

**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

Wednesday

July 18, 2012 – 9:30 a.m.

**AGENDA**

**FOR CONSIDERATION**

**I. CORPORATE ACTION**

- A. Approval of Minutes of the June 26, 2012 Directors' Meetings (Corporate Action)

**II. DISCRETIONARY PROJECTS**

**SOUTHERN TIER REGION**

- A. New Berlin (Southern Tier Region - Chenango County) – Chobani Capital – JOBS Now Program (Capital Grant) - Findings and Determinations Pursuant to Section 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions; Determination of No Significant Effect on the Environment

**FINGER LAKES REGION**

- B. Ogden (Finger Lakes Region – Monroe County) – Rochester Midland 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

## II. **DISCRETIONARY PROJECTS - Continued**

### **MID-HUDSON REGION**

- C. New Windsor (Mid-Hudson Region – Orange County) - Precision Pipeline Solutions Capital and Training – Economic Development Fund - General Development Financing (Capital Grant and Training 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

### **SMALL BUSINESS REVOLVING LOAN FUND PROGRAM**

- D. Small Business Revolving Loan Fund Program - Request to Reallocate Funds – Authorization to Reallocate Funds; Authorization to Amend the Grant Agreements; Authorization to Take Related Actions

### **DISCRETIONARY PROJECTS CONSENT CALENDAR**

- E. Discretionary Projects Consent Calendar– 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; Determination of No Significant Effect on the Environment

#### General Development Financing Projects

- A. ASB Greenworld Capital (Sullivan County) - \$100,000  
B. Upstate Door Capital (Wyoming County) - \$82,000

#### Urban and Community Technical Assistance

- C. SEED – SUNY Albany – Working Capital (Albany County) - \$99,924

#### Urban and Community Project Development Assistance

- D. Buffalo Building Reuse Market Analysis (Erie County) - \$7,500

## III. **REGIONAL COUNCIL AWARD – ROUND I**

### **MID-HUDSON REGION**

- A. Regional Council Award – Priority Report - Valhalla (Mid-Hudson Region - Westchester County) – New York Medical 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

### III. **REGIONAL COUNCIL AWARD – ROUND I – Continued**

#### **CAPITAL REGION**

- B. Regional Council Award – Priority Project – Albany (Capital Region – Albany County) - University at Albany – University at Albany - RNA Institute Capital - Economic Development Purposes Fund - (Capital and Working 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

#### **CENTRAL NEW YORK REGION**

- C. Regional Council Award – Priority Project – Syracuse (Central New York Region – Onondaga County) - Merchants Commons 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

### IV. **NON-DISCRETIONARY PROJECTS**

- A. Non-Discretionary Projects – Land Use Improvement Project Findings and Determinations Pursuant to Sections 10 (c) and 10(g) of the Act; Authorization to Adopt the General Project Plans; Authorization to Make Grants and to Take Related Actions; Determinations of No Significant Effect on the Environment

#### **Empire Opportunity Fund (Executive)**

- A. SIDA – Merchants Commons – Upstate City-by-City EOF Capital (Onondaga County) - \$0

#### **Local Assistance (Executive)**

- B. The Research Foundation – Buffalo COE in Bioinformatics & Life Sciences I (Erie County) - \$3,150,498

#### **Capital Projects Fund (Senate)**

- C. Webster – Senior Residential Housing Capital (Bronx County) - \$1,400,000

**V. ADMINISTRATIVE ACTIONS****VICTORIA THEATRE REDEVELOPMENT LAND USE IMPROVEMENT AND CIVIC PROJECT**

- A. New York City (New York County) – Victoria Theatre Redevelopment Land Use Improvement and Civic Project – Land Use Improvement Project and Civic Project Findings Pursuant to Section 10 of the UDC Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Hold a Public Hearing on the Proposed General Project Plan Pursuant to the UDC Act and Other Applicable Law; Authorization to Accept the Draft Environmental Impact Statement (“DEIS”) as Satisfactory with Respect to its Scope, Content and Adequacy under the State Environmental Quality Review Act (“SEQRA”) and for Publication, Circulation and Filing; Authorization to Hold a Public Hearing on the DEIS Pursuant to SEQRA and Other Applicable Law; Authorization to Hold a Public Hearing on the Proposed General Project Plan Pursuant to the UDC Act and other Applicable Law; Authorization to Hold a Public Hearing on the Essential Terms of a Proposed Lease with Option to Purchase and Related Documents for the Project with Danforth Development Partners, LLC or an Affiliate thereof Pursuant to the UDC Act and Other Applicable Law; and Authorization to Take Related Actions
- B. Procurement of Consulting Services – Authorization to Extend the Term of a Contract with Jacqueline Dalton to Provide Consulting Services and to Take Related Actions
- C. Investment Report – Approval of Investment Guidelines and Investment Report and Authorization to Take Related Actions

**VI. HOUSING PORTFOLIO**

- A. Roosevelt Island (New York County) – Island House Residential Project (UDC Loan No. 53) – Authorization to (i) Consent to Second Amendment to the Ground Lease, (ii) Revise Tax Equivalent Payment (“TEP”) Terms Upon Implementation of Affordability Plan for Preservation of Affordable Housing and the Project’s Withdrawal from Mitchell-Lama Program (“Affordability Plan” or “Plan”), which is Incorporated and Made Part of Second Amendment to the Ground Lease, and (iii) Assign Mortgage to the New Lender, and (iv) Take All Related Actions
- B. Brooklyn, New York (Kings County) – Vernon Avenue Houses – UDC Loan No. 237 – Authorization to (i) Accept a Partial Prepayment in Satisfaction of the Outstanding Mortgage, (ii) Allow an Assumption of the Remaining Balance of the Outstanding Mortgage, (iii) Allow an Assumption of a Tenant Repair and Improvement Loan, and (iv) Take All Related Actions

- C. Arverne (Queens County) - Ocean Village Residential Project – UDC Loan No. 33 – Authorization to (i) Accept a Partial Prepayment and Allow the Assumption of the Remaining Balance of Outstanding Indebtedness and (ii) Take All Related Actions

**VII. INFORMATION**

- A. Moynihan Station Development Corporation – Update on Status

**DRAFT – SUBJECT TO REVIEW AND REVISION**

**NEW YORK STATE URBAN DEVELOPMENT CORPORATION**

d/b/a Empire State Development Corporation

Meeting of the Directors

New York City Regional Office

633 Third Avenue

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

New York, New York 10017

and

Syracuse Regional Office

620 Erie Boulevard West

Syracuse, New York 13204

and

Buffalo Regional Office

95 Perry Street

Buffalo, New York 14203

June 26, 2012

**MINUTES**

**In Attendance**

**Directors:**

Julie Shimer – Chair

Kenneth Adams

Derrick Cephas

Paul Ciminelli

Robert Dyson

Joyce Miller

Anthony Albanese – Designee for Superintendent – Department  
of Financial Services

**DRAFT – SUBJECT TO REVIEW AND REVISION**

**Present for ESD:** Maria Cassidy, Deputy General Counsel  
Vikas Gera, Project Manager – Affirmative Action  
Rhoda Glickman, Senior Vice President - Business Services  
Sheri Lippowitsch, Vice President – Loans and Grants  
Eileen McEvoy, Corporate Secretary  
Kathleen Mize, Deputy CFO and Controller  
Natasha Pallan, Director – Subsidiary Finance  
Susan Shaffer, Vice President – Loans and Grants  
Frances A. Walton, Chief Financial and Administrative Officer  
David J. Wright, Assistant Commissioner

**Also Present** James Fayle, Director - Central New York Regional Office  
Steve Gawlik, Vice President – Capital Projects and Senior  
Counsel – Western New York Regional Office  
Andrea Lohneiss, Director – Long Island Regional Office  
Robert McNary, Director – Finger Lakes Regional Office  
Ed Muszynski, Area Director - Finger Lakes Regional Office  
Christina Orsi, Director – Western New York Regional Office  
Aimee Vargas, Director – Mid-Hudson Regional Office  
Arnold Will – Capital Regional Office

**Also Present:** The Press  
The Media

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 10:31 a.m. by Chair Shimer. 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, Chair Shimer set forth the guidelines regarding comments by the public on matters on the Agenda.

**DRAFT – SUBJECT TO REVIEW AND REVISION**

Chair Shimer then asked the Directors to approve the Minutes of the April 26, 2012 and May 17, 2012 Directors' meetings. There being no changes or corrections, upon motion duly made and seconded, the following resolution was unanimously adopted:

**APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE APRIL 26, 2012 AND MAY 17, 2012 MEETINGS OF THE DIRECTORS OF THE NEW YORK STATE URBAN DEVELOPMENT CORPORATION**

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RESOLVED, that the Minutes of the meetings of the Corporation held on April 26, 2012 and May 17, 2012, as presented to this meeting, are hereby approved and all actions taken by the Directors presented at such meetings as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Corporation.

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The Chair then asked Ms. Lippowitsch to present a summary of the Discretionary Project items on the Agenda. Chair Shimer explained that following this brief presentation, she would call upon the individual Regional Directors or their representatives to present the projects from their region.

Ms. Lippowitsch noted that the Directors are being asked to approve four discretionary projects in total. Ms. Lippowitsch explained that there are three Economic Development Fund Grants totaling \$5,650,000 for projects located in Central New York, Long Island and the Mid-Hudson Regions. Ms. Lippowitsch further explained that there is one \$500,000 grant for a Restore New York project located in the Capital Region.

Ms. Lippowitsch added that these projects will leverage over \$245 million of additional

**DRAFT – SUBJECT TO REVIEW AND REVISION**

investments and will assist in retaining 1,069 jobs and in creating approximately 120 jobs in New York State.

Following the full summary, the Chair asked Mr. Fayle to present the Novelis Economic Development Fund item for the Directors' consideration.

Mr. Fayle explained that the Directors were being asked to authorize ESD to make a \$5,000,000 Economic Development Fund capital grant to the Novelis Corporation located in Oswego County. These funds, he added, will be used to assist Novelis in the expansion of their existing 1.4 million square foot facility and in the purchase of \$138,000 in machinery and equipment.

Mr. Fayle also noted that the project will create 100 full-time permanent jobs and retain 601 existing jobs.

Mr. Fayle further explained that the Company produces aluminum sheets and light gauge products for use in the beverage and food can, transportation, construction, industrial lithography and foil products market.

Mr. Fayle noted that one of benefits of this project is that much of the aluminum that they purchase comes from the Alcoa plant located in Massena, New York.

**DRAFT – SUBJECT TO REVIEW AND REVISION**

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

Director Adams thanked Mr. Fayle for putting this excellent project together. Director Ciminelli commented positively with regard to the project.

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

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

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RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Novelis Corporation Capital Empire State Economic Development Fund – General Development Financing (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 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 Corporation Capital -- Empire State Economic Development Fund 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;

**DRAFT – SUBJECT TO REVIEW AND REVISION**

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 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.

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Scriba (Central New York Region – Oswego County) – Novelis Corporation Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) – Determination of No Significant Effect on the Environment

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RESOLVED, that based on the material submitted to the Directors with respect to the Novelis

**DRAFT – SUBJECT TO REVIEW AND REVISION**

Corporation Capital Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

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Chair Shimer then asked Ms. Lohneiss, the Director of ESD’s Long Island Regional Office, to present the Hi-Tech Pharmacal EDF capital grant item for the Directors’ consideration.

Ms. Lohneiss asked the Directors to approve a \$500,000 grant to Hi-Tech Pharmacal to be used for a portion of the costs associated with building acquisition, renovations, site planning and machinery and equipment.

Ms. Lohneiss explained that the Company is a publicly owned manufacturer and marketer of a broad line of liquid and solid dose pharmaceutical products.

Ms. Lohneiss further noted that the Company operates in Copiague and Amityville, both in Suffolk County in a campus of seven different buildings.

This configuration of buildings, she continued, is very inefficient and has hampered their growth and led the Company to seriously consider relocating to Texas or Louisiana.

Ms. Lohneiss added that ESD’s assistance and the support of the Town of Babylon and the Village of Amityville convinced the Company to instead invest in a major facility improvement project to retain 290 jobs and add 20 new jobs.

**DRAFT – SUBJECT TO REVIEW AND REVISION**

Ms. Lohneiss further stated that as a result of the Project, the Company’s growth has accelerated and it has already exceeded job creation by adding 60 new jobs.

In closing, Ms. Lohneiss noted that the project was endorsed by the Long Island Regional Council and that there will be a second phase to this project involving an additional \$1,000,000 ESD grant if the Company invests another \$40,000,000 in campus reconfiguration. That project, she noted, will be brought before the Directors at a later date.

Following this presentation, Chair Shimer called for questions or comments. Hearing none, and upon motion duly made and seconded, the following resolution was unanimously adopted:

Amityville & Copiague (Long Island Region – Suffolk County) – Hi-Tech Pharmacal Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) – Findings and Determinations Pursuant to Sections 16-m and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Hi-Tech Pharmacal 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;

**DRAFT – SUBJECT TO REVIEW AND REVISION**

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 Hi-Tech Pharmacal Co., 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.

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**DRAFT – SUBJECT TO REVIEW AND REVISION**

Next, Ms. Vargas, the Director of ESD’s Mid-Hudson Regional Office, asked the Directors to authorize ESD to make a \$150,000 capital grant to Pentegra, an independent provider of retirement products and services to organizations nationwide.

Ms. Vargas explained that the funds will be used for a portion of the costs of construction and renovations of their headquarters in Westchester County.

Ms. Vargas noted that the Company outgrew its current space in White Plains and found it necessary to expand their existing space or relocate to a much larger facility in Connecticut.

Ms. Vargas also noted that the project involves retaining 128 jobs in their newly renovated White Plains leased facility.

Following the full presentation, the Chair asked for clarification regarding discrepancies between the statutory basis referenced in the materials and the table on economic benefits contained on the last page of the materials. Ms. Shaffer stated that she would look into it and later in the meeting reported that the table referred to a different project and had been submitted in error. Ms. Shaffer further noted that the record would be corrected for this project.

Chair Shimer then called for any further questions or comments. Hearing none, and upon motion duly made and seconded, the following resolution was unanimously adopted:

**DRAFT – SUBJECT TO REVIEW AND REVISION**

White Plains (Mid-Hudson Region – Westchester County) – Pentegra Services Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) Findings and Determinations Pursuant to Sections 16-m and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Pentegra Services 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 Pentegra Services, Inc. a grant for a total amount not to exceed One Hundred Fifty Thousand Dollars (\$150,000) 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

**DRAFT – SUBJECT TO REVIEW AND REVISION**

or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

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

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

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Ms. Lippowitsch then presented the Restore New York Calendar for the Directors consideration.

Ms. Lippowitsch explained that there was one project for consideration.

That project, she continued, is a request for a \$500,000 grant to the Village of Hudson Falls in Washington County for the redevelopment of the First National Bank building and an adjacent structure in the Village's downtown.

These structures, she continued, will be renovated to create nearly 13,000 square feet of space including over 11,400 square feet of new commercial office space and over 1,500 square feet of space for three affordable rental apartments.

**DRAFT – SUBJECT TO REVIEW AND REVISION**

The total project costs, Ms. Lippowitsch noted, are over \$1.1 million and renovations will begin next month with a completion date expected by the end of the year.

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

Statewide – Restore NY Communities – Capital Grant – Land Use Improvement Findings and Determinations Pursuant to Sections 10 (c), 10(g) and 16-n of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Restore NY Communities Capital Grant Project (the “Project”), the Corporation hereby determines pursuant to Sections 16-n and 10 of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that

1. The area in which the project is to be located is a substandard or unsanitary area, or is in danger of becoming a substandard or unsanitary area and tends to impair or arrest sound growth and development of the municipality.
2. The project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto.
3. The plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.
4. There are no families or individuals 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

**DRAFT – SUBJECT TO REVIEW AND REVISION**

such changes, are hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written findings 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 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 Restore NY Communities, 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 to make grants to the parties and for the amount listed below from Restore NY Communities, 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

Restore NY Communities – Project Summary Table

	<b>Project Name</b>	<b>Proj #</b>	<b>Grantee</b>	<b>Assistance up to</b>
	<b>Restore NY Communities Projects</b>			
A.	Hudson Falls – RESTORE III – First National Bank Building Redevelopment	W862	Village of Hudson Falls	\$500,000
			<b>TOTAL</b>	<b>\$500,000</b>

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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**DRAFT – SUBJECT TO REVIEW AND REVISION**

Hudson Falls (Capital Region – Washington County) – Hudson Falls – RESTORE III – First National Bank Building Redevelopment – Restore NY Communities 08-09 – Determination of No Significant Effect on the Environment

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RESOLVED, that based on the material submitted to the Directors with respect to the Hudson Falls-RESTORE III-First National Bank Building Redevelopment Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

\* \* \*

Chair Shimer moved on to the Regional Council Awards – Round 1 items and asked Mr. McNary, the Director of ESD’s Finger Lakes Regional Office, to present the first of those items.

Mr. McNary asked the Directors to authorize ESD to make a \$1,500,000 grant to the Finger Lakes Cultural and Natural History Museum.

The funds, he explained, will be used for the purchase, construction and renovation of a former school in Branchport to house the Museum’s educational resources community programs.

Following Mr. McNary’s full presentation, the Chair commented that the current materials do not accurately reflect these types of investments.

Director Adams noted that some of the information contained in the materials must be

**DRAFT – SUBJECT TO REVIEW AND REVISION**

kept for statutory reasons but that the remainder will be reviewed and revised as warranted.

The Chair noted that the reason that she is suggesting revision of the materials is so that the public record reflects how ESD deliberations tie into the economic development plan that the Governor has regarding the Regional Councils.

Mr. McNary noted his agreement with the Chair’s statements. Further discussion was had with regard to revision of the Directors’ materials to adequately reflect the Regional Council Award projects.

The Chair then called for any further questions or comments. Hearing none, and upon motion duly made and seconded, the following resolution was unanimously adopted:

Regional Council Award – Priority Project - Branchport (Finger Lakes – Yates County) – Finger Lakes Cultural & Natural History Museum – Economic Development Purposes Fund (Capital Grant) – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Finger Lakes Cultural & Natural History Museum -- Economic Development Purposes 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

**DRAFT – SUBJECT TO REVIEW AND REVISION**

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 Finger Lakes Cultural & Natural History Museum a grant for a total amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) 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 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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Regional Council Award – Priority Project - Branchport (Finger Lakes – Yates County) – Finger Lakes Cultural & Natural History Museum – Economic Development Purposes Fund (Capital Grant) – Determination of No Significant Effect on the Environment

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RESOLVED, that based on the material submitted to the Directors with respect to the Finger Lakes Cultural & Natural History Museum – Economic Development Purposes Fund (Capital Grant) Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

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Chair Shimer then asked Mr. Will to present the Windham Mountain Partners, LLC

**DRAFT – SUBJECT TO REVIEW AND REVISION**

Capital Grant item.

Mr. Will provided the relevant background information with regard to this request noting in part that the grant of \$1,500,000 will be used for a portion of the costs to design and construct an enhanced stormwater collection and improvements to impervious areas.

Among other things, Mr. Will explained that a \$5,000,000 stormwater improvement project is the initial step towards implementation of Destination Windham, a transformational project identified in the Capital Region Economic Development Council's Strategic Plan.

Mr. Will noted that Destination Windham includes \$33.5 million in expanded amenities including a new ice skating rink and improved parking and shuttle buses connecting to the town's businesses.

Mr. Will went on to explain that Hurricane Irene and Tropical Storm Lee overwhelmed the mountain's storm drain system nearly decimating everything in its path.

The Project, Mr. Will further explained, includes the design, permitting and construction of an improved stormwater collection and control system to mitigate the effects of Hurricane Irene and Tropical Storm Lee and protect the multimillion dollar resort infrastructure of Windham Mountain to permit the redevelopment of the lower base area to accommodate a \$33.5 million tourism destination project.

**DRAFT – SUBJECT TO REVIEW AND REVISION**

Directors Adams and Dyson both addressed the devastation caused by Hurricane Irene and Tropical Storm Lee to the area.

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

Regional Council Award – Transformational Project - Windham (Greene County) – Windham Mountain Partners Capital – Regional Council Capital Fund (Capital Grant) – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Windham Mountain Partners 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 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 Windham Mountain Partners, 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

**DRAFT – SUBJECT TO REVIEW AND REVISION**

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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Regional Council Award – Transformational Project - Windham (Capital Region - Greene County) – Windham Mountain Partners Capital – Regional Council Capital Fund (Capital Grant) - Determination of No Significant Effect on the Environment

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

\* \* \*

The Chair then asked Ms. Lohneiss to present the next two items on the Agenda.

First, Ms. Lohneiss asked the Directors to approve a grant of \$500,000 to Accelerate Long Island, Inc. to be used for a portion of the cost of investments in technology firms in Long Island.

Ms. Lohneiss explained, among other things, that ESD’s \$500,000 will be granted to

**DRAFT – SUBJECT TO REVIEW AND REVISION**

promising new technology companies and matched by another \$500,000 in private venture capital funds that have already been raised. It is anticipated, Ms. Lohneiss added, that Accelerate Long Island will not utilize more than \$50,000 in State funds per company without ESD's consent.

Ms. Lohneiss further noted that no ESD funds will be used for administrative costs and the Director's salary will be paid for by multimember financial contributions from the founding institutions.

Ms. Lohneiss then asked the Directors to authorize ESD to make a \$182,900 grant to the Cornell Cooperative Extension of Suffolk County. These funds, she explained, will be used for a portion of the cost of personnel and machinery and equipment expenditures incurred by Cornell Cooperative for the Peconic Bay Scallop Restoration Project. The Project, she continued, will work to restore the scallop population which will have a direct positive impact on Long Island shellfish harvesting and wholesalers.

Following the full presentation of each of the foregoing items, the Chair called for questions or comments. Director Miller inquired with regard to the Accelerate Long Island Project, as to why the State is providing the grant for this project rather than regarding this as an investment in companies which may grow substantially so that the State can benefit from having some type of an investment interest in these projects.

**DRAFT – SUBJECT TO REVIEW AND REVISION**

Ms. Lohneiss explained that various structures were considered for this Project.

