance Memorandum

Benefit-Cost Analysis

Regional Council Award - Painted Post (Sothern Tier Region – Steuben County) – Corning Diesel Capital II – Empire State Economic Development Fund - General Development Financing and Regional Council Capital Fund (Capital Grants) – 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

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 Corning Diesel Capital II – Empire State Economic Development Fund – General Development Financing and Regional Council Capital Fund (Capital Grants) 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 Corning Incorporated grants for a total amount not to exceed Three Million Dollars (\$3,000,000) from the Empire State Economic Development Fund and 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.

* * *

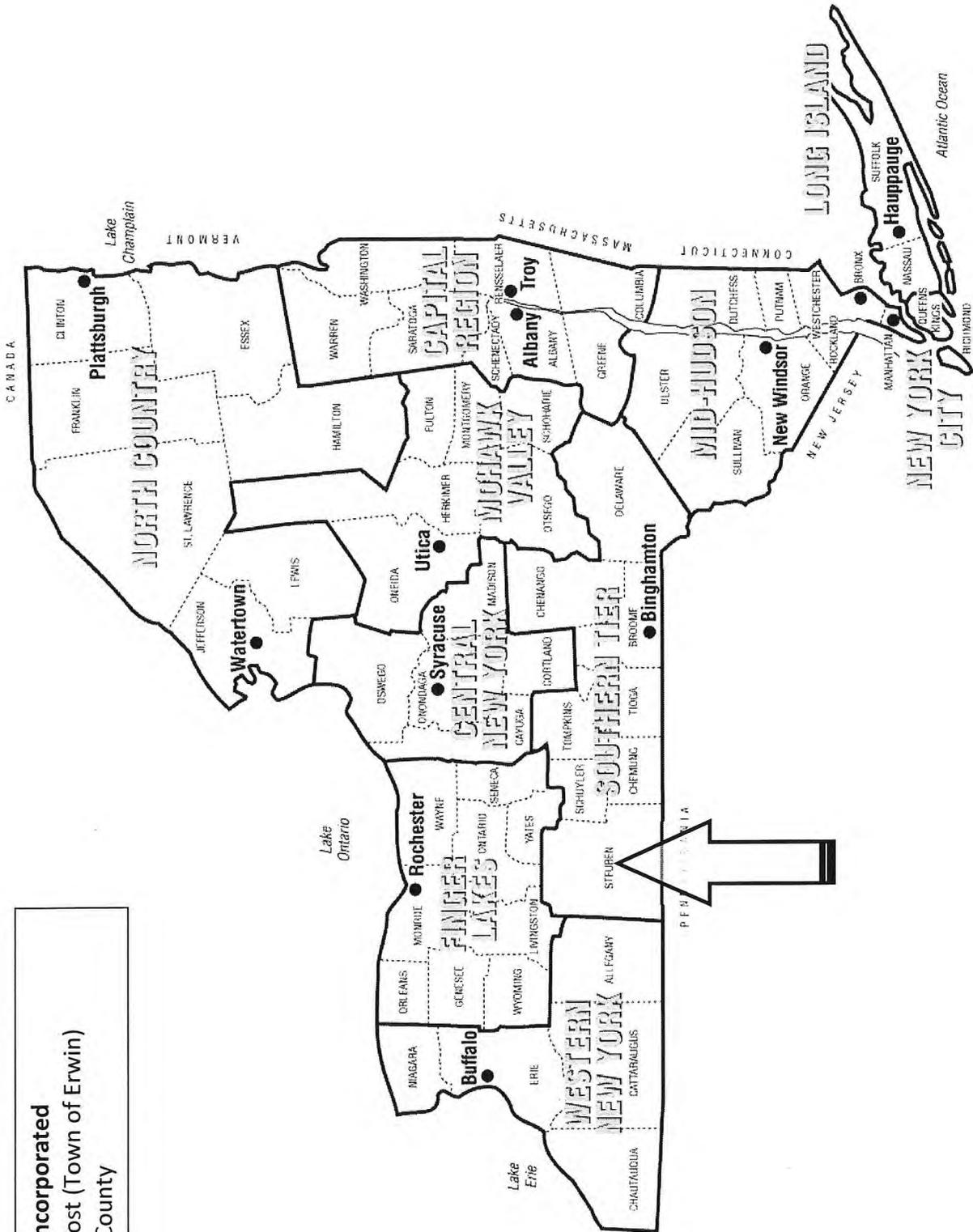
June 25, 2015

Regional Council Award - Painted Post (Tier Region –Steuben County) – Corning Diesel Capital II – Empire State Economic Development Fund – General Development Financing and Regional Council Capital Fund (Capital Grants) – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Corning Diesel Capital II Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