However, certain issues arose including the potential of jeopardizing the tax exempt status of

Accelerate Long Island. Further discussion was had with regard to this issue and

Director Adams noted that job creation is the main goal of this funding. The job creation, he

further noted, will ultimately result in higher tax revenue to the State.

Following the discussion Chair Shimer called for any further questions or comments.

Hearing none, and upon motion duly made and seconded, the following resolutions were

unanimously adopted:

Regional Council Award – Transformational Project – (Long Island Region – Nassau and Suffolk Counties) – Accelerate Long Island Working Capital – Economic Development Purposes Fund (Working Capital Grant) – 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 Accelerate Long Island Working Capital -- Economic Development Purposes Fund 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 Accelerate Long Island, Inc. a grant for a total amount not to exceed Five Hundred Thousand Dollars (\$500,000) 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 Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

**DRAFT – SUBJECT TO REVIEW AND REVISION**

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

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

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Regional Council Award – Transformational Project - Southhold (Long Island Region – Suffolk County) – Cornell Cooperative Extension of Suffolk County Capital and Working Capital – Economic Development Purposes Fund (Capital and Working Capital Grant) – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Cornell Cooperative Extension of Suffolk County Capital and Working Capital -- Economic Development Purposes Fund Project (the “Project”), the Corporation hereby determines pursuant to Section 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that there are no families or individuals to be displaced from the project area; and be it further

RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plan (the “Plan”) for the Project submitted to this meeting, together with such changes therein as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Cornell Cooperative Extension of Suffolk County a grant for a total amount not to exceed One Hundred and Eighty-Two Thousand Nine Hundred Dollars (\$182,900) 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 Chief Executive Officer of the Corporation or his designee(s) may deem

**DRAFT – SUBJECT TO REVIEW AND REVISION**

appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

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

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

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Following the foregoing approval of the Cornell Cooperative Extension item, Director Adams noted that he had recently joined Ms. Lohneiss to review this project in person. He noted that this was a vivid example of the very important point of the Regional Council Initiative – a relatively small grant meant an incredible amount to the community fulfilling the Governor’s mandate that communities participate in this bottom’s up approach to identifying very local priorities.

Next, Ms. Lippowitsch presented the June Non-Discretionary Consent Calendar for approval.

Ms. Lippowitsch noted that the Directors were being asked to approve six projects totaling \$4,236,332 in assistance authorized or re-appropriated in the fiscal year 2012-2013

**DRAFT – SUBJECT TO REVIEW AND REVISION**

New York State budget.

Ms. Lippowitsch went on to explain that due diligence has been exercised by ESD staff and that the recipients have provided ESD with the required disclosure and accountability certifications.

Ms. Lippowitsch provided a brief outline of each of the projects to be approved.

Ms. Lippowitsch explained that the first item is an Executive sponsored Project with two grants totaling \$1,971,332 for the Research Foundation of SUNY for working capital expenses related to the Stony Brook Center for Excellence and Wireless Information Technology in Suffolk County.

Ms. Lippowitsch then noted that there is one Assembly sponsored project – a \$75,000 grant for the Diversity Foundation for Technical Assistance related to the E-Business Center in New York County.

Ms. Lippowitsch explained that there are four Senate sponsored projects including a \$2,000,000 grant for the Center State Corporation for program funding and related expenses for its grants for road improvements in Onondaga County.

Two of the grants, she continued, are for the Village of Arcade in Wyoming County. The

**DRAFT – SUBJECT TO REVIEW AND REVISION**

first, she explained, is a \$75,000 grant for a hockey rink and Village Park and the second is a \$65,000 grant for additional capital improvements in the park.

The final grant, Ms. Lippowitsch added, is a \$50,000 grant for the Central Islip Public Library for computer lab equipment and related software for its facility in Suffolk County.

Following the presentation, the Chair asked for questions or comments. Hearing none, and upon motion duly made and seconded, the following resolution was adopted (It was noted for the record that Chair Shimer recused herself from the vote regarding Center State Corporation.):

Local Assistance and Community Projects Fund - Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Make Grants and to Take Related Actions

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RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Local Assistance and Community Projects Fund Projects (the “Projects”), 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 grants to the parties and for the amounts listed below from Local Assistance and the Community Projects 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 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

**DRAFT – SUBJECT TO REVIEW AND REVISION**

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

Local Assistance – Governor – Project Summary Table

	<b>Project Name</b>	<b>Proj #</b>	<b>Grantee</b>	<b>Assistance up to</b>
A	The Research Foundation – Stony Brook COE Working Capital	W878, W879	The Research Foundation of State University of New York	1,971,332
			<b>TOTAL</b>	<b>\$1,971,332</b>

Community Projects Fund – Assembly - Project Summary Table

	<b>Project Name</b>	<b>Proj #</b>	<b>Grantee</b>	<b>Assistance up to</b>
B	Diversity Foundation – E-Business Center	X337	Diversity Foundation, Inc.	75,000
			<b>TOTAL</b>	<b>\$75,000</b>

Local Assistance – Senate - Project Summary Table

	<b>Project Name</b>	<b>Proj #</b>	<b>Grantee</b>	<b>Assistance up to</b>
C	CenterState – Grants for Growth Working Capital	X484	CenterState Corporation for Economic Opportunity	2,000,000
			<b>TOTAL</b>	<b>\$2,000,000</b>

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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Community Capital Assistance Program – Authorization to Adopt the Proposed General Project Plans; Authorization to Make Grants and to Take Related Actions

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RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Community Capital

**DRAFT – SUBJECT TO REVIEW AND REVISION**

Assistance Program Projects (the “Projects”), in accordance with Chapter 84 of the Laws of 2002 for the Community Capital Assistance Program, 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 General Project Plans (the “Plans”) for the Projects 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 Plans, together with such changes, are hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written findings 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 Plans, such Plans shall be effective at the conclusion of such hearing, and that upon such written findings being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make grants to the parties and for the amounts listed below from the Community Capital Assistance 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 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

Community Capital Assistance Program – Senate - Project Summary Table

	<b>Project Name</b>	<b>Proj #</b>	<b>Grantee</b>	<b>Assistance up to</b>
D	Village of Arcade – Hockey Rink Capital	W570	Village of Arcade	75,000
E	Village of Arcade – Park Improvements Capital	W505	Village of Arcade	65,000
F	Central Islip Public Library – Computer Lab Capital	W446	Central Islip Public Library	50,000
			<b>TOTAL</b>	<b>\$190,000</b>

**DRAFT – SUBJECT TO REVIEW AND REVISION**

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

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Ms. Mize then asked the Directors to approve certain of ESD’s Annual Financial Reports.

Among other things, Ms. Mize explained that the Public Authorities Law requires annual approval by the Directors and certification by the Chief Executive and Chief Financial Officers of certain Financial Reports.

Ms. Mize outlined the contents of the Financial Reports and noted that the Audit Committee met earlier that morning and recommended approval of the auditor’s report of the Financial Statements.

Following the full presentation, the Chair called for questions or comments. Director Cephas noted that he was present at this morning’s Audit meeting and that the presentation was very thorough and very impressive.

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

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

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

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

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

WHEREAS, an independent audit has been prepared for the fiscal year ended March 31, 2012;

WHEREAS, the Corporation has reviewed said Reports and found them to be satisfactory; and

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

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

\* \* \*

Next, Mr. Stout asked the Directors to authorize ESD to sell condominium Unit 14A at 125 Maiden Lane.

Mr. Stout provided the relevant background information with regard to this request. Among other things, Mr. Stout explained that this was the final unit to be sold at 125 Maiden Lane. Mr. Stout noted that the purchase price of \$5,915,325 is above the appraisal price and further that the brokerage fee will be paid from the sale proceeds.

**DRAFT – SUBJECT TO REVIEW AND REVISION**

Following Mr. Stout’s full presentation, the Chair called for questions or comments. Director Albanese asked how much ESD paid for the unit and Mr. Stout explained that seven units were purchased at once and that on a total basis therefore, ESD is in the black in terms of total dollars from the accumulation of sales over the years.

Ms. Walton added that there was a very slight gain of approximately \$600,000. In answer to a further question raised by Director Albanese, it was noted that ESD did not take a loss with regard to these units.

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

New York State Urban Development Corporation d/b/a Empire State Development –  
New York (New York County) – 125 Maiden Lane Condominiums – Authorization to Sell  
Condominium Unit 14A and to Take Related Actions

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RESOLVED that, based upon the materials presented to the Directors at this meeting and ordered filed with the records of the Corporation (the “Materials”), the Corporation hereby is authorized to sell and convey Office Condominium Unit 14A, being the entire 14<sup>th</sup> Floor of 125 Maiden Lane, New York, New York, to SCPG Property LLC (“Purchaser”), or any corporation or other business entity affiliated or controlled by the Purchaser and satisfactory to the President and Chief Executive Officer, substantially on the terms and conditions 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 enter into a Contract of Sale with Purchaser and all other agreements, deeds, mortgages, certificates, documents, and instruments, including without limitation assignment or other transfer of three basement storage leases, and to take all such actions as may be necessary or appropriate to effectuate the foregoing.

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**DRAFT – SUBJECT TO REVIEW AND REVISION**

Mr. Stout then asked the Directors to authorize the Corporation to enter into a contract for General Project Plan Monitor Services in connection with the Columbia University Education Mixed-Use Development Land Use Improvement and Civic Project.

Mr. Stout provided the relevant background information with regard to this request. Mr. Stout noted, in part, that in accordance with project documents, ESD agreed to hire, at Columbia's expense, a General Project Plan Monitor to help oversee the Company's compliance with its many requirements in the project, most specifically, the construction and completion of the project within the stages that contain certain construction milestones.

Mr. Stout outlined the selection process involved as well as certain of the terms of the contract regarding the retention of Spectrum Personal Communications.

Following the full presentation, the Chair called for questions or comments. Director Miller asked for additional background information on Spectrum. Among other things, Mr. Stout noted that Spectrum has been in business for 18 years handling mostly compliance issues including affirmative action compliance oversight. He further mentioned that Spectrum has been retained by both the MTA and the Port Authority for large projects in New York City.

Director Dyson asked why the transaction was for one year with up to two additional years at one-year increments and how would ESD know whether or not to proceed with the

**DRAFT – SUBJECT TO REVIEW AND REVISION**

contract.

Mr. Stout first noted that Columbia, not ESD is funding the contract. He then explained that the one year contract term was set because between the construction milestones and the various community benefits that are set forth in the agreement, there is both complexity and some ambiguity. It will therefore be necessary, Mr. Stout further explained, for ESD to work with Columbia, the community and the General Project Plan Monitor to work through that complexity and ambiguity.

Mr. Stout added that staff wants to be certain that the correct entity has been selected before making a long term commitment.

Director Dyson stated that it is actually ESD's involvement and milestones that he was interested in.

Mr. Stout stated that ESD will be involved in following compliance for the next 15 year period or more.

The construction, Mr. Stout noted, will take place in set milestones. More importantly, he continued, is the very long list of community benefits that will require monitoring.

Ms. Cassidy added that the General Project Plan calls for ESD to oversee the

**DRAFT – SUBJECT TO REVIEW AND REVISION**

implementation of benefits with an independent monitor, paid for by Columbia, for a period of 25 years.

Further discussion was had with regard to the length of the contract and the potential for negotiating lower rates going forward.

Director Miller inquired as to how the Company will be evaluated and Mr. Stout stated that there is a substantive scope of services with benchmarks by which ESD will evaluate the Company over the next 12 months.

Further brief discussion was had on the evaluation process. There being no further questions or comments, and upon motion duly made and seconded, the following resolution was unanimously adopted:

New York (New York County) – Columbia University Educational Mixed-Use Development Land Use Improvement and Civic Project – Authorization to Enter into a Contract for “General Project Plan Monitor” Services in connection with the Project, and to Take Related Actions

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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 Spectrum Personal Communications Corp. (“Spectrum”) 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 Spectrum to act as ESD’s General Project Plan Monitor, in an amount not to exceed \$375,000 annually (inclusive of fees, expenses, and an approximate 10% 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

**DRAFT – SUBJECT TO REVIEW AND REVISION**

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. Ginsburgh then asked the Directors to take various actions in connection with ESD's Funding Agreement with the Port Authority of New York and New Jersey.

Mr. Ginsburgh explained that the Directors were being asked to approve \$4.3 million in dredging funds at the Brooklyn Cruise Terminal.

Mr. Ginsburgh outlined the specifics of the Joint Dredging Plan and the related Agreement between ESD and the Port Authority of New York and New Jersey for funding this plan.

The project, he noted, will produce shore power which will allow cruise ships to turn off their engines and plug into New York City's electrical grid while in port at the Brooklyn Cruise Terminal, a Port Authority facility.

This project, he continued, will enhance the port's competitive position in the cruise line industry by offering an environmentally friendly and cost effective way to power ships while berthed.

Following Mr. Ginsburgh's full presentation, the Chair called for questions or comments.

**DRAFT – SUBJECT TO REVIEW AND REVISION**

Director Adams asked how much was left in this fund and Mr. Ginsburgh said there was approximately \$5,000,000 that is dormant in projects that have not been active for quite a few years. Mr. Ginsburgh added that the plan is to work with that remaining amount of funds to do some dredge projects around the harbor to help small businesses.

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

NEW YORK HARBOR – Agreement with the Port Authority of New York and New Jersey (“PANY&NJ”) for Funding with Regard to the Joint Dredging Plan as Amended (the “Agreement”) – Authorization to Adopt the Proposed General Project Plan; Authorization to Approve Funding to the PANY&NJ for the Construction of the Brooklyn Cruise Terminal Shore Power Project; Determination of No Significant Effect on the Environment; and Authorization 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 (the “Materials”), relating to the Agreement, the Corporation be, and it hereby is, authorized to enter into amendments to the Agreement and take other actions to approve the funding, in an amount not exceed \$4,300,000, to PANY&NJ for certain costs incurred in the construction of the Brooklyn Cruise Terminal Shore Power Project; and be it further

RESOLVED, that based on the materials submitted to the Directors, the Corporation hereby determines that the proposed action will not have a significant effect on the environment; and be it further

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized and directed, in the name and on behalf of the Corporation, to execute and deliver any and all documents and take all such actions as may be necessary or proper to effectuate the foregoing. Any actions previously taken to effectuate the foregoing are hereby ratified and approved.

\* \* \*

Next, Mr. Gilchrist asked the Directors to authorize ESD to enter into a Settlement with

**DRAFT – SUBJECT TO REVIEW AND REVISION**

the United States Postal Services relating to the fit-out of their interim space in the Farley Building.

Mr. Gilchrist provided background information with regard to the Moynihan Station Development Project in general as well as with regard to the specific request.

Following Mr. Gilchrist’s full presentation, the Chair called for questions or comments. Director Dyson inquired as to the project in general and Mr. Gilchrist provided additional background information. Director Adams suggested that Mr. Gilchrist provide the Directors with an informational report on the status of the project at the July 18, 2012 Directors’ meeting and Mr. Gilchrist agreed to do so.

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

New York City (New York County) – Moynihan Station Civic and Land Use Improvement Project - Authorization to Enter into a Settlement with the United States Postal Service Relating to the Fit-out of Their Interim Space within the Farley Building; Authorization to Take Related Actions

---

RESOLVED, that on the basis of the materials (the Materials”) presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Moynihan Station Civic and Land Use Improvement Project, the Corporation is hereby authorized to enter into a settlement agreement (the “Settlement”) with the United States Post Office (“USPS”) regarding its claims with respect to its lease of space within the James A Farley Post Office and Annex for the purposes and substantially on the terms and conditions 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

**DRAFT – SUBJECT TO REVIEW AND REVISION**

RESOLVED, that in connection with the Settlement, the Corporation is authorized to pay to USPS an amount not greater than \$800,000 dollars in full settlement of the USPS claims; and be it further

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the settlement as he or she may deem necessary or appropriate in the interests of the Corporation; 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. Godley then asked the Directors to approve a Rotating Team of Underwriters, Financial Advisors and Financial Projects (SWAP) Providers.

Mr. Godley noted that the current slate is due to expire in August. He then went on to explain in detail the process involved in selecting the slate now before the Directors for approval.

Following Mr. Godley’s full presentation, the 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 - Selection of Underwriters, Financial Advisors, and Financial Product (SWAP) Providers for ESD

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RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered to be filed with the records of ESD (the “Materials”), there is hereby appointed

## **DRAFT – SUBJECT TO REVIEW AND REVISION**

the following team of underwriters, to serve on a rotating basis as needed, for a term of two years; it is also recommended that authority be granted to the Chief Financial and Administrative Officer to extend the term for one year and that the Chief Executive Officer can further extend the term for an additional year:

### **Senior Managers:**

Bank of America/Merrill Lynch  
Barclays Capital Inc.  
Citigroup Global Markets Inc.  
Goldman, Sachs & Co.  
Jefferies & Company, Inc.  
JP Morgan Securities LLC  
Loop Capital Markets LLC  
Morgan Stanley & Co. LLC  
M.R. Beal & Company  
RBC Capital Markets, LLC  
Rice Securities, LLC  
Samual A. Ramirez & Co., Inc.  
Seibert Brandford Shank & Co. LLC  
Wells Fargo Bank, N.A.

### **Co-Managers:**

Blaylock Robert Van, LLC  
BNY Mellon Capital Markets, LLC  
CastleOak Securities, L.P.  
Fidelity Capital Markets  
Jackson Securities  
Janney Montgomery Scott LLC  
KeyBanc Capital Markets Inc.  
Lebenthal & Co., LLC  
M&T Securities, Inc.  
Mesirow Financial, Inc.  
Morgan Keegan & Company, Inc.  
Oppenheimer & Co. Inc.  
Piper Jaffray & Companies  
Prager & Co., LLC  
Roosevelt & Cross Incorporated  
Southwest Securities  
Sterne Agee  
Stifel, Nicolaus & Company, Incorporated  
TD Securities (USA) LLC  
The Williams Capital Group, L.P.  
US Bancorp Investments, Inc.

**DRAFT – SUBJECT TO REVIEW AND REVISION**

and be it further

RESOLVED, that on the basis of the Materials, the following firms are appointed as approved financial advisors for a term of two years; it is also recommended that authority be granted to the Chief Financial and Administrative Officer to extend the term for one year and that the Chief Executive Officer can further extend the term for an additional year:

**Financial Advisors:**

Acacia Financial Group, Inc.

Public Financial Management, Inc.

Public Resources Advisory Group, Inc./Mohanty Gargiulo LLC

and be it further

RESOLVED, that on the basis of the Materials, the following firms are appointed as approved financial product (swap) providers for a term of two years; it is also recommended that authority be granted to the Chief Financial and Administrative Officer to extend the term for one year and that the Chief Executive Officer can further extend the term for an additional year:

**Financial Product (SWAP) Providers:**

Barclays Capital Inc.

BNY Mellon Capital Markets, LLC

Goldman, Sachs & Co.

RBC Capital Markets, LLC

Wells Fargo Bank, N.A.

and be it further

RESOLVED, that the Chief Executive Officer, Chief Financial and Administrative Officer, and the Treasurer of ESD 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 necessary or proper to effectuate the foregoing.

\* \* \*

The Directors were then asked by Ms. Shatz to authorize ESD to enter into a contract for Environmental Law Legal Services, with Sive, Paget & Riesel, P.C., in connection with the Brooklyn Bridge Park Civic and Land Use Improvement Project.

**DRAFT – SUBJECT TO REVIEW AND REVISION**

Ms. Shatz provided the background information regarding this request noting, in part, that a private donor has informed the Brooklyn Bridge Development Corporation that he would like to build an indoor athletic fieldhouse that can accommodate track cycling races as well as other athletic events and public recreational activities thus triggering the need for the requested services.

Following this presentation, the Chair called for questions or comments.

Director Adams asked about the project budget once the environmental review is completed.

Ms. Shatz stated that the donor has committed \$40 million for designing, and building and for ensuring that it is self sustaining for ten years.

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

New York (New York County) – Brooklyn Bridge Park Civic and Land Use Improvement Project – Authorization to Enter into a Contract for Legal 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 Sive, Paget & Riesel P.C. to be responsible; and be it further

RESOLVED, that in accordance with the Materials, the Corporation is hereby authorized to enter into a contract with Sive, Paget & Riesel P.C. for legal services, the cost of which is not to exceed Two Hundred Thousand Dollars (\$200,000) for the purposes and services, and substantially on the terms and conditions, as set forth in the Materials; and be it further

**DRAFT – SUBJECT TO REVIEW AND REVISION**

RESOLVED, that the President, or other Officer 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.

\* \* \*

Mr. Ginsburgh then asked the Directors to take various actions in connection with the Brooklyn Navy Yard Development Corporation New Markets Tax Credit Allocation.

Mr. Ginsburgh noted that the Directors were being asked to authorize a project approved by the Empire State New Market Corporation to provide \$12 million in New Market Tax Credit allocations to the Brooklyn Navy Yard.

Mr. Ginsburgh noted, among other things, that these tax credits will help fund the renovation of a vacant 215,000 square foot building into a green manufacturing center and create over 300 industrial and design jobs.

Following this presentation, the Chair called for questions or comments. Director Adams asked if ESD has provided any other funding to the Brooklyn Navy Yard and Mr. Ginsburgh stated that a million dollar grant was provided a couple of years ago.

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

**DRAFT – SUBJECT TO REVIEW AND REVISION**

Brooklyn (New York City Region - Kings County) – Brooklyn Navy Yard Development Corporation Capital – New Markets Tax Credit Program (Allocation) – Findings and Determinations Pursuant to Sections 12 and 10(g) of the Act; Authorization to Prioritize and Approve the Project, as Authorized by the Empire State New Market Corporation (“ESNMC”); Adopt and Ratify ESNMC Board Findings and 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 Brooklyn Navy Yard Development Corporation Capital – New Markets Tax Credit Program (Allocation) Project (the “Project”), the Corporation hereby selects and approves the Project, in accordance the requirements of Section 12 and 10 (g) of the Act, based on the proposed ESNMC General Project Plan (the “Plan”) for the Project submitted to this meeting, together with such changes therein as the ESNMC President 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 all other findings, hearings, approvals and policies required for ESD approval are set forth in the Plan and are hereby adopted and approved, for the purposes, and substantially on the terms and conditions, set forth therein, with such changes as the ESNMC President or his designee(s) may deem appropriate, 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. Any actions previously taken by the Corporation in furtherance of the Plan are hereby ratified and approved.