Corning Incorporated
Painted Post (Town of Erwin)
Steuben County









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FOR CONSIDERATION

June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Kirkwood (Southern Tier Region – Broome County) –Broome County IDA
- Indian Valley Industries, Inc. 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

General Project Plan

I. Project Summary

Grantee: Broome County Industrial Development Agency (“BCIDA” or the
“Agency”)

Beneficiary: Indian Valley Industries, Inc. (“IVI”)

ESD* Investment: A grant of up to \$728,500 to be used for a portion of the acquisition
cost of a manufacturing facility.

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

Project Location: 5 Pine Camp Drive, Kirkwood, Broome County

Proposed Project: The acquisition of a facility and the relocation of a manufacturing
company within Broome County

Project Type: Business retention

Regional Council: This project aligns with regional economic priorities as established by
STREDC through the retention of manufacturing jobs in an area which has
been beset by manufacturing job losses. This project is critical to the

retention of a company that has been located in the Southern Tier for more than 60 years. The Southern Tier Regional Council has been made aware of this item.

The Executive Director of Broome County Industrial Development Agency is a member of the 36- member Southern Tier Regional Economic Development Council. In conformance with the State's policy, this individual has recused himself on proceedings to recommend this project. The Council includes 14 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>	
Real Estate Acquisition	\$2,152,000	
Soft Costs (legal fees)	<u>3,500</u>	
Total Project Costs	<u>\$2,155,500</u>	
<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$728,500	34%
Company Equity	<u>1,427,000</u>	<u>66%</u>
Total Project Financing	<u>\$2,155,500</u>	<u>100%</u>

III. Project Description

A. Organization

Industry: Government

Organization

History: The Broome County Industrial Development Agency has actively fostered economic growth in Greater Binghamton for over 40 years. Over this time period, the Agency has facilitated more than 150 projects; with a capital investment of more than \$725 million in the Southern Tier Region.

Beneficiary

History: Founded in Broome County in 1940 as a burlap bag manufacturer, Indian Valley Industries, Inc. has grown into a vertically integrated supplier to a wide range of industries. Presently, IVI is a multi-divisional company that manufactures and supplies products relating to environmental remediation, erosion control, and the containment of both air and waterborne pollutants.

Ownership: BCIDA is a public benefit corporation chartered by the State of New York.

Size: BCIDA is overseen by a nine member board appointed by the Broome County Legislature. The Agency offers companies comprehensive services including needs assessment, site selection, financial incentives, and access to other public-sector programs. BCIDA owns and manages a 600-acre corporate park in Conklin, NY, and over 1.2 million square feet of real estate in the community including the L3 Link Simulation & Training building in Kirkwood, NY, and 600 Main Street in Johnson City, NY.

Market: N/A

ESD Involvement: BCIDA sought to work as a conduit with Indian Valley Industries, Inc. to retain the company in New York State and preserving local jobs. The company's existing facility was being purchased by Binghamton University to construct a pharmacy school in close proximity to a major health care center in Broome County. BCIDA approached ESD for assistance. ESD responded with a \$728,500 capital grant, which enabled BCIDA to work with IVI to located a new site and keep operations and jobs in NYS. Without this funding, IVI would have likely relocated outside of NYS.

Competition: Pennsylvania or other locations along the East Coast

Past ESD Support: Since 2008, BCIDA received an Empire State Economic Development Fund grant of \$1,000,000, as part of the Governor's Upstate "City-by-City" initiative, for infrastructure development to a 26-acre business park to make it a shovel ready site. The project was completed and final payment was disbursed on April 21, 2011.

B. The Project

Completion: February 2015

Activity: The BCIDA assisted Indian Valley Industries, Inc. in the purchase of a building in order to facilitate the relocation of their manufacturing facility in the Southern Tier Region.

Results: ESD funding made it possible for the BCIDA to secure the retention of business operations of Indian Valley Industries, Inc. in Broome County and preserve 40 local jobs in NYS.