\* \* \*

Ms. Roy then asked the Directors to take various actions in connection with the Centerville Court Apartments.

Specifically, Ms. Roy asked the Director’s to authorize ESD to consent to the extension and subordination of a Project Improvement Program (“PIP”) Loan, make a new PIP Loan and to take all related actions in connection with this request. The PIP Loan will support the

**DRAFT – SUBJECT TO REVIEW AND REVISION**

rehabilitation efforts of Home Leasing LLC, the developer, of the Centerville Court Apartments.

Ms. Roy then provided the specifics of the proposed transaction.

Following Ms. Roy’s presentation, the Chair called for questions or comments. Hearing none, and upon motion duly made and seconded, the following resolution was unanimously adopted:

ONONDAGA COUNTY – VILLAGE OF NORTH SYRACUSE – CENTERVILLE COURT APARTMENTS (UDC LOAN NO. 126) – REQUEST FOR AUTHORIZATION TO (i) CONSENT TO EXTENSION AND SUBORDINATION OF PROJECT IMPROVEMENT PROGRAM (“PIP”) LOAN, (ii) MAKE A NEW PIP LOAN, AND (iii) TAKE ALL RELATED ACTIONS.

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**RESOLVED**, that, based on the materials submitted to this meeting and ordered filed with the records of the New York State Urban Development Corporation (“Corporation”) relating to the Centerville Court Apartments – UDC Loan No. 126, the Corporation be and hereby is authorized to: (i) consent to extension and subordination of the PIP Loan, (ii) make a new PIP Loan, and (iii) take all related actions, and be it further

**RESOLVED**, that the Officers of the Corporation, be, and each of them hereby is authorized and directed to take any and all actions necessary to carry out the foregoing resolutions and to carry out any authority or delegation granted to the Corporation or in conjunction with such authorizations, including, but not limited to, the preparation and execution of any agreements, instrumentation and/or documents as such authorized officer may deem necessary or appropriate.

\* \* \*

Mr. Gawlik then asked the Directors to authorize ESD to enter into a contract for global management consultant services relating to the Buffalo Investment Development Strategy.

Mr. Gawlik noted that the consultant will assist ESD and the Western New York Regional

**DRAFT – SUBJECT TO REVIEW AND REVISION**

Council to develop a business plan and an economic development strategy with respect to Governor Cuomo’s historic commitment of a \$1 billion investment to be used for economic development purposes in the City of Buffalo.

Mr. Gawlik then provided the relevant background information regarding the process involved in the selection of McKinsey and Company to provide these services.

Following Mr. Gawlik’s presentation, the Chair called for questions or comments. Director Adams asked about a timeframe for producing plans and action steps for Buffalo and Ms. Orsi provided him with a brief outline of the anticipated next steps.

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 Consultant Services relating to the Buffalo Investment Development Strategy; 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 McKinsey & Company, Inc. to be responsible; and be it further

RESOLVED, that the Corporation is hereby authorized to enter into a contract with McKinsey & Company, Inc. for a total contract amount not to exceed Two Million Eight Hundred Eighty Three Thousand and Five Hundred Eleven Dollars (\$2,883,511) 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.

\* \* \*

Mr. Ginsburgh then presented an informational update with regard to the Hyjek & Fix Consulting Contract that was approved by the Directors in April 2012. Specifically, Hyjek & Fix effectively blocked plans for reduction in force and retained 850 jobs in Niagara, in addition to eight aircrafts in the New York National Guard. Mr. Ginsburgh also noted that the effective date of the contract is actually May 1, 2012 and not April 1, 2012 as stated in the materials provided to the Directors at their April 26, 2012 meeting.

Mr. Ginsburgh outlined the reasons behind this discrepancy and noted that the Corporate Record will be changed to reflect this revision.

Mr. Gera then presented the Quarterly and the Annual Reports on M/WBE Utilization and Procurement Commitments to Certified M/WBE's. Following Mr. Gera's report, the Directors asked a number of questions with regard to how the goal numbers were calculated. Rather than addressing all of the issues at this meeting, Director Adams stated that Steve Cohen will present a report in July to clarify the process utilized in preparing these reports.

Chair Shimer noted that there would be no presentation with regard to the Budget Variance Report that had been provided to the Directors. She added that staff was available to answer any questions that the Directors might have.

**DRAFT – SUBJECT TO REVIEW AND REVISION**

Lastly, Mr. Adams presented the President’s Report for the Directors information.

Among other things, Director Adams spoke briefly with regard to the new set of ads for doing business in New York State.

There being no further business, the meeting was adjourned at 12:29 p.m.

Respectfully submitted,

Eileen McEvoy  
Corporate Secretary

FOR CONSIDERATION

July 18, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: New Berlin (Southern Tier Region - Chenango County) – Chobani Capital – JOBS Now Program (Capital Grant)

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

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General Project Plan

I. Project Summary

Grantee: Chobani, Inc. (formerly known as Agro Farma, Inc.) (“Chobani” or the “Company”)

ESD\* Investment: A grant of up to \$1,500,000 to be used for a portion of the cost associated with the acquisition and installation of new machinery and equipment.

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

Project Location: 669 County Route 25, New Berlin, Chenango County

Proposed Project: Major expansion of existing dairy processing facility with a build-out of additional manufacturing space and new equipment.

Project Type: Business expansion involving job retention and creation

Regional Council: The Southern Tier Regional Council has been made aware of this item and the project is consistent with the Regional Plan. The incentive proposal was accepted on June 16, 2011, predating the Regional Council Initiative.

Employment:	Initial NYS employment at time of ESD Incentive Offer:	386
	Current NYS employment level at Project Location:	589
	Minimum employment at Project Location through January 1, 2022:	836

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction	5,000,000
Machinery & Equipment	76,500,000
Land Acquisition	<u>7,000,000</u>

Total Project Costs \$88,500,000

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD-Grant	\$1,500,000	1%	
New Market Tax Credits	2,000,000	2%	
NYS Office of Community Renewal – Grant	2,000,000	2%	
NYSERDA – Grant	3,000,000	3%	
Bank of America – Loan	60,000,000	68%	Prime plus 100 bps/5 years/ 1 <sup>st</sup> on M&E
Company Equity	<u>20,000,000</u>	<u>24%</u>	
Total Project Financing	<u>\$88,500,000</u>	<u>100%</u>	

III. Project Description

A. Company

Industry: Yogurt and dairy product manufacturing

Company History: Chobani, Inc., based its production plant in New Berlin, NY, was founded in 2004 by Hamdi Ulukaya, a third-generation maker of Mediterranean foods. Mr. Ulukaya is a successful entrepreneur who has built two thriving businesses in the U.S. and has family-owned cheese and farm operations in Europe. Chobani acquired an abandoned Kraft plant in New Berlin, NY to establish its operations in December 2005.

Ownership: Privately owned

Size: The site is currently the Company's sole manufacturing location consisting of approximately 70,000 square feet of production space and 589 employees.

**Market:** In 2007, the Company launched the Chobani brand of Greek-style yogurt, which offers attractive taste, texture and health benefits, including twice the amount of protein offered by traditional yogurts, all natural ingredients, and hormone-free milk. Major customers include Stop & Shop, C&S Wholesale, Costco, and regional grocery stores chains including Wegman's, Weis and Price Chopper. Competitors include Yoplait, Dannon and Fage. Chobani is currently the number one seller of Greek-style yogurt in the U.S.

**ESD Involvement:** The Company has made significant investments in people, plant and equipment to support growth, with approximately \$115 million invested in property and plant improvements alone over the past five years. Given the high cost of equipping the facility, Agro Farma approached ESD in early 2011 for financial assistance to conduct a major investment in machinery and equipment needed to meet consumer demand. ESD responded with a proposed \$1,500,000 capital grant for the acquisition and installation of new machinery and equipment and an \$8,500,000 financial incentive through the Excelsior Jobs Program.

**Past ESD Support:** ESD previously approved an allocation of up to \$18,000,000 in NMTC's in July 2011. A total of \$10,000,000 to \$18,000,000 in loans on favorable terms will yield \$2,000,000 to \$3,600,000 worth of New Markets Tax Credit subsidy into the project. Depending on the amount of allocation needed by the company to achieve a \$60,000,000 NMTC transaction, a final allocation amount will be set. The Company is eligible to qualify for additional financial incentives through the Excelsior Jobs Program.

**Competition:** The Company was courted by several dairy cooperatives in the Midwest, where a more significant and cheaper supply of milk, one of its primary cost drivers, would be readily available. In addition, electrical capacity and power costs in New York State were a major issue for the company. Without ESD's assistance, the company would have located this expansion closer to its Midwest markets and suppliers.

## **B. The Project**

**Completion:** October 2012

**Activity:** The Company will purchase and install new machinery and equipment at its existing New Berlin facility. Purchases will include filling and processing equipment to increase production and soft costs. The Company also acquired 100 adjacent acres for the project site and is building an 80,000-square-foot addition to the existing New Berlin facility. Chobani's

expansion is a direct result of consumer/market demand, and when completed, substantial increases in production will be facilitated.

Results:

The project is expected to retain 386 existing (at time of offer) and create 450 new full-time permanent jobs at the project location. Additionally, the project is anticipated to retain and create a total of approximately 3,200 jobs in the local dairy industry. Cornell University estimates a \$650,000,000 positive impact to the dairy industry in New York as a result of this project. The Company anticipates purchasing \$50,000,000 in products, supplies and raw material in connection with the project, largely from local suppliers.

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 to be \$18,938,046;
- Fiscal cost to NYS government is estimated to be \$6,561,611;
- Project cost to NYS government per direct job is \$12,978
- Project cost to NYS government per job (direct plus indirect ) is estimated to be \$7,036;
- Ratio of project fiscal benefits to costs to NYS government is 2.89:1;
- Fiscal benefits to all governments (state and local) are estimated at \$30,914,981;
- Fiscal cost to all governments is \$6,561,611;
- All government cost per direct job is \$12,978;
- The fiscal benefit to cost ratio for all governments is 4.71:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated to be \$153,503,437, or \$164,611 per job (direct and indirect);
- The economic benefit to cost ratio is 23.39:1;
- Project construction investment is \$5,000,000 which is expected to generate 50 direct job years and 21 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 three years.

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

Grantee Contact: Hamdi Ulukaya, President and CEO  
669 County Route 25,  
New Berlin, NY 13411  
Phone: (607) 337-1246 Fax: (607) 337-2040

ESD Project No.: X386

Project Team:	Origination	Kevin McLaughlin
	Project Management	Robin Alpaugh
	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 reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will demonstrate no material adverse change in its financial condition prior to disbursement.
3. The Company will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
4. Prior to disbursement, the Company must employ at least the number of Full-time Permanent Employees set forth as the Baseline Employment in the table below. A Full-time Permanent Employee shall mean (a) a full-time, permanent, private-sector employee on the Grantee's payroll, who has worked at the Project Location for a minimum of thirty-five hours per week for not less than four consecutive weeks and who is entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties; or (b) two part-time, permanent, private-sector employees on Grantee's payroll, who have worked at the Project Location for a combined minimum of thirty-five hours per week for not less than four consecutive weeks and who are entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties.
5. Up to \$1,500,000 will be disbursed to the Grantee in three installments as follows:
  - a) an Initial Disbursement of an amount equal to 50% of the grant (\$750,000) upon completion of the project substantially as described in these materials as evidenced by a certificate of occupancy, documentation of approximately \$88,500,000 in project expenditures (including a minimum of \$76,500,000 in machinery and equipment costs), and documentation of the employment of at least 386 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 (\$375,000) will be

- disbursed upon documentation of the employment of at least 611 Full-time Permanent Employees at the Project Location (Employment Increment of 225), provided Grantee is otherwise in compliance with program requirements;
- c) a Third Disbursement of an amount equal to 25% of the grant (\$375,000) will be disbursed upon documentation of the employment of at least 836 Full-time Permanent Employees at the Project Location (Employment Increment of 225), provided Grantee is otherwise in compliance with program requirements.

Payment will be made upon presentation to ESDC of an invoice and such other documentation as ESDC may reasonably require. Expenses must be incurred on or after June 16, 2011, to be considered eligible project costs. All disbursements must be requested by April 1, 2014.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$1,500,000, 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	386
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A	B
Reporting Date	Employment Goals
February 1, 2013	386+X+Y
February 1, 2014	386+X+Y
February 1, 2015	386+X+Y
February 1, 2016	386+X+Y
February 1, 2017	386+X+Y
February 1, 2018	386+X+Y
February 1, 2019	386+X+Y
February 1, 2020	386+X+Y
February 1, 2021	386+X+Y
February 1, 2022	386+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=225, and Employment Goals shall equal [386 + X = 611] 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=225, and Employment Goals shall equal [386 + X + Y = 836] 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

The project meets the statutory requirement of a JOBS Now Project because the Company will create at least 300 new full-time permanent private sector jobs. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

The Chenango County Industrial Development Agency, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act and the implementing regulations of the New York State Department of Environmental Conservation. This review, which was coordinated with ESD as an involved agency, found the project to be a Type I Action which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on December 21, 2011. 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 and Supplier Diversity policy will apply. The Grantee shall use their good faith efforts to achieve a Minority and Women Business Enterprise ("MWBE") Participation Goal of 15% related to the total value of ESD's funding and to solicit and utilize MWBE's 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.

VIII. Additional Submissions to Directors

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

July 18, 2012

New Berlin (Southern Tier Region – Chenango County) – Chobani Capital – JOBS Now Program (Capital Grant) – Findings and Determinations Pursuant to Section 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Chobani Capital – JOBS Now Program (Capital Grant) Project (the “Project”), the Corporation hereby determines pursuant to Section 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that there are no families or individuals to be displaced from the project area; and be it further

RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plan (the “Plan”) for the Project submitted to this meeting, together with such changes therein as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Chobani, Inc., a grant for a total amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) from the JOBS Now 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.

\* \* \*

July 18, 2012

New Berlin (Southern Tier Region - Chenango County) – Chobani Capital – JOBS Now Program (Capital Grant) – Determination of No Significant Effect on the Environment

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RESOLVED, that based on the material submitted to the Directors with respect to the Chobani Capital – JOBS Now Program (Capital Grant) Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

\* \* \*



FOR CONSIDERATION

July 18, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Ogden (Finger Lakes Region – Monroe County) – Rochester Midland 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: Rochester Midland Corporation (“RMC” or the “Company”)

ESD\* Investment: A grant of up to \$300,000 to be used for a portion of the cost to purchase and renovate a building.

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

Project Location: 155 Paragon Drive, Town of Ogden, Monroe County

Proposed Project: Purchase and renovation of a larger facility to expand manufacturing and purchase of machinery and equipment.

Project Type: Business expansion involving job retention and creation.

Regional Council: The Finger Lakes Regional Council has been made aware of this item and the project is consistent with the Regional Plan. The Incentive Offer was accepted in December 2009 predating the Regional Council Initiative.

Employment:	Initial employment at time of ESD Incentive Offer:	175
	Current employment level:	176
	Minimum employment on January 1, 2015:	191

## II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Purchase of Land and Building	\$5,500,000
Renovations	8,305,000
Machinery & Equipment	832,000
Soft Costs	555,830
Moving	<u>202,000</u>
Total Project Costs	<u>\$15,394,830</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD-Grant	\$300,000	2.0%	
Industrial Revenue Bonds	9,200,000	60.0%	3.64% initial, reset every 5 years/ 25 years/first lien on all assets
Rochester Gas & Electric-Grant	240,000	1.6%	
NYSERDA-Grant	44,000	0.3%	
Company Equity	<u>5,610,830</u>	<u>36.1%</u>	
Total Project Financing	<u>\$15,394,830</u>	<u>100.0%</u>	

## III. Project Description

### A. Company

Industry: Rochester Midland Corporation is a specialty chemical company with divisions in water treatment, food processing chemistry, washroom sanitation, industrial cleaners, and institutional/janitorial products.

Company History: Founded in Rochester in 1888.

Ownership: Privately held.

Size: The Company has manufacturing facilities in Rochester, NY; Aurora, IL, Riverside, CA; Oakville, Canada; and Cwmfelinfach, Wales. In the U.S, the Company has distribution warehouses in NC, MI, TX, and NE. The Company sells its products in over 70 countries.

Market: The Company serves the institutional, water treatment, food safety, and pulp/paper markets. Customers include Staples, xpedx and McCain Foods.

Major competitors include Hospeco, G/E Betz, Ecolab, and Rubbermaid.

ESD Involvement: Since 1946, RMC has had its headquarters and manufacturing in two buildings in the City of Rochester with no room to expand. In 2009, the Company approached ESD for assistance to find a suitable facility in order to remain in the Rochester area. ESD offered a \$300,000 capital grant in December 2009, which allowed the Company will to remain and grow in New York.

Competition: The alternatives were to relocate the manufacturing portion to other RMC facilities in Illinois and North Carolina.

Past ESD Support: In 2000, ESD provided the Company with a \$9,400 Industrial Effectiveness Program grant for a preliminary productivity assessment. The project was successfully completed and grant was fully disbursed.

#### B. The Project

Completion: January 2012

Activity: The Company has purchased and renovated a 167,000-square-foot building in the Town of Ogden. Additionally, RMC has purchased new equipment for material storage and for chemical production and blending. Equipment includes conveyor belts, piping, mixers, scales, and pumps. The Company also installed systems for chilled and de-ionized water, compressed air and waste treatment.

Results: The new facility has enhanced RMC's manufacturing efficiencies and provides room for growth. The Company will retain 175 jobs, including 78 manufacturing jobs which were at risk, and create 16 new jobs.

Grantee Contact: Harlan D. Calkins, Chairman & CEO  
155 Paragon Drive  
Rochester, NY 14624  
Phone: (585) 336-2200 Fax: (585) 467-4406

ESD Project No.: W745

Project Team:	Origination	Kevin Hurley
	Project Management	Edward Muszynski
	Contractor & Supplier Diversity	Vikas Gera
	Finance	Ross Freeman
	Environmental	Soo Kang

### C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Company shall pay a commitment fee of 1% of the \$300,000 capital grant (\$3,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Company will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Company's acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
4. Prior to disbursement, the Company must employ at least the number of Full-time Permanent Employees set forth as the Baseline Employment in the table below. A Full-time Permanent Employee shall mean (a) a full-time, permanent, private-sector employee on the Grantee's payroll, who has worked at the Project Location for a minimum of thirty-five hours per week for not less than four consecutive weeks and who is entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties; or (b) two part-time, permanent, private-sector employees on Grantee's payroll, who have worked at the Project Location for a combined minimum of thirty-five hours per week for not less than four consecutive weeks and who are entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties.
5. Up to \$300,000 will be disbursed to the Grantee in three installments as follows:
  - a) an Initial Disbursement of an amount equal to 50% of the grant (\$150,000) upon documentation of building acquisition, renovation and machinery and equipment project costs totaling \$8,200,000, including a Certificate of Occupancy, and documentation of the employment of at least 175 Full-time Permanent Employees at the Project Location, assuming that all project approvals have been completed and funds are available;
  - b) a Second Disbursement of an amount equal to 25% of the grant (\$75,000) will be disbursed upon documentation of the employment of at least 183 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 (\$75,000) will be disbursed upon documentation of the employment of at least 191 Full-time Permanent Employees at the Project Location (Employment Increment of 8), provided Grantee is otherwise in compliance with program requirements.
6. 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 December 21, 2009 to be considered eligible project costs. All disbursements must be requested by April 1, 2015.

ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$300,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

7. In consideration for the making of the Grant, Grantee will achieve the Employment Goals set forth in Column B of the table below. If the Full-time Permanent Employee Count for the year prior to the reporting date set forth in Column A of the table below is less than eighty-five percent (85%) of the Employment Goal set forth in Column B (an Employment Shortfall”), then upon demand by ESD, Grantee shall be obligated to repay to ESD a portion of each disbursement of the Grant, as follows:

The Recapture Amount is based on the time that has lapsed between when the Grant funds were disbursed and when the Employment Shortfall occurred. The Recapture Amount shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:

- (i) 100% of the disbursed amount if the Employment Shortfall occurred in the calendar year that the disbursement was made, or in the first full calendar year after the disbursement was made;
- (ii) 80% of the disbursed amount if the Employment Shortfall occurred in the second full calendar year after the disbursement was made;
- (iii) 60% of the disbursed amount if the Employment Shortfall occurred in the third full calendar year after the disbursement was made;
- (iv) 40% of the disbursed amount if the Employment Shortfall occurred in the fourth full calendar year after the disbursement was made;
- (v) 20% of the disbursed amount if the Employment Shortfall occurred in the fifth full calendar year after the disbursement was made.

The Grantee’s number of Full-time Permanent Employees shall be deemed to be the greater of the number as of the last payroll date in the month of December for such year or the average employment for the 12 month period computed by quarter.

Baseline Employment	175
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A	B
Reporting Date	Employment Goals
February 1, 2013	175+X+Y
February 1, 2014	175+X+Y
February 1, 2015	175+X+Y
February 1, 2016	175+X+Y
February 1, 2017	175+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 [175 + X = 183] 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=8, and Employment Goals shall equal [175 + X + Y = 191] 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 175, including retention of 78 manufacturing jobs which were at risk of relocation to another state. In addition, the Company will create 16 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 manufacturing operations to Illinois or North Carolina. ESD's assistance helped to reduce costs and make the project feasible in New York.

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

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 \$11,666,613;
- Fiscal cost to NYS government is estimated at \$487,375;
- Project cost to NYS government per direct job is \$3,946;
- Project cost to NYS government per job (direct plus indirect ) is estimated at \$1,000;
- Ratio of project fiscal benefits to costs to NYS government is 23.94:1;

- Fiscal benefits to all governments (state and local) are estimated at \$19,624,668;
- Fiscal cost to all governments is \$1,207,243;
- All government cost per direct job is \$9,775;
- All government cost per total job is \$2,477;
- The fiscal benefit to cost ratio for all governments is 16.26:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$94,906,026, or \$194,692 per job (direct and indirect);
- The economic benefit to cost ratio is 64.92:1;
- Project construction cost is \$9,062,830, which is expected to generate 84 direct job years and 60 indirect job years of employment;
- For every permanent direct job generated by this project, an additional 2.93 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is one year.