Grantee Contact: Kevin McLaughlin, Executive Director
60 Hawley Street—5th Floor
Binghamton, NY 13901

Phone: (607) 584-9000

ESD Project No.: Z621

Project Team:	Origination	Bonnie Palmer
	Project Management	Omar Sanders
	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 \$728,500 capital grant (\$7,285) 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 Company'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 \$728,500 will be disbursed in a lump sum to Grantee upon project completion, as evidenced by documentation verifying purchase and transfer of the Project Location to Indian Valley Industries, Inc., documentation verifying project expenditures of approximately \$2,154,500, inclusive of a minimum of \$728,500 expended by BCIDA, assuming that all project approvals have been completed and funds are available. An additional condition precedent to disbursement is evidence of the sale of the property at 60-100 Corliss Avenue, Johnson City, NY to Binghamton University. Payment will be made upon presentation to ESD of an invoice, closing statement, or other real estate related documentation and such other documentation as ESD may reasonably require. Expenses must be incurred on or after January 1, 2015, 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 \$728,500, 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

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 Beneficiary will maintain its employment level of Full-time jobs, including retention of 40 jobs which were at risk of relocation to another state.

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

The Beneficiary considered relocating its operations to Northern Pennsylvania. 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.

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 \$1,875,882;
- Fiscal cost to NYS government is estimated at \$723,433;
- Project cost to NYS government per direct job is \$23,797;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$10,984;