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

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

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

V. Environmental Review

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 in the performance of ESD contracts. For purposes of this contract, however, project performance has already been completed, and therefore, contract goals cannot be established.

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

July 18, 2012

Ogden (Finger Lakes Region - Monroe County) – Rochester Midland Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) – Findings and Determinations Pursuant to Sections 16-m and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Rochester Midland 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 Rochester Midland Corporation a grant for a total amount not to exceed Three Hundred Thousand Dollars (\$300,000) from the Empire State Economic Development Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in the administration of the grant; and be it further

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

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

\* \* \*





FOR CONSIDERATION

July 18, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: New Windsor (Mid-Hudson Region – Orange County) – Precision Pipeline Solutions Capital and Training – Economic Development Fund – General Development Financing (Capital Grant and Training 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

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General Project Plan

I. Project Summary

Grantee: Precision Pipeline Solutions, LLC (“PPS” or the “Company”)

ESD\* Investment: Two grants totaling up to \$391,500 as follows:

- A grant of up to \$150,000 (W953) to be used for a portion of the cost of construction, renovations and training at the New Windsor facility.
- A grant up to 30.04% of the training project’s eligible expenses or \$241,500 (W954), whichever is less.

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

Project Locations: 614 Route 207/Little Britain Road, New Windsor, Orange County\*  
192 Plains Road, Walden

\* Project activity site; other is job-retention site

Proposed Project: Construct and renovate a vacant 15,000-square-foot space in New

Windsor, purchase and installation of machinery and equipment as well as hiring and training 109 new employees.

Project Type: Business expansion involving job retention, creation, and training.

Regional Council: The Mid-Hudson Regional Council has been made aware of this item and the project is consistent with the Regional Plan. The Incentive Offer was accepted in February 2010, predating the Regional Council Initiative.

Employment: Initial employment at time of ESD Incentive Offer: 125  
Current employment level: 249  
Minimum employment on January 1, 2016: 234

## II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction/Renovations	\$389,235
Equipment & Machinery	4,832,082
Training	<u>2,103,520</u>

Total Project Costs \$7,324,837

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD – Capital Grant (W953)	\$150,000	2%
ESD – Training Grant (W954)	241,500	3%
Company Equity	<u>6,933,337</u>	<u>95%</u>
Total Project Financing	<u>\$7,324,837</u>	<u>100%</u>

## III. Project Description

### A. Company

Industry: Utilities Services (Contractor)

Company History: Founded in 2002, PPS is a privately-owned company that offers design, operations, management, regulatory administration and construction services to the natural gas pipeline and electrical utility infrastructure industry.

Ownership: Privately owned

Size: PPS is consolidating its space to New Windsor, NY.

Market: PPS offers comprehensive services to utility company clients including

pipeline installation/replacement, leak repair, pressure control, meter exchange, surveys, meter reading, inspection, coatings and outsourcing clerical/management staff. The Company has a relatively small market share when compared to the overall industry with competitors that range from \$50 million to \$1 billion in revenues. Some of PPS competitors are: Bibeau Co., NY; Hinkels & McCoy Co., PA; Heath Co., TX; Northern Pipeline Co., AZ; and Quanta Public Co. TX.

PPS major customers include: Con Edison, NYC Metro Region; National Grid, NY Upstate Region, and Orange & Rockland, NY Lower Hudson Region.

**ESD Involvement:** In 2010, PPS approached ESD for assistance to renovate and fit-out a new facility and to assist with employee training project. As a result, ESD offered a \$150,000 capital grant and a \$241,500 training grant which the Company accepted February 2010.

**Competition:** PPS was considering relocating a portion of its operations to Allendale, New Jersey.

**Past ESD Support:** In January 2009, the ESD approved a \$170,000 grant for PPS's employee training project. The project is complete and the grant is fully disbursed.

## B. The Project

**Completion:** February 2012

**Activity:** (Capital Grant - W953) PPS has completed the renovation and fit-out of an existing 15,000-square-foot facility in New Windsor, NY. The project included all internal construction of walls, floors and ceilings, integration with utilities, networking/phone systems, fire suppressant systems, plumbing, lighting, and security systems. It also included the separation of several sections of the warehouse for internal control of materials and equipment.

(Training Grant - W954) Employees are receiving classroom- and field-based training to work in the natural and electric utility industry. The utility industry is highly regulated and requires that employees receive Operator Qualifications training courses. Trainees perform under direct visual observation of previously certified staff. The instructors are either internal experienced staff/managers or professional consultants. Internal instructors are selected based on successful demonstration of competence and the ability to relate procedures to others. Professional consultants are members of regional/national industry associations which specialize in training.

New hires receive basic training and work in a crew as a team member doing highly technical work until gaining hands-on exposure to a specific work. The Company has several divisions that have different job titles and general levels starting with the least technical to the most advanced. There are also levels within each job title such as technical level 1, and technician level 2.

Results: As a result, PPS retained 125 jobs and will create an additional 109 jobs at the projects location.

Grantee Contact: Erik Kellerman, Controller  
617 Little Britain Road, Suite 200  
New Windsor, NY 12553  
Phone: (845) 566-8329 Fax: (845) 566-8336

ESD Project Nos.: W953, W954

Project Team:	Origination	Paul Taxter
	Project Management	Javier Roman-Morales
	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 \$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 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. Funds will be disbursed as follows:

**EDF Capital Grant (W953)**

Up to \$150,000 will be disbursed to the Company in three installments as follows:

- a) an Initial Disbursement of an amount equal to 50% of the grant (\$75,000) upon documentation of acquisition and renovation project costs totaling \$370,000, and documentation of the employment of at least 161 Full-time Permanent Employees at the New Windsor Project Location and the Company's other New York State locations (Employment Increment of 36) 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 purchase and installation of Machinery & Equipment project costs of an additional \$2,358,700 (cumulative capital expenditures \$2,728,700) and the employment of at least 198 Full-time Permanent Employees at the New Windsor Project Location and the Company's other New York State locations (Employment Increment of 37), 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 purchase and installation of Machinery & Equipment project costs of an additional \$2,358,700 (cumulative capital expenditures \$4,718,167) and the employment of at least 234 Full-time Permanent Employees at the New Windsor Project Location and the Company's other New York State locations (Employment Increment of 36), provided Grantee is otherwise in compliance with program requirements.

**EDF Training Grant (W954)**

Funds will be disbursed no more frequently than annually, initially upon employment of at least 161 Full-time Permanent Employees at the New Windsor Project Location and the Company's other New York State locations assuming that all project approvals have been completed and funds are available based on demonstration to ESD's reasonable satisfaction that training expenses have been incurred in an amount equal to at least three and one third (3.33) times the requested disbursement amount. In total, ESD shall disburse the lesser of i) the Grant Amount or ii) ESD's pro rata share (30.04) of all eligible training expenses.

ESD will be entitled to recoup all or part of ESD's grant if the Recipient fails to reach or retain employment as agreed upon at the Project location.

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 2009, to be considered eligible project costs. All disbursements must be requested by April 1, 2014.

6. ESD may reallocate the projects funds to another form of assistance, at an amount no greater than \$391,500, for the projects 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	125
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A	B
Reporting Date	Employment Goals
February 1, 2013	125+X+Y+Z
February 1, 2014	125+X+Y+Z
February 1, 2015	125+X+Y+Z
February 1, 2016	125+X+Y+Z

X = Grantee's Employment Increment that will be the basis of the First Disbursement of the Grant as described in section C.5 above (i.e. X=36, and Employment Goals shall equal [125 + X = 161] if the First Disbursement is made, in the year such disbursement is made and for each year thereafter). If the First 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=37, and Employment Goals shall equal [125 + X + Y = 198] 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=36, and Employment Goals shall equal [125 + X + Y + Z = 234] 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 125 and create 109 new jobs.

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

Without ESD assistance, this project would likely have been relocated to an existing facility in Allendale, New Jersey.

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

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 \$6,874,734;
- Fiscal cost to NYS government is estimated at \$391,500;
- Project cost to NYS government per direct job is \$2,388;
- Project cost to NYS government per job (direct plus indirect ) is estimated at \$1,580;

- Ratio of project fiscal benefits to costs to NYS government is 17.56:1;
- Fiscal benefits to all governments (state and local) are estimated at \$11,926,500;
- Fiscal cost to all governments is \$391,500;
- All government cost per direct job is \$2,388;
- All government cost per total job is \$1,580;
- The fiscal benefit to cost ratio for all governments is 30.46:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$61,675,562, or \$248,956 per job (direct and indirect);
- The economic benefit to cost ratio is 157.54:1;
- Project construction cost is \$389,235, which is expected to generate three direct job years and one indirect job year of employment;
- For every permanent direct job generated by this project, an additional 0.52 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is one year.

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

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

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

V. Environmental Review

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 and Supplier Diversity policy will apply. 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, project performance has already been completed, and therefore, Contract goals cannot be established.

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

July 18, 2012

New Windsor (Mid-Hudson Region – Orange County) – Precision Pipeline Solutions Capital and Training – Economic Development Fund – General Development Financing (Capital and Training 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

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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 New Windsor (Mid-Hudson Region – Orange County) – Precision Pipeline Solutions Capital and Training – Economic Development Fund (Capital and Training 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 Precision Pipeline Solutions, LLC grants for a total amount not to exceed Three Hundred Ninety-One Thousand Five Hundred Dollars (\$391,500) 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 of the Corporation or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in the administration of the grant; and be it further

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

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

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FOR CONSIDERATION

July 18, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Small Business Revolving Loan Fund Program – Request to Reallocate Funds

REQUEST FOR: Authorization to Reallocate Funds; Authorization to Amend the Grant Agreements; Authorization to Take Related Actions

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Background:

In November 2010, ESD’s Board of Directors approved \$25 million for the Small Business Revolving Loan Fund (the “Program”). The Program is designed to create economic activity by providing greater access to capital for small businesses and minority and women-owned businesses (“MWBES”) that generate economic growth and job creation within the State, but that are unable to obtain adequate credit or adequate terms for such credit (collectively “Eligible Businesses”).

Pursuant to a competitive Request for Proposal process in August of 2010, twenty Community-Based Lending Organizations (“CBLOs”) were selected by staff to receive Program loans. The selected CBLOs were to make loans to Eligible Businesses under two tracks: Track A representing micro loans of \$25,000 or less; and, Track B representing loans over \$25,000. These lending levels refer to total principal of loans, including up to 50% of Program funds and not less than 50% non-Program funds resulting in a 1:1 match Program requirement, and at least \$50 million in loans. The term of the ESD Program loan to a CBLO is for seven years, unless an extension is granted. All Program loan funds were to be deployed by the CBLO within 24 months of ESD’s initial disbursement (“Commencement Date”) of Program Loan funds (in three tranches) to the CBLO. ESD did reserve the right to make reallocations of funds after the initial awards if any of the selected CBLOs did not meet the Program performance requirement as set forth in the Program loan agreement. ESD also reserved the right to make reallocations between Track A and Track B depending on lender performance and small business demand.

Project Status:

As of December 31, 2011, over \$30 million (~ \$12 million of ESD funds) in total loans have been deployed to 1,371 Eligible Businesses (1,294 M/WBES) by the Program’s CBLOs.

Requested Action:

In order to meet the Program's goal of deploying all funds within 24 months of the CBLO's Commencement Date, ESD would like to reallocate **\$2,829,667** (\$1,582,983 from Track A; \$1,246,684 from Track B) from five CBLOs. These funds will be reallocated to four other CBLOs that have utilized all of their program funds. The proportion of funds allocated between Tracks A and B will remain the same.

**TOTAL FUNDS TO BE RELOCATED FROM THE FOLLOWING GRANTEES: \$2,829,667**

Grantee: **Alternatives Federal Credit Union (X258)**  
Project Geographic Focus: Southern Tier Region

Alternatives FCU's original loan agreement was for \$1,000,000 (\$200,000 for Track A; \$800,000 for Track B) and its Commencement Date was April 1, 2011. As of mid June 2012, Alternatives FCU has deployed 13.31% of the \$333,333 drawn down to Eligible Businesses.  
Proposed Reallocation Amount: **\$666,667** (\$133,333 from Track A; \$533,334 from Track B)

Grantee: **Community Capital Resources (X262)**  
Project Geographic Focus: Mid-Hudson Region

Community Capital Resources original loan agreement was for \$1,200,000 (\$700,000 for Track A; \$500,000 for Track B) and its Commencement Date was March 18, 2011. As of mid June 2012, Community Capital Resources has deployed 29% of the \$750,000 drawn down to Eligible Businesses.  
Proposed Reallocation Amount: **\$450,000** (\$270,000 from Track A; \$180,000 from Track B)

Grantee: **NYBDC Local Development Corporation (X295)**  
Project Focus: Statewide

NYBDC Local Development Corporation's original loan agreement was for \$1,445,000 (All Track A) and its Commencement Date was March 10, 2011. As of the end of 2011, NYBDC Local Development Corporation has deployed 5% of the \$482,000 drawn down to Eligible Businesses.  
Proposed Reallocation Amount: **\$963,000** (All from Track A)

Grantee: **PathStone Enterprise Center, Inc. (X292)**  
Project Geographic Focus: Finger Lakes Region

PathStone Enterprise Center's original loan agreement was for \$1,500,000 (\$500,000 for Track A; \$1,000,000 for Track B) and its Commencement Date was February 15, 2011. As of mid June 2012, PathStone has deployed 44% of the \$500,000 drawn down to Eligible Businesses.  
Proposed Reallocation Amount: **\$500,000** (\$166,650 from Track A; \$333,350 from Track B)

Grantee: **REDEC Relending Corporation (X293)**  
Project Geographic Focus: Southern Tier Region

Although REDEC's original loan agreement was for \$250,000 (\$50,000 for Track A; \$200,000 for Track B), they never drew down the first tranche, and subsequently asked to withdraw from the SBRLF program due to low loan volume. Thus, REDEC's loan agreement was terminated on August 22, 2011.

Proposed Reallocation Amount: **\$250,000** (\$50,000 from Track A; \$200,000 from Track B)

**TOTAL FUNDS TO BE RELOCATED TO THE FOLLOWING GRANTEES: \$ 2,829,667**

Grantee: **BOC Capital Corp. (X261)**  
Targeted Geographic Focus: New York City and Mid Hudson Regions

To date, BOC Capital Corporation has deployed 100% of its original loan amount of \$1,000,000 (\$500,000 for Track A; \$500,000 for Track B) to Eligible Businesses.

Proposed Reallocation Amount: **\$200,000** (All in Track B)

Grantee: **Grameen America, Inc. (X263)**  
Targeted Geographic Focus: New York City Region

To date, Grameen America has deployed 100% of its original loan amount of \$1,000,000 (All in Track A) to Eligible Businesses.

Proposed Reallocation Amount: **\$1,532,983**(All in Track A)

Grantee: **New York Business Development Corporation (X264)**  
Targeted Geographic Focus: Statewide, with a priority on the Southern Tier and Finger Lakes Regions

To date, New York Business Development Corporation has deployed 100% of its original loan amount of \$7,500,000 (All in Track B) to Eligible Businesses.

Proposed Reallocation Amount: **\$996,684** (All in Track B)

Grantee: **Washington Heights-Inwood Development Corporation (X269)**  
Targeted Geographic Focus: New York City Region

To date, Washington Heights-Inwood Development Corporation has deployed 100% of its original loan amount of \$200,000 (\$100,000 for Track A; \$100,000 for Track B) to Eligible Businesses. Proposed Reallocation Amount: **\$100,000** (\$50,000 in Track A; \$50,000 in Track B)

### Statutory Basis

The Program is authorized pursuant to Section 16-t of the Act. No residential relocation is required because there are no families or individuals will be displaced by the Project, thereby satisfying the requirements of Section 10(g) of the Act.

### Environmental Review

ESD staff has determined that the proposed authorization to reallocate funds 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 authorization.

### Non-Discrimination and Contractor & Supplier Diversity

ESD’s Non-Discrimination and Contractor & Supplier Diversity policies will apply. The CBLOs are encouraged to include minorities and women in any job opportunities created by the Project and to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project.

### Additional Submissions to Directors

Resolutions

July 18, 2012

Statewide – Small Business Revolving Loan Fund Program – Authorization to Reallocate Funds for Loans; and Authorization 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 (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 \$25 million 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.

\* \* \*

FOR CONSIDERATION

July 18, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Discretionary Projects Consent Calendar

REQUEST FOR: Findings and Determinations Pursuant to Sections 10(g), 16-m, 5(4), and 16-d 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

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Attached are summaries of discretionary projects requesting ESDC assistance of \$100,000 and under in the following categories:

Empire State Economic Development Fund

	<b>Project Name</b>	<b>Proj #</b>	<b>Grantee</b>	<b>Assistance up to</b>
	<b>General Development Financing Projects</b>			
A.	ASB Greenworld Capital	X580	ASB Greenworld, Inc.	\$100,000
B.	Upstate Door Capital	X251	Upstate Door, Inc.	82,000
			<b>TOTAL</b>	<b>\$182,000</b>

Urban and Community Development Program

	<b>Project Name</b>	<b>Proj #</b>	<b>Grantee</b>	<b>Assistance up to</b>
	<b>Urban and Community Technical Assistance</b>			
C.	SEED - SUNY Albany - Working Capital	X877	The Research Foundation of State University of New York	\$99,924
	<b>Urban and Community Project Development Assistance</b>			
D.	Buffalo Building Reuse Market Analysis	X552	Buffalo Niagara Partnership	7,500
			<b>TOTAL</b>	<b>\$107,424</b>

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 Corporation ("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.

For all other 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 23% related to the total value of ESD's funding. This shall include a Minority Business Enterprise ("MBE") Participation goal of 13% and a Women Business Enterprise ("WBE") Participation goal of 10%. Grantee shall use good faith efforts to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project and to include minorities and women in any job opportunities created by the Projects.

### 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.

### Statutory Basis

#### A. Empire State Economic Development Fund

Please see individual project summaries for factual bases for items 1, 2, and 3.

1. Each 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. Each proposed project would be unlikely to take place in New York State without the requested assistance.
3. Each proposed project is reasonably likely to accomplish its stated objectives and the likely benefits of the project exceed costs.
4. The requirements of Section 10(g) of the Act are satisfied.  
No residential relocation is required in connection with any project involving the acquisition, construction, reconstruction, rehabilitation, or improvement of property because no families or individuals reside on the sites.

### Attachments

New York State Map

Resolutions

Project Summaries

July 18, 2012

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; Determination of No Significant Effect on the Environment

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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 Empire State Economic Development Fund Projects identified below (the “Projects”), 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

1. The Projects 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 Projects would be unlikely to take place in New York State without the requested assistance.
3. The Projects are 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 Projects, 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 Projects 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 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;

Empire State Economic Development Fund

	<b>Project Name</b>	<b>Proj #</b>	<b>Grantee</b>	<b>Assistance up to</b>
	<b>General Development Financing Projects</b>			
A.	ASB Greenworld Capital	X580	ASB Greenworld, Inc.	\$100,000
B.	Upstate Door Capital	X251	Upstate Door, Inc.	82,000
			<b>TOTAL</b>	<b>\$182,000</b>

and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

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July 18, 2012

Urban and Community Development Program - Findings and Determinations Pursuant to Sections 5(4) and 16-d 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 Urban and Community Development Program 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 the Urban and Community Development Program, for the purposes, and substantially on the terms and conditions, 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, 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;

Urban and Community Development Program

	<b>Project Name</b>	<b>Proj #</b>	<b>Grantee</b>	<b>Assistance up to</b>
	<b>Urban and Community Technical Assistance</b>			
C.	SEED - SUNY Albany - Working Capital	X877	The Research Foundation of State University of New York	\$99,924
	<b>Urban and Community Project Development Assistance</b>			
D.	Buffalo Building Reuse Market Analysis	X552	Buffalo Niagara Partnership	7,500
			<b>TOTAL</b>	<b>\$107,424</b>

and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

\* \* \*

## B. Upstate Door Capital (X251)

July 18, 2012

### General Project Plan

- Grantee:** Upstate Door, Inc. (“Upstate Door” or the “Company”)
- ESD Investment:** A grant of up to \$82,000 to be used for a portion of the cost of machinery and equipment.
- Project Location:** 5701 East Railroad Street, Castile, Wyoming County\*  
26 Industrial Street, Warsaw, Wyoming County
- \* Project activity site; other is job-retention site
- Proposed Project:** Relocate a manufacturing operation from Kansas to a new facility in Castile. Make renovations to the Castile facility and an existing facility in Warsaw.
- Project Type:** Business expansion involving job creation.
- Regional Council:** The Finger Lakes Regional Council has been made aware of this item and the project is consistent with the Regional Plan. The Incentive Offer was accepted in February 2011, predating the Regional Council Initiative.
- Employment:**
- |  |    |
|--|----|
| Initial Employment at the time of ESD Incentive Offer: | 45 |
| Current employment level:                              | 57 |
| Minimum employment on January 1, 2014:                 | 65 |

### **Background:**

Industry – Upstate Door, Inc. manufactures custom-made hardwood doors for builders and architects.

Company History – Upstate Door was formed in 1995 as a privately owned company operating out of a 46,000-square-foot Warsaw, NY plant. Its products include house exteriors, French doors, fire doors, screen and screen/storm combination doors. The Company serves large lumberyards, builders, and architects in the Northeast.

Ownership – Privately owned.

Size – The Company’s original Warsaw facility is 46,000 square feet.

Market – Upstate Door serves architects, home builders and lumberyards.

## **B. Upstate Door Capital (X251)**

July 18, 2012

ESD Involvement – In 2010, Upstate Door sought to expand its operation by purchasing a new 49,000-square-foot facility in Castile, New York and purchasing and relocating equipment from Sun Door Co, a company in Kansas with whom they had worked for almost 60 years. Although it would have been easier to leave the equipment in Kansas and continue to work with Sun Dor Co in that state, Upstate Door wanted to take advantage of a projected rebound in the New York housing market and expand their company here. The move required a significant financial investment which included employee training. ESD's assistance was needed to make the project feasible. Without ESD's financial support the project would have taken longer to implement and would have likely have taken place in Kansas.