- Ratio of project fiscal benefits to costs to NYS government is 2.59:1;
- Fiscal benefits to all governments (state and local) are estimated at \$3,194,948;
- Fiscal cost to all governments is \$723,433;
- All government cost per direct job is \$23,797;
- All government cost per total job is \$10,984;
- The fiscal benefit to cost ratio for all governments is 4.42:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$24,998,675, or \$379,561 per job (direct and indirect);
- The economic benefit to cost ratio is 34.56:1;
- There is no construction cost associated with this project;

- For every permanent direct job generated by this project, an additional 1.16 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is three 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

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

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 business in the performance of ESD contracts. For purposes of this Contract, however, goals will not be established due to the unavailability of minority and women-owned businesses for performance of this Contract.

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

June 25, 2015

Kirkwood (Southern Tier Region – Broome County) – Broome County IDA - Indian Valley Industries, Inc. – 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

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 Broome County IDA - Indian Valley Industries, Inc. Capital - 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, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Broome County Industrial Development Agency a grant for a total amount not to exceed Seven Hundred Twenty Eight Thousand Five Hundred Dollars (\$728,500) from the 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

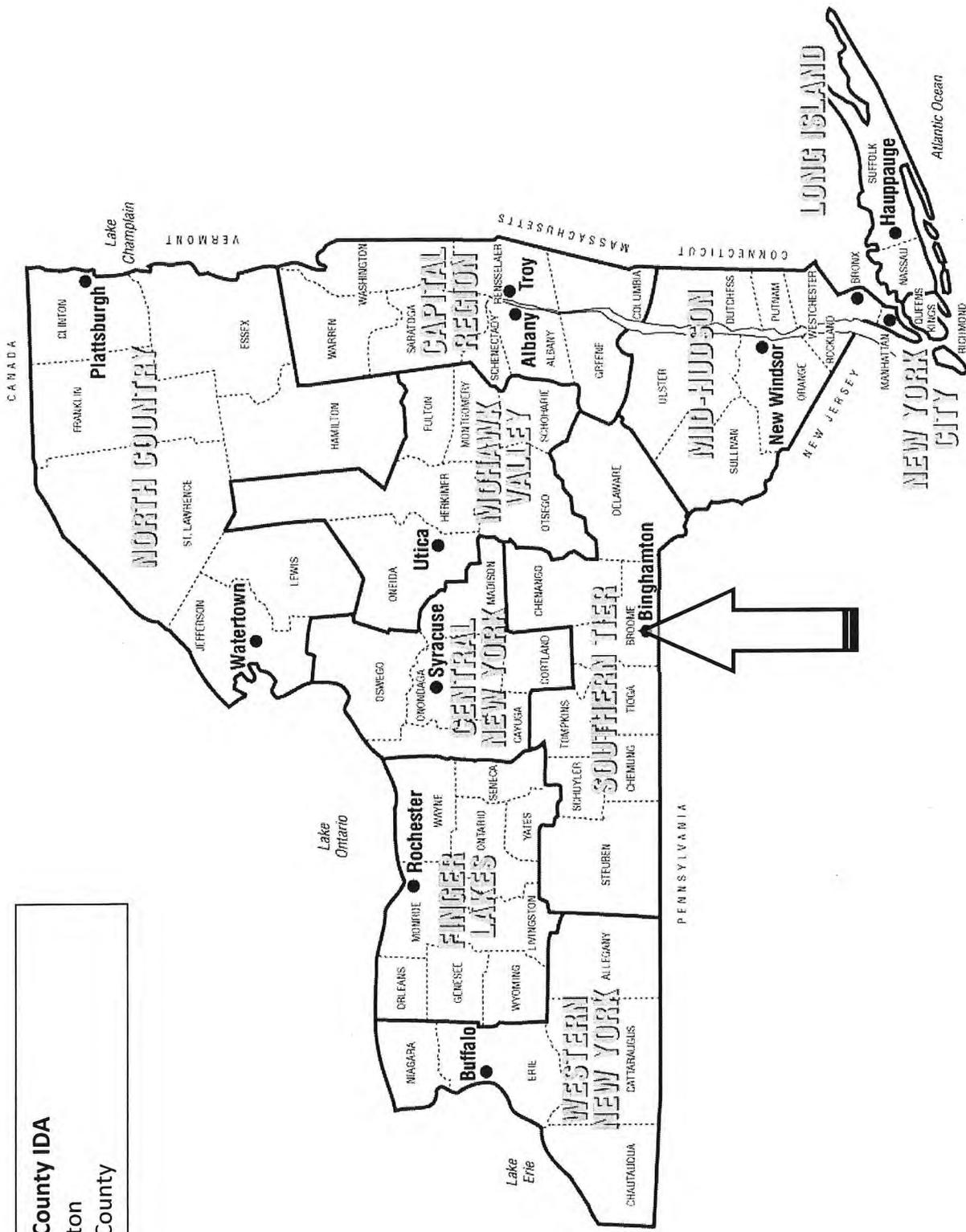
RESOLVED, that the President and Chief Executive Officer or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in the administration 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.