Competition – The Company's major competitors are Marvin Windows in Minnesota and Simpson in Washington.

Past ESD Support – This is the first ESD grant to the Company.

### **The Project:**

Completion – September 2012

Activity – The new building was purchased in July 2011, and renovations began in February 2012. To date, the Company has invested approximately \$1,400,000 in the project, including \$675,000 to purchase and install machinery and equipment. The project will take place in three phases. The first phase is complete, and the second is expected to be complete later this year.

Results – The project will maintain 45 jobs and create 20 new jobs by 2014. The Company has already 12 created new jobs.

As part of the development of the new facility in Castile, Upstate Door plans to hire and train new employees at the original plant in Warsaw and move them to the newer facility in Castile. The Company hopes the project will act as an attractor to the region both creating and retaining jobs, in addition to boosting the industrial base in the rural county of Wyoming.

**B. Upstate Door Capital (X251)**

July 18, 2012

Financing Uses	Amount	Financing Sources	Amount	Percent
Real Estate Acquisition	\$250,000	ESD Grant	\$82,000	5%
Construction, Site preparation, Renovation, Utilities & Infrastructure, Telecom	481,457	Company Equity	689,457	44%
Machinery & Equipment	675,000	WCBAC and NYOCR - Loan <sup>1</sup>	66,666	4%
Soft Costs	165,000	WCBAC and NYOCR - Grant <sup>2</sup>	33,334	2%
		Five Star Bank Mortgage - Loan <sup>3</sup>	200,000	13%
		Five Star Bank - Commerical Loan Link Deposit <sup>4</sup>	500,000	32%
<b>Total Project Costs</b>	<b>\$1,571,457</b>	<b>Total Project Financing</b>	<b>\$1,571,457</b>	<b>100%</b>

<sup>1</sup> Wyoming County Business Assistance Corporation & New York Office of Community Renewal Industrial Equipment Incentive Program – Loan – 3%/10 years/N/A

<sup>2</sup> Wyoming County Business Assistance Corporation & New York Office of Community Renewal Industrial Equipment Incentive Program - Grant

<sup>3</sup> 2.75%/10 years/N/A

<sup>4</sup> 3%/5 years/ N/A

**Grantee Contact** - Robert Fontaine, President  
 26 Industrial Street  
 Warsaw, NY 14569  
 Phone: (585) 786-3880 Fax: (585) 786-3888

**Project Team** - Origination Robert McNary  
 Project Management Simone Bethune  
 Contractor & Supplier Diversity Vikas Gera  
 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 \$82,000 capital grant (\$820) 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

## **B. Upstate Door Capital (X251)**

July 18, 2012

financial condition prior to disbursement.

3. The Company will be required to contribute at least 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.
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 \$82,000 will be disbursed to the Grantee in three installments as follows:
  - a) an Initial Disbursement of an amount equal to 50% of the grant (\$41,000) upon completion of the project substantially as described in these materials, documentation verifying project expenditures totaling approximately \$1,400,000 (including purchase and installation of \$675,000 in machinery & equipment) and documentation of the employment of at least 55 Full-time Permanent Employees in Wyoming County (including 10 new 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 (\$20,500) will be disbursed upon documentation of the employment of at least 60 Full-time Permanent Employees at the Project Location (Employment Increment of 5), provided Grantee is otherwise in compliance with program requirements;
  - c) a Third Disbursement of an amount equal to 25% of the grant (\$20,500) will be disbursed upon documentation of the employment of at least 65 Full-time Permanent Employees at the Project Location (Employment Increment of 5), provided Grantee is otherwise in compliance with program requirements.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after

## **B. Upstate Door Capital (X251)**

July 18, 2012

February 16, 2011, to be considered eligible project costs. All disbursements must be requested by April 1, 2014.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$82,000, 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.

**B. Upstate Door Capital (X251)**

July 18, 2012

Baseline Employment	45
<b>A</b>	<b>B</b>
Reporting Date	Employment Goals
February 1, 2013	45+X+Y+Z
February 1, 2014	45+X+Y+Z
February 1, 2015	45+X+Y+Z
February 1, 2016	45+X+Y+Z

X = Grantee's Employment Increment that will be the basis of the Initial Disbursement of the Grant as described in section 5 above (i.e. X=10, and Employment Goals shall equal  $[45 + X = 55]$  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 5 above (i.e. Y=5, and Employment Goals shall equal  $[45 + X + Y = 60]$  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 5 above (i.e. Z=5, and Employment Goals shall equal  $[45 + X + Y + Z = 65]$  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.

**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 (MWBE) in the performance of ESD contracts. For purposes of this Contract, however, project performance has already been completed, and therefore, MWBE utilization goals cannot be established.

**Statutory Basis – Empire State Economic Development Fund:**

1. The project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the State or would enhance or help to maintain the economic viability of family farms.  
As a result of this project, the Company will create 20 new jobs.
2. The project would be unlikely to take place in New York State without the requested assistance.  
Without ESD assistance to lower costs, the project would have likely taken place in Kansas.
3. The project is reasonably likely to accomplish its stated objectives and the likely benefits of the project exceed costs.  
Evaluated over a seven-year period, project fiscal benefits to New York State government are expected to be \$508,891, which exceed the cost to the State.

**B. Upstate Door Capital (X251)**

July 18, 2012

4. The requirements of Section 10(g) of the Act are satisfied.  
See cover memo.

### C. SEED - SUNY Albany - Working Capital (X877)

July 18, 2012

- Grantee:** The Research Foundation of State University of New York (the “Research Foundation”)
- ESD Investment:** A grant of up to \$99,924 for working capital costs to continue a character-based micro lending program in the Capital Region.
- Project Location:** 1400 Washington Avenue, Albany, Albany County
- Proposed Project:** The project will continue operations of the Small Enterprise Economic Development (“SEED”) Program, a university character-based micro lending program, leveraging a loan fund portfolio of \$2,500,000 from SEFCU, and support from the University at Albany’s Schools of Social Welfare and Business and the Small Business Development Center.
- Project Type:** The project will enable the SEED Program to continue operations for one additional year as it secures funds for permanent sustainability.
- Regional Council:** The Capital Regional Council has been made aware of this item. The Incentive Offer was accepted in June 2012. The project was identified in the Capital Region Economic Development Council’s Strategic Plan as a component of the Capital Region Access to Solutions Program Center/Foundation for Success Loan Fund, a Transformative Initiative to improve the Region’s business climate. The project is, therefore, consistent with the plan.

#### **Background:**

Industry – The Research Foundation administers externally funded contracts and grants for and on behalf of the State University of New York. The SEED Program is an educational/entrepreneurial training and micro lending collaborative that provides small business support, mentorship, training and access to capital.

Organizational History - The Research Foundation was established in 1951 as a not-for-profit, tax-exempt corporation to support research, education and public service at the State University of New York.

Ownership - The Research Foundation is a private, 501(c)(3) not-for-profit educational corporation.

Market – The SEED Program supports the specific needs of underserved entrepreneurs from highly distressed tracts in the City of Albany, and moderately distressed

### C. SEED - SUNY Albany - Working Capital (X877)

July 18, 2012

communities including the City of Troy and other surrounding Towns and Villages where traditional forms of funding are scarce and poor credit is a barrier to accessing capital.

ESD Involvement – The SEED Program is a collaboration involving training and mentorship by the University at Albany’s Schools of Social Welfare and Business and the Small Business Development Center, and a commitment by SEFCU for up to \$2,500,000 in capital funding to applicants that have successfully completed the SEED training. Program representatives approached ESD in 2010 for support to start-up and staff the first year of SEED operations (June 2011 – June 2012). Additional working capital funds are now needed to continue operations for a second year, during which time necessary program data will be compiled to seek grant support from other sources to sustain the program. ESD offered a \$99,924 UCDP working capital grant for the second year of operations, which was accepted on June 1, 2012.

Past ESD Support - ESD provided a \$96,700 UCDP working capital grant to the Research Foundation in March 2011 to support first year operating costs of the SEED Program. Since its inception, the SEED Program has exceeded projected results. Thirty-one individuals have completed the SEED training program and 24 individuals have accessed \$825,000 in capital, creating or saving 92 jobs.

#### **The Project:**

Completion – July 2013

Activity – The project involves continuation of the SEED Program for one year, beginning in July 2012. ESD funds will be used for the salaries of the Project Coordinator and two Intern Supervisors for one year. Funds will also be used for a portion of material printing costs and indirect costs of The Research Foundation.

The SEED Program utilizes character-based lending as the underwriting criteria and primary qualifier in addition to a potential candidate’s credit report, participation in a mentoring program, letters of recommendation and commitment to transparency in business operations to determine a candidate’s acceptance into the program. Candidates who enter the SEED program participate in an eight-week training program to learn the key components of becoming a small business owner. Those completing the program receive assistance with the development of a business plan and financial projections to be submitted with a financing application.

Results – Upon completion of the project, it is anticipated that 160 entrepreneurial assessments will have been completed, 36 candidates will be admitted to the SEED training program and 30 will complete the training.

**C. SEED - SUNY Albany - Working Capital (X877)**

July 18, 2012

Financing Uses	Amount	Financing Sources	Amount	Percent
Project Coordinator	\$54,340	ESD Grant	\$99,924	100%
Intern Supervisors (2)	35,750			
Indirect Costs	9,084			
Printing	750			
Total Project Costs	\$99,924	Total Project Financing	\$99,924	100%

Grantee Contact - Robert O. Webster, Associate Vice President for Research  
The Research Foundation of State University of New York  
Management Services Center, MSC 312  
1400 Washington Avenue  
Albany, NY 12222  
Phone: (518) 437-4550 Fax: (518) 437-4560

Project Team - Origination Suzanne Pollard  
Project Management Linda Dillon  
Contractor & Supplier Diversity Diane Kinnicutt

**Financial Terms and Conditions:**

1. The Grantee will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
2. Up to \$99,924 will be disbursed to Grantee in four installments as follows:
  - a) 30% of the grant (\$29,977) upon completion of the Summer 2012 Session Goals (per Attachment A), assuming that all project approvals have been completed and funds are available;
  - b) 30% of the grant (\$29,977) upon completion of Fall 2012 Session Goals (per Attachment A), provided Grantee is otherwise in compliance with program requirements;
  - c) 30% of the grant (\$29,977) upon completion of Winter 2013 Session Goals (per Attachment A), provided Grantee is otherwise in compliance with program requirements;
  - d) 10% of the grant (\$9,993) upon completion of Spring 2013 Session Goals (per Attachment A) and submission of all required reports.

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 1, 2012, to be considered eligible project costs. All disbursements must be requested by December 31, 2013.

**C. SEED - SUNY Albany - Working Capital (X877)**

July 18, 2012

3. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$99,924, 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:**

Pursuant to New York State Executive Law Article 15-A, The Research Foundation of the State University of New York recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority-and women-owned business in the performance of The Research Foundation of the State University of New York 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 – Urban and Community Development Program:**

This project is authorized under Sections 5(4) and 16-d of the New York State Urban Development Corporation Act (the “Act”) and satisfies the eligibility criteria for an Urban and Community Technical Assistance grant as set forth in the Act and the rules and regulations for the Urban and Community Development Program. No residential relocation is required as there are no families or individuals residing on the site.

**Additional Submissions to the Directors:**

Attachment A – 2012/2013 Program Goals

## Attachment A - 2012/2013 Program Goals

	UCDP Grant Goals 2012/2013	Summer 2012 Session Goals	Fall 2012 Session Goals	Winter 2013 Session Goals	Spring 2013 Session Goals
Applications Received	160	40	40	40	40
Accepted Applicants	36	9	9	9	9
Participants Completed Training	30	8	7	8	7

## D. Buffalo Building Reuse Market Analysis (X552)

July 18, 2012

- Grantee:** Buffalo Niagara Partnership (the “Partnership” or the “Organization”)
- ESD Investment:** A grant of up to \$7,500 to be used for a portion of the costs associated with the preparation of a market analysis study.
- Project Location:** Downtown Buffalo, Erie County
- Proposed Project:** Funds will be used for a market analysis study to assist in providing recommendations to address the commercial vacancy in downtown Buffalo (the “Study”).
- Project Type:** Study
- Regional Council:** The Western New York Regional Council has been made aware of this item, and the project is consistent with the Regional Plan. The Incentive Offer was accepted in October 2011, predating the Regional Council Initiative.

### Background:

Industry – The Partnership is a business advocate group focused on expanding private sector jobs and investment by providing direct benefits to its 2,300 member firms and to the community on behalf of its members.

Organizational History - Formed in 1993, the Partnership is a regional employer association for the Buffalo Niagara marketplace, representing employers from the 8 counties of Western New York and Ontario, Canada’s southern peninsula. It focuses on industry clusters including Advanced Manufacturing, Agribusiness, Life Sciences, Logistics and Professional Services, and provides advisory assistance to public sector partners.

Size – The Partnership has 25 employees.

ESD Involvement – In September 2011, the Partnership advised ESD of the need to conduct the Study to address over 2 million square feet of vacant commercial office space in downtown Buffalo. However, the Partnership lacked sufficient funds to complete the Study. In October 2011, ESD provided a \$7,500 incentive to facilitate the project.

Past ESD Support – In April 2003, ESD provided the Grantee with a \$25,000 grant for the Buffalo Niagara Collaborative Job Search website (the “Website”); in April 2006, ESD

## D. Buffalo Building Reuse Market Analysis (X552)

July 18, 2012

provided an additional \$25,000 grant for the Website; In April 2008, ESD provided a \$45,000 grant for WNY Works Skills Need Survey and the Website; and in May 2009, ESD provided a \$45,000 grant for workforce development activities and Website modifications. Previous ESD funding allowed the BNP to significantly upgrade the Website allowing for enhanced skills, education and experience categories; report production; direct links for Chautauqua County and a Skills Needs Survey; and the incorporation of a Life Sciences Hot Button to attract high skilled candidates.

### The Project:

Completion – December 2011

Activity – The Partnership completed the Study focused on encouraging smart growth through urban infill; aligning resources to address community needs; and fostering the elimination of urban blight and unsanitary conditions. Zimmerman/Volk Associates, Inc. (“Zimmerman”) based in Clinton, NJ was selected to complete the Study. Zimmerman also completed an initial market rate housing study of Buffalo in 2004.

Results – The Study was conducted from October to December 2011 and provides a clear assessment of the potential for market rate housing opportunities in existing vacant structures, mostly Class B and C buildings, which could not be reused as commercial office space. The Study will guide developers and building owners through the development/rehabilitation process, ultimately leading to the creation of an additional 150-323 new housing units per year over the next five years. The average size of the units will be 1,000-square-feet, resulting in the projected absorption of 800,000 to 1.6 million square-feet of vacant office space. Additionally, the direct and indirect economic impacts are estimated at approximately \$157 million and \$30 million respectively.

Financing Uses	Amount	Financing Sources	Amount	Percent
Market Analysis for Building Reuse	\$15,000	ESD Grant	\$7,500	50%
		Organization Equity	2,500	17%
		City of Buffalo - Grant	5,000	33%
Total Project Costs	\$15,000	Total Project Financing	\$15,000	100%

Grantee Contact - Ms. Laura Smith, Vice President, Business Development  
665 Main Street, Suite 200  
Buffalo, NY 14203  
Phone: (716) 541-1741 Fax: (716) 852-2761

**D. Buffalo Building Reuse Market Analysis (X552)**

July 18, 2012

<u>Project Team</u> -	Origination	Ray Witzleben
	Project Management	Jean Williams
	Contractor & Supplier Diversity	Vikas Gera
	Environmental	Soo Kang

**Financial Terms and Conditions:**

1. The Grantee will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
2. 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.
3. Up to \$7,500 will be disbursed to Grantee upon completion of the Study and documentation of \$15,000 in eligible expenses. Expenditures must be incurred on or after October 11, 2011, to be considered eligible project costs. All disbursements must be requested by April 1, 2014.
4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$7,500 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.

**Statutory Basis – Urban and Community Development Program:**

This project is authorized under Sections 5(4) and 16-d of the New York State Urban Development Corporation Act (the "Act") and satisfies the eligibility criteria for an Urban and Community Project Development Assistance grant as set forth in the Act and the rules and regulations for the Urban and Community Development Program. No residential relocation is required as there are no families or individuals residing on the site.

FOR CONSIDERATION

July 18, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Regional Council Award –Priority Project - Valhalla (Mid-Hudson Region – Westchester County) – New York Medical College Capital – Regional Council Capital Fund (Capital Grant)

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

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General Project Plan

I. Project Summary

Grantee: New York Medical College (“NYMC” or the “University”)

ESD\* Investment: A grant of up to \$4,000,000 to be used for a portion of the cost of design and construction.

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

Project Location: 40 Sunshine Cottage Road, Valhalla, Westchester County

Proposed Project: Develop a biotechnology incubator in a 120,000-square-foot laboratory and workforce training center space for startup biotechnology companies within an existing facility on the NYMC campus.

Project Type: Business expansion

Regional Council: The Incentive Offer was accepted on April 5, 2012. This is a priority project for the region. The project is consistent with the Regional Plan by providing specialized workforce training and establishing a platform for entrepreneurs and start-up drug companies to create even more jobs.

## II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>	
Preliminary Design	\$1,000,000	
Construction/Renovation	11,450,000	
Commissioning & Completion	<u>1,550,000</u>	
Total Project Costs	<u>\$14,000,000</u>	

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$4,000,000	29%
Gen*NY*sis*Grant	3,300,000	23%
Grantee Equity	<u>6,700,000</u>	<u>48%</u>
Total Project Financing	<u>\$14,000,000</u>	<u>100%</u>

\* Generating Employment Through New York Science, a NY State Senate program that provided NYMC with initial capital to begin the overall project

## III. Project Description

### A. Organization

Industry: Educational Institution

Organization History: In 1860, NYMC was founded by a group of New York City civic leaders who were concerned with the primitive conditions of hospitals and medical education at that time. Today, NYMC is one of the largest private health sciences universities in the nation, with more than 1,400 students and 850 residents and clinical fellows. The University educates physicians, scientists and healthcare professionals to become highly qualified to assume leadership roles in their fields. In addition, NYMC is the leading academic biomedical research institution between New York City and Albany. Over 200 scientists engage in vital research activities such as cardiovascular disease, cancer, disaster medicine, kidney disease, the neurosciences, and infectious diseases. NYMC offers access to centralized research facilities commonly used in drug discovery and development. Biotech companies interact with University scientists and use sophisticated research equipment at a fraction of the cost associated with development and/or purchase and maintenance.

Ownership: NYMC is a New York State not-for-profit Membership Corporation.

Size: New York Medical College has approximately 3,000 faculty members and has more than 1,400 students and 850 residents and fellows.

ESD Involvement: As a result of the Governor’s Regional Economic Development Council Initiative, NYMC was awarded \$4,000,000 through the Consolidated Funding Application (“CFA”). An integral part of the University’s mission is to provide a facility that contributes to the advancement of biomedicine research. Their goal is to become a leader in translational research that will lead to improvements in the treatment and prevention of disease. In order to achieve this goal, the University recognized a need to create a new biotechnology incubator and provide ongoing workforce training and education. NYMC decided to renovate an existing unused facility on its campus. The total cost of the renovation project exceeded the University’s available resources and additional funding was needed to proceed with the project.

Past ESD Support: This is the first ESD grant to the University.

## B. The Project

Completion: June 2013

Activity: The project consists of the renovation of a portion of an existing 120,000-square-foot biomedical research and development facility on NYMC's campus in Valhalla. Design work for the building renovation has already begun. Construction commenced during the second quarter of 2012 and is projected to be completed by the second quarter of 2013. Once the renovations are complete, the facility will be a full-service, state-of-the-art biopharmaceutical incubator, laboratory and workforce training facility that will be named iBio-NY, pending brand registration. iBio-NY will invest in centralized, shared resources including shared equipment, wet labs, dedicated space in a shared vivarium for animal research, clinical resources, and a workforce training facility with capacity for distance education and training.

Results: The iBio-NY project will create incubator and laboratory space for entrepreneurs, a shared resource facility for virtual incubator participants and a workforce training program for all of the region’s biotechnology companies. Once completed, iBio-NY is projected to create 121 direct jobs, 51 indirect jobs and 82 induced jobs during the first five years in operation.

## Economic Growth

Investment Project: The benefits reported below 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.

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 \$684,885;
- Fiscal cost to NYS government is estimated at \$4,000,000;
- Ratio of project fiscal benefits to costs to NYS government is 0.17:1;
- Fiscal benefits to all governments (state and local) are estimated at \$1,188,451;
- Fiscal cost to all governments is \$4,000,000;
- The ratio of project fiscal benefit to cost ratio to all governments is 0.30:1;
- Economic benefits (total fiscal benefits plus total net resident disposable income from project construction employment) are estimated at \$6,603,715;
- The economic benefit to cost ratio is 1.65:1;
- Project construction investment is \$12,450,000 which is expected to generate 90 direct job years and 46 indirect job years of employment;
- The payback period for NYS costs is over seven years.

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

Grantee Contact: Dr. Robert Amler, Vice President, Government Affairs  
40 Sunshine Cottage Road  
Valhalla, NY 10595  
Phone: (914) 594-4000  
Fax: (914) 594-4292

ESD Project No.: X622

Project Team:	Origination	Paul Taxter
	Project Management	Beverly Bobb
	Contractor & Supplier Diversity	Denise Ross
	Finance	Amit Nihalani
	Design & Construction	Paul Palazzo
	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 \$4,000,000 capital grant (\$40,000) 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 University financial statements or University accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.

4. Up to \$4,000,000 will be disbursed to Grantee during the course of the project no more frequently than quarterly, in compliance with ESD's Design and Construction requirements, and proportion to ESD's funding source, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon completion of the facility, as evidenced by approval of the municipal authority. 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 5, 2012 to be considered eligible project costs.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$4,000,000, 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.
6. Grant funds will be subject to pro rata recapture if the property is sold within 5 years of the disbursement of Grant funds, including any transfer of project in whole or in part by sale, lease, or conveyance of any interest in or with respect to the project subject to any lien or covenant with the US Department of Commerce regarding the property except (a) transfer of minor interests in the Project site, such as utility easement and limited rights-of-way, and (b)(i) the arms-lengths basis sale or lease of individual condominium units in the ordinary course of business of a condominium development and (ii) the arms-length basis residential or commercial lease in the ordinary course of business for a commercial, residential, or mixed-use rental development. In the event that such a prohibited transfer occurs within such five-year period, the Grantee shall pay to ESD, promptly upon ESD's written demand therefore, the applicable amount indicated below.

The Recapture Amount is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred. The Recapture Amount shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:

- (i) 100% of the disbursed amount if the transfer occurred in the calendar year that the disbursement was made, or in the first full calendar year after the disbursement was made;
- (ii) 80% of the disbursed amount if the transfer occurred in the second full calendar year after the disbursement was made;
- (iii) 60% of the disbursed amount if the transfer occurred in the third full calendar year after the disbursement was made;
- (iv) 40% of the disbursed amount if the transfer occurred in the fourth full calendar

- year after the disbursement was made;
- (v) 20% of the disbursed amount if the transfer occurred in the fifth full calendar year after the disbursement was made.

#### IV. Statutory Basis

The project was authorized in the 2011-2012 New York State budget and reappropriated in the 2012-2013 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

#### V. Design and Construction

The New York Medical College project in Valhalla is a construction project which includes the renovation of an existing facility on campus. The existing facility is 120,000 square feet. The renovation will include an incubator, laboratory and workforce training space. The total project cost is \$14,000,000. The Architect is Ellenzweig Associates and the Construction Manager is Whiting-Turner. The projected construction start is the second quarter of 2012 with a completion date of June 2013. ESD will reimburse construction expenditures up to \$4,000,000. The Construction Documents will be reviewed and payments will be made when D&C requirements have been met.

#### 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 and Supplier Diversity

ESD's Non-discrimination and Contractor Diversity policy will apply to the project. The Grantee shall be required to use good faith efforts to achieve an overall Minority and Women Business Enterprise ("MWBE") Participation Goal of 25%. The overall goal shall include a Minority Business Enterprise ("MBE") Participation goal of 15% 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.

#### 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

July 18, 2012

Regional Council Award - Priority Project - Valhalla (Mid-Hudson – Westchester County) – New York Medical 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

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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 New York Medical College 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 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 New York Medical College a grant for a total amount not to exceed Four Million Dollars (\$4,000,000) 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.

\* \* \*

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

**Economic Growth Investment Project  
New York Medical 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): 90**

**Construction Job Years (Indirect): 46**

<b>Evaluation Statistics</b>	<b>Project Result NYS Govt.</b>	<b>NYS Govt. Benchmarks for ESD Projects<sup>2</sup></b>	<b>Project Results State &amp; Local Governments</b>	<b>State &amp; Local Government Benchmarks for ESD Projects</b>
<b>Fiscal Costs<sup>3</sup></b>	\$4,000,000	\$794,250	\$4,000,000	\$1,020,500
<b>Fiscal Benefits<sup>4</sup></b>	\$684,885	\$2,085,600	\$1,188,451	\$4,271,980
<b>Fiscal B/C Ratio</b>	0.17	3.00	0.30	10.60
	<b>Project Results</b>	<b>Benchmarks for ESD Projects</b>		
<b>Economic Benefits<sup>5</sup></b>	\$6,603,715	\$119,468,000		
<b>Economic B/C Ratio</b>	1.65	20.00		

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

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

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

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

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

FOR CONSIDERATION

July 18, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Regional Council Award – Priority Project - Albany (Capital Region – Albany County) – University at Albany - RNA Institute Capital – Economic Development Purposes Fund – (Capital and Working Capital Grant)

REQUEST FOR: 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

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General Project Plan

I. Project Summary

Grantee: University at Albany (the “University”)

ESD Investment: A grant of up to \$2,036,000 to be used for a portion of the cost for the purchase of machinery and equipment, and for working capital costs including salaries, operating and travel costs, and marketing.

Project Location: RNA Institute - Life Sciences Building  
University at Albany, 1400 Washington Avenue, Albany

Proposed Project: Construction of 15,000 square feet of lab space, purchase and installation of machinery and equipment, recruitment and hiring of researchers to develop expertise and research capabilities in RNA (ribonucleic acid) science and technology, and creation of an environment supportive of research and technological entrepreneurship to attract intellectual capital and sustain highly skilled, long-term jobs that grow the life science cluster in the Capital Region.

**Project Type:** The project allows the State University at Albany’s RNA Institute to complete the high-end instrumentation and provide first-year working capital necessary to further the biomedical research into the potential of developing RNA technologies. The research that will occur in the RNA Institute will facilitate the commercialization in New York State of novel RNA technologies and medicines to treat infectious diseases, neurological and neurodegenerative diseases and cancers.

**Regional Council:** The Incentive Offer was accepted on May 25, 2012 and the project is consistent with the Capital Region’s Strategic Plan. The Capital District Regional Economic Development Council identified the formation of the New York Capital Research Alliance (the “Alliance”) as a transformational initiative. The Alliance will provide the formal structure for the Capital Region’s businesses, colleges and universities, and local and state governments to collaborate in areas of advanced technology that includes biomedical and life sciences, biomedical engineering, informatics, and nano-medicine. As a founding member of the Alliance, the State University at Albany will aggressively seek collaborations to advance the commercialization of its research initiatives. The funding for the RNA Institute will support an initiative for RNA-based early phase drug discovery and potential commercialization.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction	\$6,870,000
Machinery and Equipment	1,838,799
Salaries	578,000
Operating Expenses	33,529
Travel	5,000
Marketing	<u>10,000</u>
<b>Total Project Costs</b>	<b><u>\$9,335,328</u></b>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD - Grant	\$2,036,000	22%
NIH* - Grant	5,799,328	62%
University Equity	<u>1,500,000</u>	<u>16%</u>
<b>Total Project Financing</b>	<b><u>\$9,335,328</u></b>	<b><u>100%</u></b>

\*National Institutes of Health (American Recovery & Reinvestment Act) grant, which includes \$429,328 in matching funds from NYSTAR.

### III. Project Description

#### A. Grantee

- Industry:** The University at Albany’s RNA Institute provides physical, intellectual and programmatic resources to facilitate new inter-institutional research collaboration between RNA researchers at institutions in the Capital Region and across New York State. The RNA Institute facilitates the commercialization of novel RNA technologies and medicines to treat infectious, neurological and neurodegenerative diseases, cancer, and concerns discovered by researchers across New York State.
- Grantee History:** The RNA Institute was initiated in May 2010. Its mission and vision were enunciated as that of biomedical translational research in technology development and early phase drug discovery. The RNA Institute provides physical, intellectual and programmatic resources to facilitate new inter-institutional research collaborations between RNA researchers at institutions in the Capital District, including Albany Medical College, RPI, Skidmore College, and Siena College.
- Ownership:** The University is the senior campus of the State University of New York System which is an executive agency of the State of New York.
- Size:** The University at Albany’s RNA Institute is located in Albany, NY and employs three senior investigators and 25 research support staff.
- Market:** The RNA Institute is a resource for RNA researchers at public and private institutions across New York State, including Rensselaer Polytechnic Institute, Wadsworth Center (NYSDOH), Skidmore College, University of Rochester, SUNY Buffalo, SUNY Upstate Medical, AMRI, GE Global Research, and Advion Biosciences.
- ESD Involvement:** As a result of the Governor’s Regional Economic Development Council Initiative, the University at Albany was awarded \$2,036,000 through the Consolidated Funding Application (“CFA”) process. The University at Albany’s RNA Institute’s efforts to advance Biomedical Translational Research is a component of the New York Capital Research Alliance. The RNA Institute was established in 2010 and received a National Institutes of Health grant and private sector funding. The CFA Application was submitted to secure the necessary instrumentation and one year of working capital to allow the RNA research to proceed at an optimal level. ESD expects that the RNA research will yield significant potential for commercialization in the pharmaceutical or biomedical sectors and the training of a highly skilled workforce to support the long-term sustainability of the biotechnology sector of the Capital Region

economy. The Institute will also have the potential to expand affiliated faculty and research staff as the research base is expanded through additional public and private sector grants.

Past ESD Support: Over the past 20 years, the University at Albany has been the recipient or beneficiary of over \$340 million in ESD funding through almost 30 projects.

## B. The Project

Completion: December 2013

Activity: The project will establish an Advanced Instrumentation Laboratory for RNA science, target validation and early phase, RNA-based drug discovery. The project began in late May 2012 and includes the construction of a flexible, sustainable, state-of-the-art facility designed for and dedicated to RNA research. The 15,000-square-foot build-out of shell space in the University's Life Sciences Building will include specialized facilities for technology development and early phase drug discovery programs, along with lab spaces. Grant funds will be used to support the cost to purchase specialized equipment for RNA technology development, early phase RNA-based drug design and for training. Equipment purchases include, but are not limited to, a specialized liquid handling instrument, microplate fluorescence reader and other high through-put instruments for purposes of screening assays. The facility and equipment will permit the capture of RNA molecules from normally and abnormally functioning cells, with and without candidate drugs. Predictive RNA interactions will be digitally produced and studied by scientists and students and those in training to develop new commercially viable chemistries for high throughput screening of RNA-based drugs. Grant funds will also be used to support working capital costs including salaries, operating, travel, and marketing costs. Salaries will include the hiring of four post doctoral fellows, three Instrument Facility Managers and three professional support staff for a one-year period. Operating costs include, but are not limited to supplies and employee relocation costs. Travel includes costs associated with three corporate outreach and recruitment meetings (California, Utah and Missouri) for corporate outreach and recruitment. Marketing includes costs associated with the development of program brochures, advertising and sponsorship of a local biotech community event or seminar and networking program for the local scientific community.

Results: The project will create and sustain jobs that grow the life sciences cluster in the Capital Region by developing expertise and capabilities in RNA science and technology, and establishing programs that create a

supportive environment for research and technological entrepreneurship. The project will also establish physical research resources for growth, sustainability and retention of intellectual capital throughout New York.

RNA research is in the early stage of development with the potential for RNA related discoveries to foster new drugs, therapies and technologies. By equipping the Institute with the latest instrumentation, and first year researchers, the State University at Albany will have the platform to expand its footprint in the RNA field and the potential to commercialize its findings.

#### Economic Growth Investment:

The benefits reported below 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.

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 \$430,429;
- Fiscal cost to NYS government is estimated at \$2,036,000;
- Ratio of project fiscal benefits to costs to NYS government is 0.21:1;
- Fiscal benefits to all governments (state and local) are estimated at \$726,625;
- Fiscal cost to all governments is \$2,036,000;
- The ratio of project fiscal benefit to cost ratio to all governments is 0.36:1;
- Economic benefits (total fiscal plus total net resident disposable income from project construction employment) are estimated at \$3,878,358;
- The economic benefit to cost ratio is 1.90:1;
- Project construction cost is \$6,870,000 which is expected to generate 63 direct job years and 36 indirect job years of employment;
- The payback period for NYS costs is over seven years.

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

Grantee Contact: George Philip, President  
1400 Washington Avenue  
Albany, NY 12222  
Phone: (518) 956-8010

ESD Project No.: X765

Project Team:	Origination	Arnie Will
	Project Management	Linda Dillon
	Contractor & Supplier Diversity	Diane Kinnicutt
	Finance	Ross Freeman
	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 \$2,036,000 working capital grant (\$20,360) 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 \$2,036,000 will be disbursed as reimbursement to the Grantee, for eligible machinery and equipment and working capital expenses incurred by the Grantee during the course of the project, no more frequently than quarterly. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require, including progress reports on the achievement of project goals and objectives as specified in Attachments A and B. Expenses must be incurred on or after May 25, 2012 to be considered eligible project costs.

The final 10% of the grant will be disbursed upon project completion evidenced by documentation verifying project expenditures of approximately \$9,300,000. All disbursements must be requested by April 1, 2014.

Progress reports on the achievement of project goals and objectives as specified in Attachments A and B must be submitted annually for five years following the final disbursement in order to monitor project results.

#### IV. Statutory Basis – Economic Development Purposes Fund

The project was authorized in the 2011-2012 New York State budget and reappropriated in the 2012-2013 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

#### V. Environmental Review

ESD staff has determined that the project constitutes a Type II 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. Due to the lack of availability of Minority and Women Business Enterprises (“MWBs”) for the general grant acquisitions of machinery and equipment, 0% goals are assigned to this project; however, the Grantee shall be required to utilize MWBs for the portions of this contract directly related to the purchase of office equipment and supplies, printing costs for marketing brochures and travel agency expenses as identified in the incentive proposal. Grantee is required to submit a Utilization Plan to ESDC outlining how Grantee intends to purchase the foregoing from MWBs.

#### 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

July 18, 2012

Regional Council Award – Priority Project - Albany (Capital Region - Albany County) – University at Albany Capital - RNA Institute Capital – Economic Development Purposes Fund (Capital and Working Capital Grant) – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the University at Albany - RNA Institute Capital -- Economic Development Purposes Fund Project (the “Project”), the Corporation hereby determines pursuant to Section 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that there are no families or individuals to be displaced from the project area; and be it further

RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plan (the “Plan”) for the Project submitted to this meeting, together with such changes therein as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to University at Albany a grant for a total amount not to exceed Two Million Thirty-Six Thousand Dollars (\$2,036,000) 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 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.

\* \* \*

**ATTACHMENT A**  
**X765 – Project Goals and Metrics**

**The project will create and sustain jobs that grow the bio life science cluster in the Tech Valley by developing:**

**1. Expertise and capabilities in RNA science and technology**

**GOALS:** The RNA Institute will provide unique RNA research resources to faculty, graduate and undergraduate students and postdoctoral trainees, and corporate scientists in the form of lab and office space and high end instrumentation dedicated to RNA technology development that is specifically for RNA research.

**METRICS:**

- i) The completion by March 2013 of the build-out of 15,000 square feet of shell space in the seven-year old Life Science Research Building on the UAlbany campus dedicated to the Institute (with the heat recovery system to be completed by March 2014.)
- ii) The completion by March 2013 of the purchase of \$1.84 million of high-end equipment dedicated to RNA research and technology development for the RNA community, located in the Institute's new Advanced Instrumentation Facility.

**2. Programs that create a supportive environment for research and technological entrepreneurship**

**GOALS:**

- i) **Student Venture Fund ("SVF") Program** creates teams of science graduate students and postdoctoral fellows conducting RNA research with MBA students in an Entrepreneurship course at UAlbany's School of Business to identify opportunities for novel technologies related to RNA. The program is an innovation incentive fund whereby each team develops a formal research proposal PLUS a business plan with a \$50,000 research budget for a 12-18 month scientific proof-of-concept.
- ii) **Faculty Innovation Incentive Fund ("FIIF")** creates teams of RNA faculty researchers with MBA students in an Entrepreneurship course at UAlbany's School of Business to identify opportunities for novel technologies related to RNA. The program is an innovation incentive fund whereby each team develops a formal research proposal PLUS a business plan with a \$100,000 research budget for a 12-18 month scientific proof-of-concept.
- iii) **Public-Private Partnership Program** to provide opportunities for RNA researchers at The Institute to advance their novel technologies into commercial applications.
- iv) **Interdisciplinary Pilot Research Program** provides up to \$50,000 of seed funding to faculty researchers for novel interdisciplinary, inter-institutional collaborations. These projects are 12-18 months with the goal of obtaining external funding.
- v) **Travel Award Program** provides travel funds for postdoctoral fellows and graduate students to present their RNA research at national and international conferences.

**METRICS:**

- i. **SVF:** Fund each of two teams in May 2012 and two in May 2013 for \$50,000 to complete the scientific proof-of-concept plus \$15,000 for development of the business and marketing plans.
- ii. **FIIF:** Secure \$200,000 of funding in 2013 to fund two team projects in 2014-2015 for \$100,000 each to complete the scientific proof-of-concept and \$15,000 each for development of the business and marketing plans.
- iii. **Public-Private Partnership Program** will conclude two research agreements with private companies for technology commercialization by December 2014.
- iv. **Interdisciplinary Pilot Research Program** will result in the funding of two new collaborations, continued funding of 1-2 existing collaborations, one publication from each funded collaboration, one presentation of the results by each funded collaboration at a scientific conference, one research proposal submitted to an external funding agency.
- v. **Travel Award Program** will fund 10-15 students and postdoctorals to present their RNA research results at national and international scientific meetings.

**3. Physical research resources for growth, sustainability and retention of intellectual capital throughout New York.**

**GOALS:** The RNA Institute, located in 15,000 square feet of shell space in the seven-year old Life Sciences Research Building on the UAlbany campus, will provide research lab space, Advanced Computational Facilities and Advanced Instrumentation Facilities for technology development and early phase drug discovery. This totally unique physical research resource will attract the worldwide RNA community to New York. The Institute's programs (**see 2. Programs, above**), in conjunction with these physical research resources, will provide the environment for research and technological entrepreneurship that will not only attract, but also retain the intellectual capital developed, in New York.

**METRICS:** The build-out of the shell space will be completed in March 2013 with physical resources of the Advanced Computational Facility and the Advanced Instrumentation Facility also available in March 2013. The heat recovery system for the entire building will be completed by March 2014 following system testing over the winter. Remodeling of a Computational and Imaging Welcome Center in the Life Sciences Research Building will be completed by June 2012 and will contain high end computers for computational modeling and imaging through a \$100,000 donation from Dell, Inc.

**ATTACHMENT B**  
**X765 – RNA Institute’s Strategy and Capital District needs**

**To accomplish this, the RNA Institute’s five year strategy for immediate and long-term advancement fulfills the Capital District’s need for:**

**1. Creation of highly skilled, long term sustainable positions**

UAlbany is currently completing the recruitment and hiring of three new Assistant Professors who will conduct RNA science and technology development at The RNA Institute and will begin in September 2012. In addition, The RNA Institute has plans to hire an additional four Assistant Professors who would conduct RNA science and technology development and to begin in September 2013. Salaries will also be funded by UAlbany. Each of these nine highly skilled, long-term sustainable positions is expected to attract external research funding of \$250,000-\$500,000 annually within three to four years of their appointment. Each of the nine faculty that achieve externally funded research programs will provide ~10 positions annually for a total of 90 research support staff including research technicians, lab managers, undergraduate and graduate students, and postdoctoral fellows. The RNA Institute is applying for \$25 -\$50 million federal Center grants that would provide sustainable funding four postdoctoral fellows, three Professional Scientific Support Staff (3 Instrument Facility IF Managers), and three Professional Support Staff (PPP Manager, GP Manager, Staff Assistant) positions funded by this CFA. During gaps in external funding for these positions, bridge funds would be available from indirect cost return generated by public-private partnerships and individual investigator grants to retain these 10 positions. Once established, The RNA Institute would generate operating revenue from partner Institutions for their research faculty to have access to the intellectual and research resources of the Institute.

**2. Job retention**

This will be achieved for the long-term sustainable faculty positions through the Institute membership and programs that provide resources for research, technology development, economic development, and education and training. These Institute research resources will support the successful external funding of \$250,000-\$500,000 annually for RNA Institute faculty. In addition, the development of biotechnology commercialization in the Capital District through technology commercialization at the Institute will create opportunities locally for graduate students and postdoctoral fellows that are completing their training at the Institute.

**3. Innovative technology development**

The Institute will provide an environment for innovative technology development in three ways: (1) high end instrumentation for RNA research and technology development; (2) incentive programs to stimulate an environment of entrepreneurship and fund novel technology ideas of students/postdocs (SVF) and faculty (FIIF) as described in **2. Programs**; (3) actively pursuing public-private partnerships with companies to move novel technologies into commercialization through research agreements leading to invention disclosures, patent applications and the out licensing of intellectual property.

**4. Training of highly skilled, sustainable workforce** of postdoctoral fellows and graduate students by the more than 40 local RNA faculty researchers in the Capital District.

5. **Commercialization** –The RNA Institute programs will create the necessary entrepreneurial environment and funding for RNA researchers that is required in the Capital District for the long term goal of developing and commercializing inventions. The commercialization timeline and success rate dictates that these programs must be sufficiently long term. The short term goals (beginning in 2011) are creating long-term sustainable programs that promote entrepreneurship (SVF, FIIF, Public-Private Partnership Program) and technology development to develop intellectual property with the long term (5-10 years) goal of out licensing and spinning the technologies out to new and existing companies.
  
6. **Corporate investment** will be accomplished through research agreements and donations from companies accomplished through the Institute’s Public-Private Partnership Program. It is anticipated that \$300,000 in corporate investment will be made through The RNA Institute in 2012 and \$400,000 in 2013.

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

**Economic Growth Investment  
University at Albany-RNA Institute**

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

**Construction Job Years (Direct): 63**

**Construction Job Years (Indirect): 36**

<b>Evaluation Statistics</b>	<b>Project Result NYS Govt.</b>	<b>NYS Govt. Benchmarks for ESD Projects<sup>2</sup></b>	<b>Project Results State &amp; Local Governments</b>	<b>State &amp; Local Government Benchmarks for ESD Projects</b>
<b>Fiscal Costs<sup>3</sup></b>	\$2,036,000	\$794,250	\$2,036,000	\$1,020,500
<b>Fiscal Benefits<sup>4</sup></b>	\$430,429	\$2,085,600	\$726,625	\$4,271,980
<b>Fiscal B/C Ratio</b>	0.21	3.00	0.36	10.60
	<b>Project Results</b>	<b>Benchmarks for ESD Projects</b>		
<b>Economic Benefits<sup>5</sup></b>	\$3,878,358	\$119,468,000		
<b>Economic B/C Ratio</b>	1.90	20.00		

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

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

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

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

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

FOR CONSIDERATION

July 18, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Regional Council Award – Priority Project - Syracuse (Central New York – Onondaga County) - Merchants Commons Capital — Regional Council Capital Fund (Capital Grant)

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

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General Project Plan

I. Project Summary

Grantee: Merchants Commons, LLC (“Merchants Commons” or the “Company”)

ESD\* Investment: A grant of up to \$837,500 to be used for a portion of the cost of demolition, environmental remediation and construction/renovations of the former Snow and Merchants Bank Buildings.