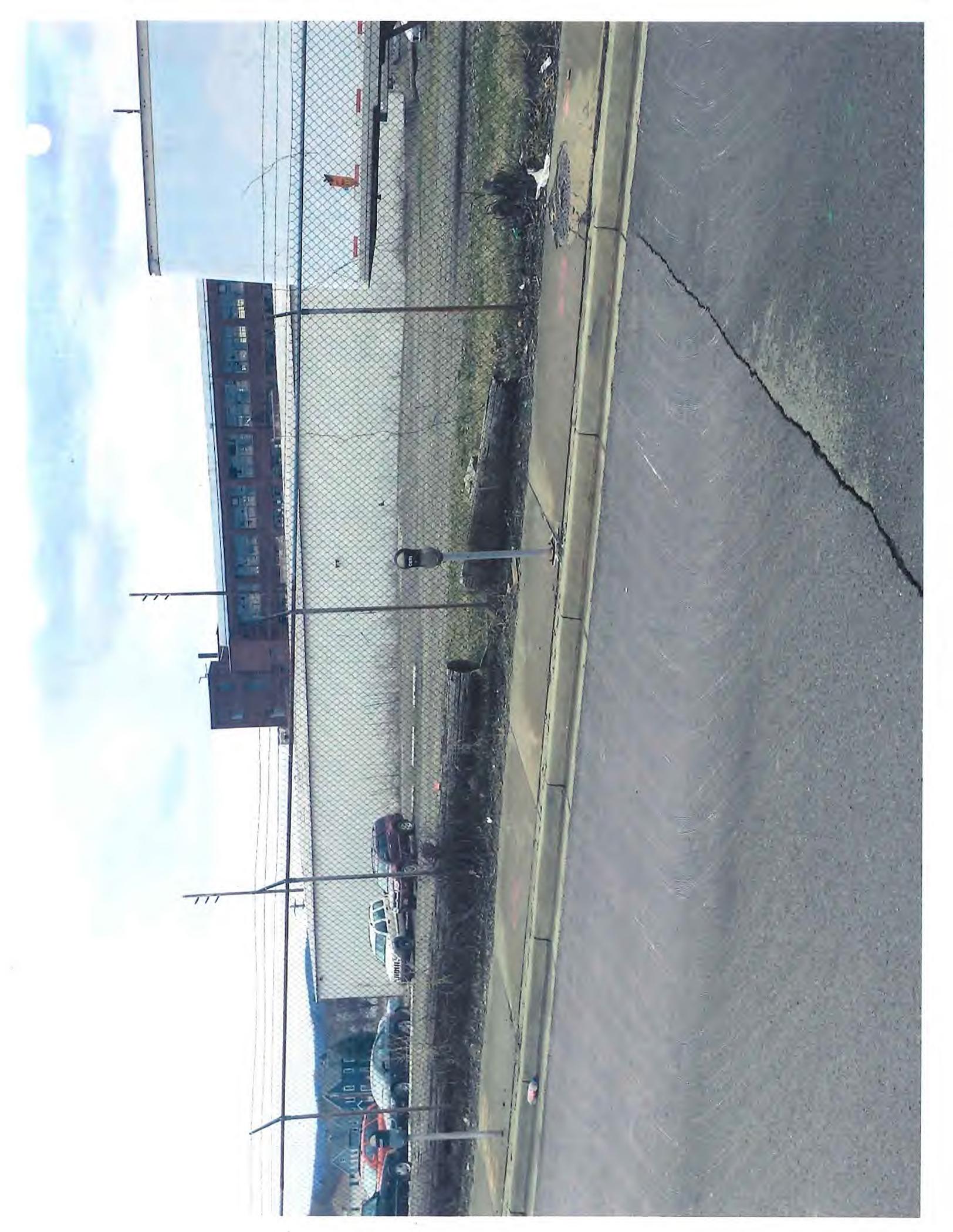
* * *

Broome County IDA
Binghamton
Broome County



Indian Valley Industries





FOR CONSIDERATION
June 25, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – Priority Project - Troy (Capital Region – Rensselaer County) – Urban Grow Center 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

General Project Plan

I. Project Summary

Borrower/Grantee: Capital District Community Gardens, Inc., d/b/a Capital Roots (“Capital Roots” or the “Organization”)

ESD* Investment: A grant of up to \$250,000 to be used for a portion of the cost of renovations and fit-up.

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

Project Location: 594 River Street, Troy, Rensselaer County

Proposed Project: Renovation and fit-up of a 10,000-square-foot vacant building, and furniture, fixtures and equipment purchases to establish an Urban Grow Center in the City of Troy that would extend the availability, access and distribution of locally grown foods.

Project Type: Construction and renovation to expand operations and services

Regional Council: This is a Priority Project for the Capital Region Economic Development

Council (“CREDC”), as it celebrates the Region’s surroundings to attract visitors, new residents and businesses by sustaining and optimizing our rural assets and working capital landscapes that provide a back drop for the Region. The project expands the use of agriculture and addresses the need for healthy foods as tools for improving the economic, physical and social health of the Region.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction / Renovation	\$1,838,451
Architecture & Engineering	149,549
Furniture and Equipment	<u>382,315</u>
Total Project Costs	<u>\$2,370,315</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD-Grant	\$250,000	11%	
SEFCU Loan	1,387,500	58%	2%/5yrs/first lien on RE
Community Loan Fund	477,500	20%	5%/5yrs/M&E, Misc. costs
Company Equity	<u>255,315</u>	<u>11%</u>	
Total Project Financing	<u>\$2,370,315</u>	<u>100%</u>	

III. Project Description

A. Company

Industry: Capital Roots works to reduce the impact of poor nutrition on public health by organizing community gardens, providing access to healthy foods, offering nutritional and horticultural education and coordinating urban greening programs. With programs including over 50 community gardens in the Capital Region, Capital Roots connects people and communities with knowledge and resources to improve their well-being through access to healthy, locally grown foods.

Company History: Capital Roots began in 1975 under the name Capital District Community Gardens, Inc. as a community service project of Garden Way, the former manufacturer of Troy-Bilt Lawn and Garden Equipment. Its operations initially involved the creation of community gardens to provide residents in urban areas with access to fresh fruits and vegetables. Over the years, its programs and services expanded to include urban greening initiatives, education and training of inner city youth, and the coordination of fresh

food deliveries to underserved areas throughout Albany, Rensselaer, Schenectady and Saratoga Counties.