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

Project Location: 214-220 South Warren Street, Syracuse, Onondaga County

Proposed Project: The renovation of 157,000 square feet of two inter-connected buildings into 26,000 square feet of commercial space, 66 market rate residential apartments and a 65-car parking garage.

Project Type: Demolition, environmental remediation and construction/renovation.

Regional Council: The Incentive Offer was accepted in February 2012. This project is consistent with the Central New York Regional Plan (p. 73) because it addresses the strategy of repurposing existing infrastructure to recreate density in development and capitalize on regional assets, which includes tactics such as adaptive re-use and mixed-use development.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Real Estate Acquisition	\$ 100,000
Construction/Renovation	10,691,000
Demolition & Environmental	1,579,000
Soft Costs	<u>130,000</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	\$ 837,500	7%	
ESD Grant* (X755)	612,500	5%	
National Grid Brownfield Grant	300,000	2%	
M&T Bank Loan	9,500,000	76%	LIBOR+350/2 yrs/ 1 <sup>st</sup> lien on RE
Grantee Equity	<u>1,250,000</u>	<u>10%</u>	
 Total Project Financing	 <u>\$12,500,000</u>	 <u>100.0%</u>	

\* Upstate City-by-City EOF Capital Grant (Executive-sponsored); anticipated to be approved by the ESD Directors on July 18, 2012

III. Project Description

A. Company

Industry: Real estate development. The project developer has an established reputation and extensive experience in the adaptive reuse of older commercial buildings. By adapting old structures for new purposes, the Company preserves history, saves resources and conserves land, while striving to maintain the basic infrastructure but alter the complexion and purpose as a whole, leading to maximum use and high economic return.

Company History: The project developer, Washington Street Partners, Inc. d/b/a Merchants Commons, LLC, is a real estate management company established in Syracuse (the "City"), for the purpose of rehabilitating the former Merchants Bank and Snow Buildings. Washington Street Partners, Inc.,

established in 1995, has earned a reputation throughout Syracuse and New York State for restoring landmark properties to their original grandeur and revitalizing distressed and under-utilized properties. Over the past several years, it has successfully redeveloped several major historic buildings in the City and also completed construction of the new Jefferson Clinton Commons, a 120,000-square-foot, mixed-use property in Syracuse's Armory Square District.

**Ownership:** Merchants Commons, LLC, is a real estate holding company, with Joseph Hucko as its sole member.

**Size:** All facilities located in Syracuse, NY.

**Market:** The project will renovate and restore two historic properties in the City's urban core and upon completion is expected to attract new residents and approximately 65 full-time professional jobs to the City. It will also benefit both large and small businesses and create construction and permanent jobs for the tenants of the commercial spaces and the maintenance and staffing of the building.

**ESD Involvement:** As a result of the Governor's Regional Economic Development Council Initiative, Merchants Commons was awarded \$837,500 through the Consolidated Funding Application ("CFA") process. Complicating the issues already inherent in the rehabilitation of older buildings, the redevelopment of the Merchants Bank and Snow Buildings was challenged by environmental hazards. The Merchants Bank building contained a large amount of spray on asbestos covering the ceilings and structural steel of nearly the entire building. Asbestos was also found in other miscellaneous locations in the building, and due to years of water damage, black mold was also present. The demolition and environmental remediation costs caused by these issues alone were estimated to be in the range of \$1,500,000 to \$2,000,000. As a result, the project evidenced a gap in funding and Merchants Commons sought assistance from the Central New York Regional Economic Development Council consistent with the Regional Economic Development Plan, and was awarded the grant through the first round. Without the requested funding, the project would likely not take place.

**Competition:** N/A

**Past ESD Support:** This is the first ESD grant to the Company.

## B. The Project

Completion: April 2013

Activity: The project is comprised of the partial demolition, environmental remediation and renovation of two buildings, the 10-story Snow Building constructed in 1888, and the eight-story Merchant's Bank Building, constructed in 1962. The Company will adaptively re-use the properties and renovate them into mixed-use residential and commercial space in the City's downtown core. The interiors of the buildings are connected and total approximately 157,000 square feet. Floors 3-8 will include a total of 66 residential apartments. The center area of the Merchants Bank Building will be removed to create an open atrium that will allow natural light to pass through from skylights on the roof, down to the third floor common area. There will be additional common areas including rooftop access and various other amenities. There will be 1,750 square feet of commercial space at street level, 16,500 square feet on the second floor and 7,200 square feet of office space on the ninth and tenth floors of the Snow Building. The parking garage will be at both the street level and in the basement and be comprised of 65 parking spaces and approximately 30,000 square feet. To date, approximately 70% of the demolition and 60% of the environmental abatement work has been completed by the Company and a subcontractor, Jag Environmental, from Syracuse, who were selected by competitive bid.

Results: The project will redevelop an area of Syracuse that has been targeted for revitalization in a manner deemed a priority by the City of Syracuse and Onondaga County. Syracuse is experiencing a resurgence of people desiring to live in the core of the City. Demand for downtown apartments has increased substantially over the past several years, driven by local universities, medical centers and other large employers; however, there remains a shortage of apartments in the downtown core. This project will help address the shortage of appropriate residences. The increased number of residents in the City's downtown core is also beneficial to both small local businesses, benefiting from an increased customer base, and to large employers, who target professional employees seeking an urban experience and desire downtown living.

### Economic Growth

Investment Project: This project is funded by the Regional Council Capital Fund. The benefits reported below 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.

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 \$784,779;
- Fiscal cost to NYS government is estimated at \$837,500;
- Ratio of project fiscal benefits to costs to NYS government is 0.94:1;
- Fiscal benefits to all governments (state and local) are estimated at \$1,337,712;
- Fiscal cost to all governments is \$1,450,000;
- The ratio of project fiscal benefit to cost ratio to all governments is 0.92:1;
- Economic benefits (total fiscal plus total net resident disposable income from project construction employment) are estimated at \$7,007,996;
- The economic benefit to cost ratio is 4.83:1;
- Project construction cost is \$12,400,000 which is expected to generate 115 direct job years and 75 indirect job years of employment;
- The payback period for NYS costs is over seven years.

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

Grantee Contact: Joseph Hucko, Member  
Washington Street Partners  
120 East Washington Street  
Syracuse, NY 13202  
Phone: (315) 426-2624

ESD Project No.: X704

Project Team:	Origination	James Fayle
	Project Management	Jessica Hughes
	Contractor & Supplier Diversity	Diane Kinnicutt
	Finance	Ross Freeman
	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 \$837,500 capital grant (\$8,375) 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 \$837,500 will be disbursed to Grantee upon completion of the project substantially as described in these materials and evidenced by the attainment of certificates of occupancy for both buildings, and documentation of project costs totaling approximately \$12,500,000, 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 November 1, 2011, to be considered eligible project costs. All disbursements must be requested by April 1, 2014.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$837,500, 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. If the Grantee is not the owner of the project, then the Grantee shall prohibit, for five years from the date of the initial disbursement of Grant funds, any transfer of the project in whole or in part, by sale, lease, or conveyance of any interest in or with respect to the project except (a) transfers of minor interests in the Project site, such as utility easements and limited rights-of-way, and (b)(i) the arms-length basis sale or lease of individual condominium units in the ordinary course of business for a condominium development and (ii) the arms-length basis residential or commercial lease in the ordinary course of business for a commercial, residential, or mixed-use rental development. In the event that such a prohibited transfer occurs within such five-year period, the Grantee shall pay to ESD, promptly upon ESD's written demand therefor, the applicable amount indicated below.

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 reappropriated in the 2012-2013 New York State Budget. No residential relocation is required as there are no families or individuals residing on the site.

#### V. Environmental Review

The City of Syracuse Industrial Development Agency, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act (“SEQRA”) and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project to be an Unlisted Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on November 15, 2011. 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 and Supplier Diversity policy will apply. The Grantee shall use their Good Faith Efforts to achieve an overall Minority and Women Business Enterprise (“MWBE”) Participation Goal of 23% related to the total value of ESD’s funding. This shall include a Minority Business Enterprise (“MBE”) Participation goal of 13% and a Women Business Enterprise (“WBE”) Participation goal of 10% and to solicit and utilize MWBEs for any contractual opportunities generated in connection with the project and to include minorities and women in any job opportunities created by the projects.

#### 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

July 18, 2012

Regional Council Award – Priority Project - Syracuse (Central New York – Onondaga County) - Merchants Commons Capital —Regional Council Capital Fund (Capital Grant) – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Merchants Commons 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 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 Merchants Commons, LLC a grant for a total amount not to exceed Eight Hundred Thirty-Seven Thousand Five Hundred Dollars (\$837,500) 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.

\* \* \*

July 18, 2012

Regional Council Award – Priority Project - Syracuse (Central New York – Onondaga County) - Merchants Commons Capital - Regional Council Capital Fund (Capital Grant) – Determination of No Significant Effect on the Environment

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

\* \* \*

FOR CONSIDERATION

July 18, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Non-Discretionary Projects

REQUEST FOR: Land Use Improvement Project Findings and Determinations Pursuant to Sections 10 (c) and 10 (g) of the Act; Authorization to Adopt the General Project Plans; Authorization to Make Grants and to Take Related Actions; Determination of No Significant Effect on the Environment

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Attached are the summaries of projects sponsored by the New York State Executive and Legislative branches:

	<b>Project Name</b>	<b>Proj #</b>	<b>Grantee</b>	<b>Assistance up to</b>
	<b>Empire Opportunity Fund (Executive)</b>			
A	SIDA – Merchants Commons – Upstate City-by-City EOF Capital	X755	Syracuse Industrial Development Agency	0 <sup>1</sup>
	1 – a \$2 million grant was approved for this grantee by the ESD Directors on April 17, 2008, but that project did not move forward. This request is to reallocate \$612,500 of the \$2 million for the subject project, and does not involve new funding.			
	<b>1 project</b>		<b>Sub-total</b>	<b>\$0</b>

	<b>Local Assistance (Executive)</b>			
B	The Research Foundation – Buffalo COE in Bioinformatics & Life Sciences I	W874, W876, W884	The Research Foundation of State University of New York	3,150,498
	<b>1 project (3 grants)</b>		<b>Sub-total</b>	<b>\$3,150,498</b>
	<b>Capital Projects Fund (Senate)</b>			
C	Webster – Senior Residential Housing Capital	X737	Webster Senior Building C, LLC	1,400,000
	<b>1 project</b>		<b>Sub-total</b>	<b>\$1,400,000</b>
	<b>TOTAL NON-DISCRETIONARY – 3 PROJECTS (5 GRANTS)</b>		<b>TOTAL</b>	<b>\$4,550,498</b>

I. Statutory Basis

The projects are sponsored by the Executive, Assembly or Senate, and were authorized or reappropriated in the 2012-2013 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 23% related to the total value of ESD's funding. This shall include a Minority Business

Enterprise (“MBE”) Participation goal of 13% 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

New York State Maps  
Resolutions  
Project Summaries

July 18, 2012

Empire Opportunity Fund – Land Use Improvement Findings and Determinations  
Pursuant to Sections 10 (c) and 10 (g) of the Act; Authorization to Adopt the General  
Project Plan; Authorization to Make a Grant and to Take Related Actions

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RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the 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:

Land Use Improvement Project

- 1) That the area in which the project is to be located is a substandard or unsanitary area, or is in danger of becoming a substandard or unsanitary area and tends to impair or arrest the sound growth and development of the municipality;
- 2) That the project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto;
- 3) That the plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole;
- 4) That the proposed facilities or project is consistent with any existing local or regional comprehensive plan; and
- 5) The requirements of Section 10(g) of the Act are satisfied.

and be it further

RESOLVED, the Project is in compliance with Chapter 84 of the Laws of 2002 and the Corporation’s guidelines established thereunder. Individual Project funding does not exceed 25 percent of the total project costs, or if project funding does exceed 25 percent of total project costs, the Director of the Division of the Budget has authorized the provision of such amount; and be it further

RESOLVED, that upon written findings 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 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 Opportunity 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

Empire Opportunity Fund – Executive - Project Summary Table

	<b>Project Name</b>	<b>Proj #</b>	<b>Grantee</b>	<b>Assistance up to</b>
A	SIDA – Merchants Commons – Upstate City-by-City EOF Capital	X755	Syracuse Industrial Development Agency	0 <sup>1</sup>
	1 – a \$2 million grant was approved for this grantee by the ESD Directors on April 17, 2008, but that project did not move forward. This request is to reallocate \$612,500 of the \$2 million for the subject project, and does not involve new funding.			
			<b>TOTAL</b>	<b>\$0</b>

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.

\* \* \*

July 18, 2012

Local Assistance - Findings and Determinations Pursuant to Section 10 (g) of the Act;  
Authorization to Adopt the Proposed General Project Plan; Authorization to Make  
Grants and to Take Related Actions

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RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is 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 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 findings 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 findings being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make grants to the parties and for the amounts 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 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

Local Assistance – Executive – Project Summary Table

	<b>Project Name</b>	<b>Proj #</b>	<b>Grantee</b>	<b>Assistance up to</b>
B	The Research Foundation – Buffalo COE in Bioinformatics & Life Sciences	W874, W876, W884	The Research Foundation of State University of New York	3,150,498
			<b>TOTAL</b>	<b>\$3,150,498</b>

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.

\* \* \*

July 18, 2012

Capital Projects Fund - Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions; Determination of No Significant Effect on the Environment

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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 Capital Projects 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, 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 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 a grant to the party and for the amount listed below from the Capital Projects 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

Capital Projects Fund - Senate - Project Summary Table

	<b>Project Name</b>	<b>Proj #</b>	<b>Grantee</b>	<b>Assistance up to</b>
C	Webster – Senior Residential Housing Capital	X737	Webster Senior Building C, LLC	1,400,000
			<b>TOTAL</b>	<b>\$1,400,000</b>

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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**A. SIDA – Merchants Commons – Upstate City – by – City EOF Capital (X755)**

July 18, 2012

General Project Plan

- Grantee:** Syracuse Industrial Development Agency (“SIDA” or the “Organization”)
- Beneficiary Company:** Merchants Commons, LLC (“Merchants Commons” or the “Company”)
- ESD Investment:** A grant of up to \$612,500 to be used for a portion of the cost of construction/demolition, environmental remediation and building renovations at the site of the former Snow and Merchants Bank Buildings in downtown Syracuse.
- Project Location:** 214-220 South Warren Street, Syracuse, Onondaga County
- Proposed Project:** The partial interior demolition, environmental remediation and redevelopment of 157,000 square feet of two inter-connected vacant office buildings into 26,000 square feet of commercial space, 66 market rate residential apartments and a 65-car parking garage.
- Project Type:** Demolition, environmental remediation and construction/renovation.
- Regional Council:** This project is consistent with the Central New York Regional Plan (p. 73) because it addresses the strategy of repurposing existing infrastructure to recreate density in development and capitalizes on regional assets, which includes tactics such as adaptive re-use and mixed-use development.

**Background:**

Industry – Real estate development. The project developer has an established reputation and extensive experience in the adaptive re-use of older commercial buildings. By adapting old structures for new purposes, the Company preserves history, saves resources and conserves land, while striving to maintain the basic infrastructure but alter the complexion and purpose as a whole, leading to maximum use and high economic return.

Grantee History – Founded in 1979, the Syracuse Industrial Development Agency, the grantee on behalf of the project, is a public benefit corporation designed to enhance Syracuse’s (the “City”) economic development capabilities through tax incentives to qualified applicants. SIDA provides financing for the acquisition, construction or reconstruction of manufacturing, warehouse, research, commercial, industrial, and pollution control projects.

## **SIDA – Merchants Commons – Upstate City – by – City EOF Capital (X755)**

July 18, 2012

Beneficiary History – The project developer, Washington Street Partners, Inc., d/b/a/ Merchants Commons, LLC, is a real estate management company established in 1995 in Syracuse, for the purpose of rehabilitating the former Merchants Bank and Snow Buildings. It has earned a reputation throughout Syracuse and New York State for restoring landmark properties to their original grandeur and revitalizing distressed and under-utilized properties. Over the past several years, the Company has successfully redeveloped several major historic buildings in the City and also completed construction of the new Jefferson Clinton Commons, a 120,000-square-foot, mixed-use property in Syracuse’s Armory Square District.

Ownership – Merchants Commons, the beneficiary company, is owned by project developer Joseph Hucko, through his company Washington Street Partners, Inc. (“Washington Street Partners”), and he is the sole member.

Size – All facilities located in Syracuse, NY.

Market – The project will renovate and restore two historic properties in the City’s urban core and upon completion is expected to attract new residents and approximately 65 full-time professional jobs to the City. It will also benefit both large and small businesses and create construction and permanent jobs for the tenants of the commercial spaces and the maintenance and staffing of the building.

ESD Involvement – Complicating the issues already inherent in the rehabilitation of older buildings, the redevelopment of the Merchants Bank and Snow Buildings was further challenged by environmental hazards. The Merchants Bank building contained a large amount of spray on asbestos covering the ceilings and structural steel of nearly the entire building. Asbestos was also found in other miscellaneous locations in the building, and due to years of water damage, black mold was also present. The demolition and environmental remediation costs caused by these issues alone were estimated to be in the range of \$1,500,000 to \$2,000,000. As a result, the project evidenced a gap in funding which in turn, lead SIDA to approach ESD and requested that \$612,500 in funding from the original \$2 million Upstate City- by-City grant for the 438 North Franklin Street, LLC project be reallocated to Merchants Commons. ESD agreed to the reallocation, and the project is moving forward.

Competition – N/A

Grantee Past ESD Support - Previously, SIDA received a \$2 million grant, approved by the ESD Directors on April 17, 2008, for the construction a 64,000-square-foot mixed-use facility in the Franklin Square district of Syracuse at the northern edge of the City’s central business district located at 438 North Franklin Street. Since 2008 approval, due to delays in

## SIDA – Merchants Commons – Upstate City – by – City EOF Capital (X755)

July 18, 2012

the project because of the faltering economy and reduced financial commitments, the original developer chose not to move forward. On December 16, 2010, the Directors approved a \$500,000 reallocation of the original \$2 million grant for the development of a 152,000-square-foot, seven-story, mixed-use Marriot hotel complex situated in the center of Downtown Syracuse's historical retail and entertainment district. Subsequent to that approval, SIDA requested that the remainder of the \$2 million grant be reallocated to Merchants Commons, Tops Markets, LLC and one other significant project in the City of Syracuse. The Tops Markets project, a grant in the amount of \$275,000, was approved by the Directors of May 17, 2012, for a portion of the cost of building/ infrastructure improvements and the acquisition and installation of new machinery and equipment at the site of the former P&C Market in Valley Plaza.

Beneficiary past ESD Support – This is the first ESD-administered grant to the Company.

### **The Project:**

Completion – April 2013

Activity – The project is comprised of the partial demolition, environmental remediation and renovation of two buildings, the 10-story Snow Building constructed in 1888, and the eight-story Merchant's Bank Building, constructed in 1962. The Company will adaptively re-use the properties and renovate them into a mixed-use residential and commercial space in the City's downtown core. The interiors of the buildings are connected and total approximately 157,000 square feet. Floors 3-8 will include a total of 66 residential apartments. The center area of the Merchants Bank Building will be removed to create an open atrium that will allow natural light to pass through from skylights on the roof, down to the third floor common area. There will be additional common areas including rooftop access and various other amenities. There will be 1,750 square feet of commercial space at street level, 16,500 square feet on the second floor and 7,200 square feet of office space on the ninth and tenth floors of the Snow Building. The parking garage will be at both the street level and in the basement and be comprised of 65 parking spots and approximately 30,000 square feet. To date, approximately 70% of the demolition and 60% of the environmental abatement work has been completed by the Company and a subcontractor, Jag Environmental, from Syracuse, who were selected by competitive bid.

Results – The project will redevelop an area of Syracuse that has been targeted for revitalization in a manner deemed a priority by the City of Syracuse and Onondaga County. Syracuse is experiencing a resurgence of people desiring to live in the core of the city. Demand for downtown apartments has increased substantially over the past several years, driven by local universities, medical centers and other large employers; however, there remains a shortage of apartments in the downtown core. This project

**SIDA – Merchants Commons – Upstate City – by – City EOF Capital (X755)**

July 18, 2012

will help address the shortage of appropriate residences. The increased number of residents in the downtown core of Syracuse is beneficial to both small local businesses, benefiting from an increased customer base, and to large employers, who target professional employees seeking an urban experience and desire downtown living.

Financing Uses	Amount	Financing Sources	Amount	Percent
Real Estate Acquisition	\$100,000	ESD Grant	\$612,500	5%
Demolition & Environmental	1,579,000	RCCF Grant (X704; anticipated to be approved on July 18, 2012)	837,500	7%
Construction & Renovation	10,691,000	Developer Equity	1,250,000	10%
Soft Costs	130,000	M&T Bank Loan*	9,500,000	76%
		National Grid Brownfield Grant	300,000	2%
<b>Total Project Costs</b>	<b>\$12,500,000</b>	<b>Total Project Financing</b>	<b>\$12,500,000</b>	<b>100%</b>

\*LIBOR+350 Floating/2yrs/1<sup>st</sup> on RE.

Grantee Contact - Benjamin R. Walsh, Executive Director  
 Syracuse Industrial Development Agency  
 333 West Washington Street, Suite 130  
 Syracuse, NY 13202  
 Phone: (315) 473-3275 Fax: (315) 435-3669

Beneficiary Contact - Joseph Hucko, Member  
 Washington Street Partners, Inc.  
 120 East Washington Street  
 Syracuse, NY 13202  
 Phone: (315) 426-2624

Project Team - Project Management Jessica Hughes  
 Contractor and  
 Supplier Diversity Diane Kinnicutt  
 Environmental Soo Kang

**Financial Terms and Conditions:**

1. Upon execution of the grant disbursement agreement, the Grantee shall reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
3. Up to \$612,500 will be disbursed to the Grantee in two installments as follows:
  - a) an Initial Disbursement of an amount equal to 50% of the grant (\$306,250) will be

**SIDA – Merchants Commons – Upstate City – by – City EOF Capital (X755)**

July 18, 2012

disbursed upon documentation of demolition project costs totaling \$500,000, assuming that all project approvals have been completed and funds are available;

b) a Second Disbursement of 50% of the grant (\$306,250) will be disbursed to Grantee upon completion of the project substantially as described in these materials, and documentation of project costs totaling approximately \$12.5 million, 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. Expenditures must be incurred on or after February 29, 2012 to be considered eligible project costs.