- Ownership:** Capital Roots is a not-for-profit corporation.
- Size:** Capital Roots employs approximately 25 individuals and operates with the help of a 23-member Board of Directors and several hundred volunteers, including residents, area high school and college students and sponsoring businesses.
- Market:** Capital Roots services inner city areas that lack access to fresh, locally grown fruits and vegetables by coordinating the aggregation, distribution and delivery of food to soup kitchens, food pantries, inner city convenience stores and facilities housing elderly, low-income and disabled residents, throughout Albany, Rensselaer, Schenectady and Saratoga Counties.
- ESD Involvement:** By 2012, Capital Roots was facilitating the distribution of over 300,000 pounds of fresh food annually throughout the Capital Region in an undersized facility that lacked the necessary space and logistics to operate efficiently and meet the growing demand for fresh foods. At the same time, small local food growers lacked the distribution capabilities and production volumes necessary to access larger, more consistent markets. Capital Roots applied to Round 2 of the Consolidated Funding Application ("CFA") for financial assistance to support the renovation and fit-up of a vacant building in Troy to increase its fresh food warehousing and distribution capabilities, and to expand horticulture services and training activities for the community. The project was identified by the CREDC as a priority that expands the use of agriculture while improving the economic, physical and social health of the Region. The project was awarded a \$250,000 CFA grant which was accepted May 2014. As an Organization that rely heavily on business and individual donations, Capital Roots was unable to fully finance the project without ESD support.
- Past ESD Support:** This is the Company's first project with ESD.

B. The Project

- Completion:** December 2014
- Activity:** The project involved the purchase and renovation of a vacant 10,000-square-foot, two-story building in Troy. Renovations included restoration of the building's exterior and construction of a new storefront entrance,

dock space and shipping/receiving areas. Indoor renovations included the construction of climate controlled warehouse and distribution areas, a garden tool storage area, administrative offices and open spaces to accommodate retail sales and volunteer and visitor activities, and to conduct education and training. Ramps were installed to allow full access to all areas of the building in accordance with the Americans with Disabilities Act.

With additional CFA funding from the New York State Environmental Facilities Corporation and the New York State Energy Research and Development Authority, Capital Roots also made energy efficiency improvements (beyond the scope of the ESD project), including the installation of a rainwater remediation silo to recapture and use rainwater runoff, and the installation of energy efficient lighting.

Results: The project will enable Capital Roots to triple the volume of locally grown fresh fruit and produce it receives and distributes, exceeding one million pounds per year. The project also provides market opportunity to small, local food growers in the Capital Region who lack the capacity and resources to aggregate and market small volumes of product to large consumers. The project allows Capital Roots to offer expanded programming by providing an aesthetically pleasing space for individuals, small business owners and community groups to meet for nutrition, horticulture, business consultation and training. Finally, the project provides access to fresh produce for an underserved, urban area within of the City of Troy.

Grantee Contact: Amy Klein, Executive Director
594 River Street
Troy, NY 12180
Phone: (518) 274-8685

ESD Project No.: Z112

Project Team:	Origination	Arnie Will
	Project Management	Linda Dillon
	Contractor & Supplier Diversity	Denise Ross
	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 \$250,000 capital grant (\$2,500) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.

2. The Company will be obligated to advise ESD of any 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 \$250,000 will be disbursed to Grantee in a lump sum upon documentation of renovation and furniture, fixtures and equipment project costs totaling approximately \$2,000,000, and upon completion of the project substantially as described in these materials as evidenced by a Certificate of Occupancy, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after April 18, 2014, to be considered eligible project costs. All disbursements must be requested by December 31, 2015.
5. The Grantee is required to submit annual progress reports on the achievement of the following project goals and metrics for three (3) years following the final disbursement:

Goals:

- i. Completion of the Urban Grow Center to build synergy and increase efficiency of Capital Roots programs, support the Organization and create new community opportunities.
- ii. Increase the distribution of local foods in low-income urban neighborhoods of the capital Region.
- iii. Strengthen regional food economy by lowering barriers limiting farmers' access to local retail and institutional markets.

Metrics:

- i. The Urban Grow Center will document the increase in efficiency by comparing the number of individuals served by Capital Roots' programs after the Urban Grow Center's establishment to prior baselines.
- ii. Document the distribution range of the Urban Grow Center.
- iii. Document the number of farmers, businesses and non-profits partnering with the Urban Grow Center.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$250,000, 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. 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.

As a result of this project, the Company has maintained its employment level of 18 and created 7 new jobs.
2. The proposed project would be unlikely to take place in New York State without the requested assistance.

ESD 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.

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 \$181,032;
- Fiscal cost to NYS government is estimated at \$250,000;
- Ratio of project fiscal benefits to costs to NYS government is 0.72:1;
- Fiscal benefits to all governments (state and local) are estimated at \$316,173;
- Fiscal cost to all governments is \$250,000;
- The ratio of project fiscal benefit to cost ratio to all governments is 1.26:1;
- Economic benefits (total fiscal plus total net resident disposable income from project construction employment) are estimated at \$2,284,264;
- The economic benefit to cost ratio is 9.14:1;
- Project construction cost is \$2,500,000 which is expected to generate 22 direct job years and 16 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. 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 & Contractor and Supplier Diversity policy will apply to the Project. Capital Roots shall be required to use good faith efforts (pursuant to 5 NYCRR §142.8) to achieve an overall Minority and Women Business Enterprise ("MWBE") participation goal of 23%, Minority Business Enterprise ("MBE") participation goal of 13% and a Women Business

Enterprise (“WBE”) participation goal of 10% 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 Photographs
Benefit-Cost Analysis

June 25, 2015

Regional Council Award – Priority Project - Troy (Capital Region – Rensselaer County) – Urban Grow Center 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

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 Urban Grow Center Capital -- Economic Development Fund Capital 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, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Capital District Community Gardens, Inc. d/b/a Capital Roots a grant for a total amount not to exceed Two Hundred and Fifty Thousand Dollars (\$250,000) from the 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 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

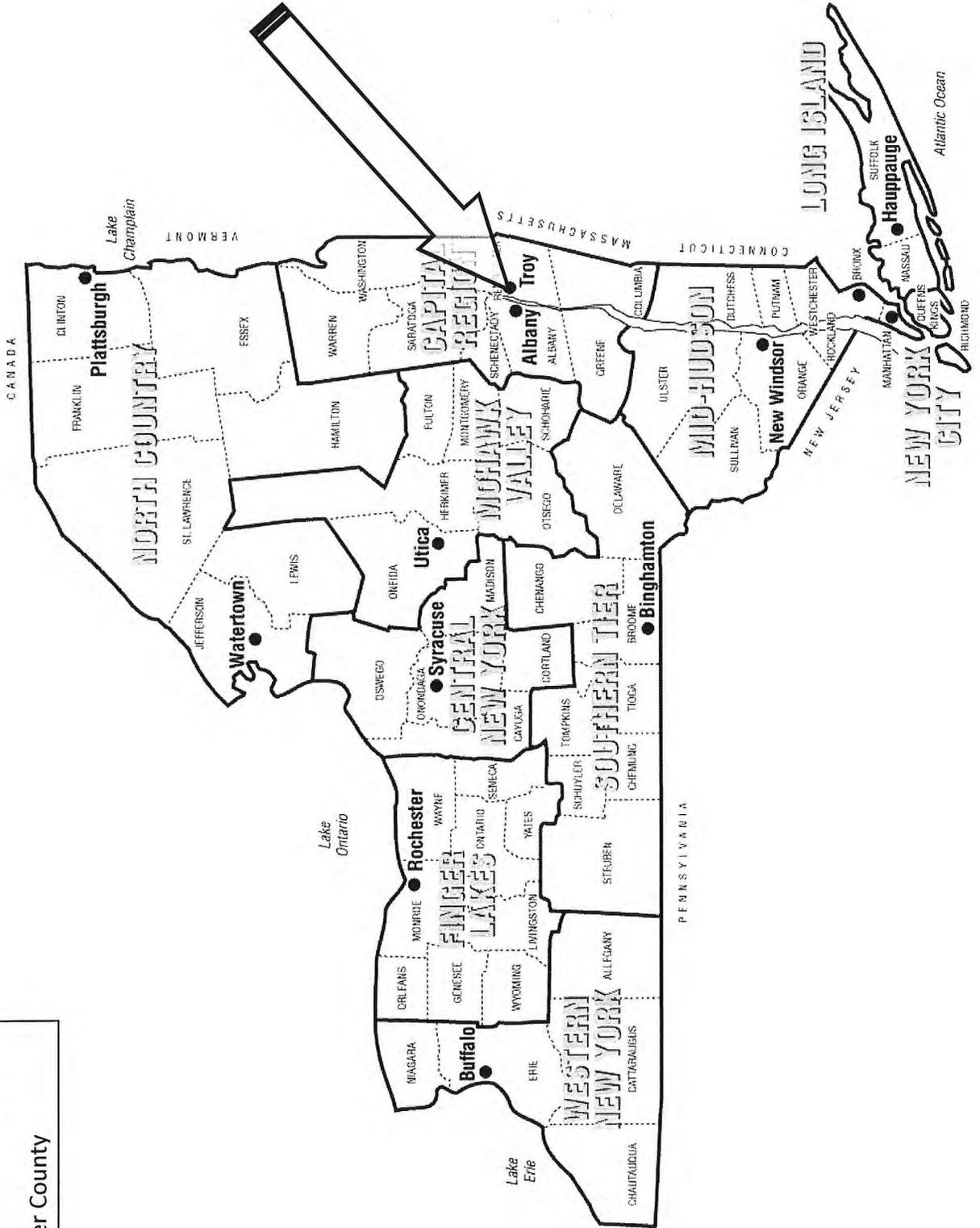
RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

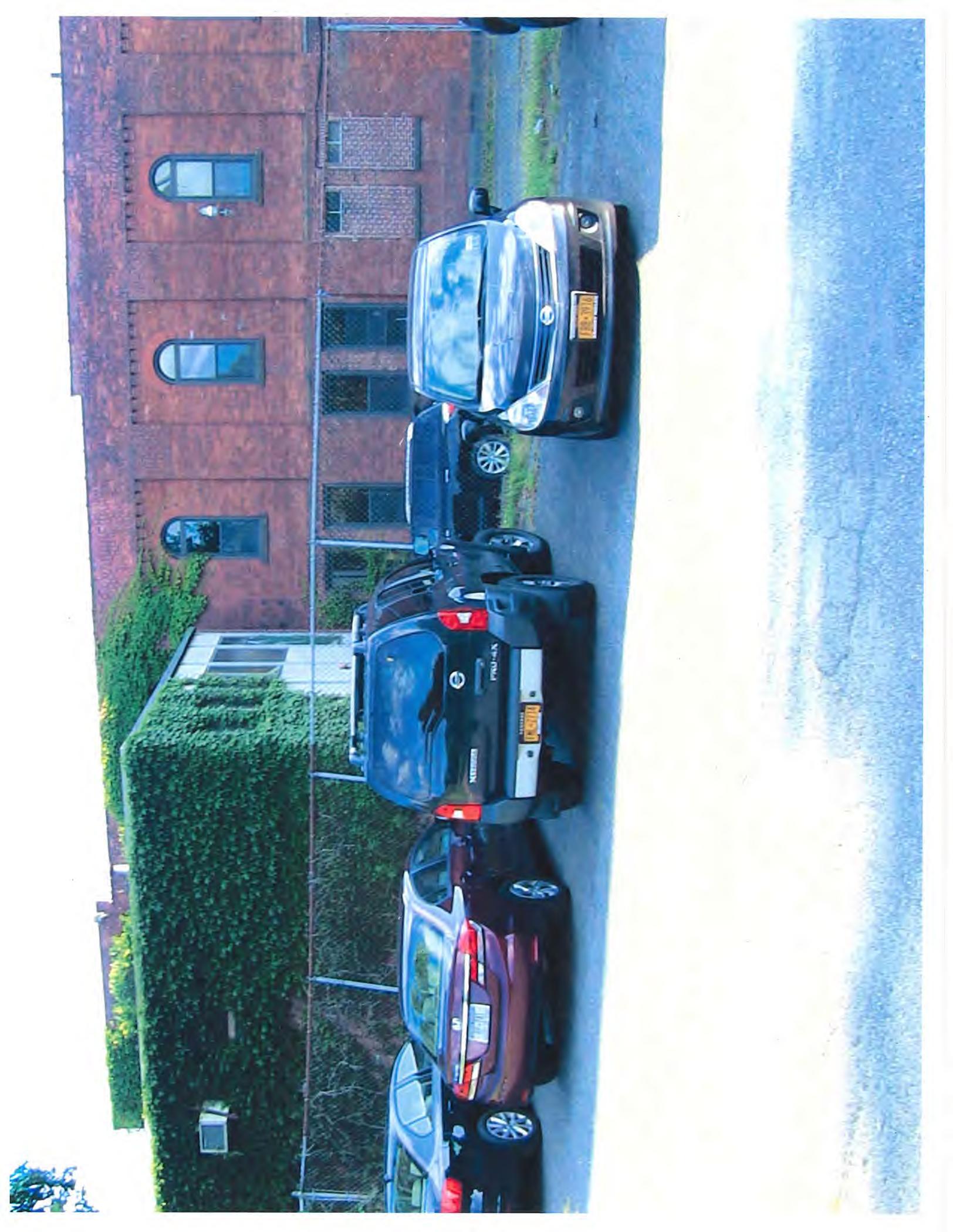
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Urban Grow Center Capital

Troy

Rensselaer County





URBAN GROW CENTER