4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$612,500, 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.

**Non-discrimination and Contractor & Supplier Diversity:**

ESD's Non-discrimination and Contractor and Supplier Diversity policy will apply. The Grantee shall use their Good Faith Efforts to achieve an overall Minority and Women Business Enterprise ("MWBE") Participation Goal of 23% related to the total value of ESD's funding. This shall include a Minority Business Enterprise ("MBE") Participation goal of 13% and a Women Business Enterprise ("WBE") Participation goal of 10% and to solicit and utilize MWBEs for any contractual opportunities generated in connection with the project and to include minorities and women in any job opportunities created by the project.

**Statutory Basis – Empire Opportunity Fund:**

Section 10 Land Use Improvement Findings

1. That the area in which the project is to be located is a substandard or unsanitary area, or is in danger of becoming a substandard or unsanitary area and tends to impair or arrest the sound growth and development of the municipality.  
Both buildings are currently vacant and in disrepair from years of neglect. The project will renovate both buildings, which are over 50 years old, abandoned and dilapidated, to be suitable for occupancy.
2. That the project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto.  
The proposed redevelopment for 214-220 South Warren Street includes interior and exterior demolition, environmental abatement and the renovation and construction into a mixed-use facility in Syracuse's urban core.

**SIDA – Merchants Commons – Upstate City – by – City EOF Capital (X755)**

July 18, 2012

3. That the plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.  
SIDA will be working with Merchants Commons, LLC, to build this facility. Upon completion, the project is expected to serve the needs of the surrounding community and the municipality as a whole by creating much needed affordable housing and office space which is expected to attract 65 new residents and approximately 65 full-time professional jobs to the City.
  
4. That the proposed facilities or project is consistent with any existing local or regional comprehensive plan.  
Several local and revitalization strategies demonstrate consistency with the redevelopment proposal for this project. The City of Syracuse’s Comprehensive Plan has identified seven “Strategic Economic Areas” that support distinct economic development opportunities. The need for affordable housing was one of these strategic economic areas.
  
5. The requirements of Section 10(g) of the Act are satisfied.  
No residential relocation is required because there are no families or individuals residing on the site.

Empire Opportunity Fund Determinations

The Project is in compliance with Chapter 84 of the Laws of 2002 and the Corporation’s guidelines established thereunder. Individual project funding does not exceed 25 percent of the total of that project’s costs, or if project funding does exceed 25 percent of that project’s total costs, the Director of the Division of the Budget has authorized the provision of such amount.

**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.

**B. The Research Foundation – Buffalo COE in Bioinformatics & Life Sciences  
(W874, W876 and W884)**

July 18, 2012

General Project Plan

- Grantee:** The Research Foundation of State University of New York  
(the “Research Foundation”)
- Beneficiary  
Organization:** State University of New York at Buffalo’s New York State Center of  
Excellence in Bioinformatics and Life Sciences (the “BCOE” or the  
“Center”)
- ESD Investment:** Three grants totaling up to \$3,150,498 (W874 - \$1,179,166, W876 -  
\$1,155,666 and W884 - \$815,666) to be used for growing the region’s  
life sciences economy by investing the BCOE’s operating costs including  
salaries and fringe, contracted services, equipment, supplies,  
marketing, and travel expenses.
- Project Location:** 710 Ellicott Street, Buffalo, Erie County
- Proposed Projects:** The projects will support the BCOE’s mission of marketing and business  
development activities in support of life sciences research,  
development and commercialization in Western New York (the  
“Region”).
- Project Type:** Working Capital and Equipment
- Regional Council:** The Western New York Regional Council has been made aware of these  
items. Projects predate the Regional Council Initiative. The projects are  
consistent with the Regional Plan as they build on the target industry  
sector of Health and Life Sciences.

**Background:**

Grantee Industry – The Research Foundation is a private, 501(c)(3) not-for-profit 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. The Research Foundation provides the administrative flexibility to respond quickly to the special demands of externally funded contracts and grants in a manner that facilitates their scientific or technical execution.

**The Research Foundation – Buffalo COE in Bioinformatics & Life Sciences**  
**(W874, W876 and W884)**  
July 18, 2012

Beneficiary Industry – The BCOE, with its partners Hauptman-Woodward Medical Research Institute (“HWI”) and Roswell Park Cancer Institute (“RPCI”; together, the “Collaborating Partners”), is working to leverage the Region’s life sciences expertise on behalf of both scientific discovery and economic development. As a result of their collaborative efforts, new products and services are being created, start-up companies are being launched, existing firms are being grown, and relocating and expanding businesses are being attracted to the Region.

Grantee History – The Research Foundation was established in 1951.

Beneficiary History – In 2001, the Center of Excellence (“COE”) Program was created by New York State for the purpose of fostering collaboration between the academic research community and the business sector to develop and commercialize new products and technologies, promote critical private sector investment in emerging high-technology fields, and create and expand technology related businesses and employment. The BCOE was one of the original designees for the COE program.

Grantee Size – The Research Foundation has over 17,000 employees statewide.

Beneficiary Size – Approximately 405 jobs are attributable to the BCOE; direct jobs include 223 people employed at the BCOE, 8 people in BCOE administration (100% supported by the grant), and 21 people working within the Center for Computational Research (“CCR”) at BCOE.

ESD Involvement – The projects were reappropriated in the 2012-2013 New York State budget.

Past ESD Support – ESD has committed over \$140.355 million in funding to support the BCOE and its Collaborating Partners. All funds are legislative- or executive-sponsored. These funds include:

- In October 2002, \$9 million was approved to the University at Buffalo for the purchase of computer equipment and software to upgrade and expand the CCR. All funds have been disbursed;
- In February 2003, \$41 million was approved to RPCI for the design, construction and equipping of a new 168,000-gross-square-foot biomedical research and laboratory facility. All funds have been disbursed;

**The Research Foundation – Buffalo COE in Bioinformatics & Life Sciences  
(W874, W876 and W884)  
July 18, 2012**

- Also in February 2003, \$50 million was approved to the University at Buffalo for the design, construction and equipping of a 132,500-gross-square-foot biomedical research and laboratory facility. All funds have been disbursed;
- In July 2003, \$8 million was approved to the HWI for land acquisition, design, construction, and equipping of a 72,000-gross-square-foot biomedical research and laboratory facility. All funds have been disbursed;
- In November 2003, an additional \$6 million (aggregate total of \$14 million) was approved to the HWI for the land acquisition, design, construction, and equipping of a 72,000-gross-square-foot biomedical research and laboratory facility. All funds have been disbursed;
- In December 2006, \$6 million was approved to the Research Foundation for the acquisition and installation of laboratory equipment to support the Hunter James Kelly Research Institute (“Krabbe Research”), a partnership between the Research Foundation and Hunters’ Hope Foundation. The Research Foundation is finalizing its first payment requisition for 2009-2011 expenditures;
- Also in December 2006, \$18 million was approved to RPCI for the build-out and equipping of the fourth and fifth floors of the newly constructed biomedical research and laboratory facility. ESD has disbursed \$16.1 million; RPCI is currently working with ESD to fulfill documentation requirements for the final payment;
- In March 2007, \$1.415 million was approved to the Research Foundation, which was included in the 2006-2007 New York State budget, to benefit BCOE for operational costs. \$166,842 has been disbursed, with the remainder currently pending payment; and
- In August 2009, \$940,000 was approved to the Research Foundation, which was included in the 2006-2007 New York State budget, to benefit Krabbe Research for operational costs. The Research Foundation is currently finalizing its first/final payment requisition.

As a result of previous funding, a three-building, 400,000-square-foot Buffalo Life Sciences Complex was constructed, allowing for researchers’ study of mechanistic processes involved in human disease to develop diagnostic tools and therapeutic interventions, preventative treatments and other disease management devices and processes that improve the population’s health and well being. The BCOE is home to over 250 scientists and research staff with biological, physical, chemical,

**The Research Foundation – Buffalo COE in Bioinformatics & Life Sciences**  
**(W874, W876 and W884)**  
July 18, 2012

pharmacological, engineering, and computational expertise, who are engaged in interdisciplinary translational research with collaborators from across the Region, the country and the globe.

Five areas of expertise have emerged:

- Cancer;
- Cardiovascular and Metabolic Disease;
- Health Information Systems/Biomedical Informatics;
- Infectious Disease; and
- Neuroscience and Neurodegenerative Disease

**The Project:**

Completion - W874 (\$1,179,166) - June 2011  
W876 (\$1,155,666) - July 2012  
W884 (\$815,666) - November 2012

Activity – The BCOE team will support the overall mission of the COE, namely by helping scientists advance the state of the art in bioinformatics and life sciences while facilitating economic development primarily through business development and commercialization activities. Activities involve operating expenses including salaries for lead scientist, technical, executive administrative and associate personnel; contracted service agreements for various equipment and services; laboratory, computer and audio visual equipment and related licenses; materials and supplies; and conferences and travel.

Results - The BCOE's technological infrastructure, resources and scientific, clinical and research core expertise will continue to be leveraged to create products and services that improve the health and well-being of the population, while making significant contributions in medical therapeutics, diagnostics, devices, biomedical information, and research and development.

There have been as many as a dozen companies co-located at the BCOE at any given point, with private sector occupants working side-by-side with the Center's research faculty, enabling academic researchers to provide intellectual capital that propels the companies' growth. Each company, whether founded by a faculty member or not, is directly linked to, and benefits from, strong collaboration with BCOE faculty and researchers.

As companies increase employment and move to expanded space (examples: Kinex and Empire Genomics), ongoing connections have been maintained through access to key

**The Research Foundation – Buffalo COE in Bioinformatics & Life Sciences  
(W874, W876 and W884)**

July 18, 2012

resources, including clean room, equipment and funding programs, to facilitate continued growth. Additionally, new corporate partners are constantly being pursued to optimize the economic impact of the cutting edge resources available at the BCOE. The Center works with dozens of companies in concert with over 70 collaborative organizations, across New York State and beyond annually to drive high-tech economic development.

The BCOE's economic development activities are coordinated by its Business Development Team and UB's Center for Advanced Biomedical and Bioengineering Technology ("UB CAT"), based at the Center. Resources available through both the BCOE and the UB CAT are leveraged to maximize economic development impact on our region. Accomplishments include having:

- Led the regional effort to establish and maintain a database of more than 160 life sciences companies in the five-county area;
- Led the hub which supported the launch of over 60 new life sciences companies in the Region since the Center's inception;
- Achieved more than a 40:1 return-on-investment in economic impact outcomes for companies receiving direct assistance from CAT-supported resources;
- Provided business and workforce development and outreach programming to thousands of people through live venues and hundreds of thousands through its digital media-related programs;
- Created the first virtual life sciences career pathways program ([www.isciwny.com](http://www.isciwny.com)) addressing employers, job seekers, youth and adult learners, and the community; and
- Played a key role in collaborative fundraising of over \$2 million in high-tech workforce development grants over the past four years, nearly \$700,000 in a federally supported entrepreneurship project across 19 counties in Central and Western New York, \$350,000 in the first Economic Development Administration grant to UB, and over \$200,000 in corporate sponsorship and grants for entrepreneurship programs beyond UB CAT funding support.

Upon completion of the project, and semi-annually thereafter, the Grantee will furnish a report consisting of project's impact and performance measurements in a manner prescribed by ESD.

**The Research Foundation – Buffalo COE in Bioinformatics & Life Sciences  
(W874, W876 and W884)  
July 18, 2012**

Financing Uses	Amount	Financing Sources	Amount	Percent
Salaries & Fringes and Salary Enhancements	\$1,012,153	ESD Grant (W874)	\$1,179,166	100%
Supplies, Marketing	140,897			
Conferences & Travel	26,116			
<b>Total Project Costs</b>	<b>\$1,179,166</b>	<b>Total Project Financing</b>	<b>\$1,179,166</b>	<b>100%</b>

Financing Uses	Amount	Financing Sources	Amount	Percent
Salaries & Fringes	\$579,742	ESD Grant (W876)	\$1,155,666	100%
Contracted Services	110,000			
Supplies & Marketing	348,953			
Equipment	112,971			
Travel	4,000			
<b>Total Project Costs</b>	<b>\$1,155,666</b>	<b>Total Project Financing</b>	<b>\$1,155,666</b>	<b>100%</b>

Financing Uses	Amount	Financing Sources	Amount	Percent
Salaries & Fringes	\$427,316	ESD Grant (W884)	\$815,666	100%
Contracted Services	90,000			
Supplies & Marketing	80,375			
Equipment	211,000			
Travel	6,975			
<b>Total Project Costs</b>	<b>\$815,666</b>	<b>Total Project Financing</b>	<b>\$815,666</b>	<b>100%</b>

Grantee/Beneficiary Contact - Mr. Jeffrey Schieder, CRA  
 Senior Agreement Administrator, Sponsored Projects Services  
 State University of New York at Buffalo  
 402 Crofts Hall  
 Buffalo, NY 14206  
 Phone: (716) 645-4408 Fax: (716) 645-2760

Project Team - Project Management Jean Williams  
 Contractor & Supplier Diversity Vikas Gera  
 Environmental Soo Kang

**The Research Foundation – Buffalo COE in Bioinformatics & Life Sciences  
(W874, W876 and W884)  
July 18, 2012**

**Financial Terms and Conditions:**

1. Upon execution of the grant disbursement agreement, the Grantee shall reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.

3. The grants will be disbursed as follows:

W874 – Up to \$1,179,166 will be disbursed to Grantee upon completion of the project substantially as described in these materials and documentation of \$1,179,166 in eligible working capital project costs, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and other such documentation as ESD may reasonably require. Expenditures must be incurred on or after April 1, 2007 to be considered eligible project costs.

W876 – Up to \$1,155,666 will be disbursed to Grantee upon completion of the project substantially as described in these materials and documentation of \$1,155,666 in eligible working capital and equipment project costs, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and other such documentation as ESD may reasonably require. Expenditures must be incurred on or after April 1, 2008 to be considered eligible project costs.

W884 – Up to \$815,666 will be disbursed to Grantee upon completion of the project substantially as described in these materials and documentation of \$815,666 in eligible working capital and equipment project costs, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and other such documentation as ESD may reasonably require. Expenditures must be incurred on or after April 1, 2009 to be considered eligible project costs.

4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$3,150,498, 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.

**The Research Foundation – Buffalo COE in Bioinformatics & Life Sciences  
(W874, W876 and W884)  
July 18, 2012**

**Non-Discrimination and Contractor & Supplier Diversity:**

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this project. The Grantee shall be required to solicit and utilize 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 Minority and Women Business Enterprise ("MWBE") Participation Goal of 12%. It is the understanding of ESD's Office of Contractor & Supplier Diversity ("OCSD") that two of three phases of this project have been completed; therefore, no MWBE goals can be established in relation to the first and second phases (W874 and W876). The above overall MWBE participation goal shall apply solely to ESD's funding of the third and final phase (W884).

**Statutory Basis – Local Assistance - Centers of Excellence:**

The projects were reappropriated in the 2012-2013 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, which disclosed the following under Good Standing by the Grantee:

- In the summer of 2009, The Research Foundation of State University of New York received federal grand jury subpoenas for documents relating to the Research Foundation's and the New York State Department of Health's ("DOH") joint PERM/MEQC project. The investigation appears to relate to the reporting by the DOH and the Foundation of the results of the project tasks to the federal government. Upon information and belief, the grant dollars involved in this project total less than one percent of the total dollar amount of the Research Foundation's annual grant awards.
- In September 2009, the Research Foundation received a subpoena from the United States Department of Health and Human Services Office of Inspector General seeking certain documentation relating to certain federal National Institutes of Health ("NIH") grants related to the Research Institute on Additions at the University at Buffalo. During the course of this federal inquiry, the former Principal Investigator that made various allegations of fiscal mismanagement and who may have been a government whistleblower was investigated and criminally charged by the New York State Attorney General in relation to his fabrication of false testimony and presentation of false witnesses during an administrative hearing with the State University of New York in relation to his alleged misconduct in science.
- It is important to note that the federal government, including NIH, with obviously full knowledge of these investigations, continues to award grants to the Research Foundation in

**The Research Foundation – Buffalo COE in Bioinformatics & Life Sciences**  
**(W874, W876 and W884)**  
July 18, 2012

the millions of dollars. At no point has the Research Foundation been given reason to believe that these investigations will, in any way, have a material adverse effect on the Research Foundation's ability to administer this project.

- In June 2011, as a result of allegations related to former Foundation President John O'Connor made by the New York State Commission on Public Integrity, the Office of The State Comptroller and the Office of New York State Inspector General began investigating the facts related to these allegations. The Foundation is cooperating with these investigations and has no reason to believe that there will be any adverse findings that will affect current or future grants and contracts.
- Also, as an employer of over 17,000 individuals per year, the Research Foundation receives and responds to several complaints to the New York State Division of Human Rights and charges to U.S Equal Employment Opportunities Commission and may, from time to time, be involved in litigation both as a plaintiff and as a defendant.

The Disclosure and Accountability Certifications, while disclosing the above, do not indicate that the Grantee or Beneficiary have any current conflicts of interest or other good standing violations, and therefore, staff recommends that the Corporation authorize the grant to the Grantee as described in these materials.

## C. Webster – Senior Residential Housing Capital (X737)

July 18, 2012

### General Project Plan

- Grantee:** Webster Senior Building C, LLC (“Webster LLC” or the “Company”)
- ESD Investment:** A grant of up to \$1,400,000 to be used for a portion of the cost of construction of 51 units of senior residential housing in Bronx County.
- Project Location:** 3600 Webster Avenue, Bronx, Bronx County
- Proposed Project:** Construction of 51 units of senior residential housing.
- Project Type:** Affordable housing construction.
- Regional Council:** The New York City Regional Council has been made aware of this item.

### **Background:**

Industry – Webster LLC was founded to develop affordable housing real estate and is part of a contextual re-zoning and development program in Norwood and the Olinville sections of the Bronx.

Company History – Webster LLC was founded in 2010 by Webster Commons, LLC as an affordable housing real estate development company for the purpose of constructing a senior housing development in the Bronx at 3600 Webster Avenue. Webster Commons, LLC was founded in 2008 to acquire a 2.3-acre vacant piece of land at 3556 Webster Avenue in the Bronx. Working with developers Joy Construction, Inc. (“Joy Construction”) and Best Development Group, LLC (“Best Development”), this vacant parcel of land was rezoned to R7X status in February 2010 which allowed for the creation of four parcels of residential housing. One of these parcels includes the project site at 3600 Webster Avenue.

In early 2011, Best Development, Joy Construction and Webster LLC undertook the construction of Webster Senior Building C, a residential twelve-story building for seniors consisting of 51 new apartments. Financing for the building was closed in June 2011.

Best Development Group was formed in 2006 and is owned by Ronald Schulman. It provides financial consulting and development advisory services to owners and developers for affordable housing construction. Best Development offers consulting services to non-profit and for-profit clients on feasibility studies, rezoning, tax exempt bond financing, low-income tax credit applications, and bank construction loans. Its completed projects range from a 40-unit senior citizen development to an eight building, 640-unit, master-plan development.

## **Webster – Senior Residential Housing Capital (X737)**

July 18, 2012

Joy Construction was founded in 1995 by Amnon Shalhov as a diversified construction company with a focus on general contracting. Over the past 17 years, Joy Construction has grown exponentially, completing over dozens of large-scale construction projects throughout the New York metropolitan area. Joy Construction has built or developed over 80 affordable housing projects for a wide cross-section of New Yorkers, including the homeless, the elderly and mid-income families.

Joy Construction will maintain a field staff on the project of approximately 13 employees. Joy Construction's subcontractors will number at approximately 300 on the project site.

Ownership – Webster LLC is privately held. The Company is owned jointly by Webster Building C Managers LLC, a special limited member owning 0.17%, and Capital One Proprietary Fund, a 99.9% owner and tax-credit investor.

Webster Building C Managers, LLC is owned 50% by the New York City Housing Development Fund Corporation ("HDFC") and 50% by members of Best Development and Joy Construction.

The project building, Webster Senior Building C, is owned jointly by Webster LLC, the beneficial owner, and an HDFC fee owner under the New York City Partnership Housing Development Fund Company, Inc.

Size – Webster LLC was formed for the purpose of owning the building, therefore there are no employees. Best Development and Joy Construction are the developers of the building.

Market – Real estate, affordable housing development.

ESD Involvement – The project was reappropriated in the 2012-2013 New York State budget.

Competition - N/A

Past ESD Support – This is the first ESD-administered grant to the Company.

### **The Project:**

Completion – October 2012

## Webster – Senior Residential Housing Capital (X737)

July 18, 2012

Activity – Webster Senior Building C is a twelve-story building consisting of 43 one-bedroom and 8 two-bedroom apartments. The land was acquired in December 2008 and the construction closing took place in June 2011. The building is over 80% complete and is expected to be fully complete by October 2012, with an estimated full occupancy by April 2013. Contractors were selected through a bidding process.

The design of the building creates a welcoming residence for seniors with four to five apartments per floor, a large gathering room, a private office for part-time social workers, a full kitchen, laundry room, and on-site health and community rooms. The building is constructed from concrete block and pre-cast concrete plank with a brick exterior. One bedroom apartments measure from 695 to 751 square feet while two bedroom apartments measure from 942 to 986 square feet. The building offers an emergency call service that residents may access through their apartments, as well as library and computer amenities.

Results – The project is a larger component of the “Webster Commons Housing Project,” a contextual re-zoning and development program in the Norwood and Olinville sections of the Bronx. It is hoped that the building will bring significant economic impact to the community, providing jobs and spurring economic development.

Financing Uses	Amount	Financing Sources	Amount	Percent
Hard Costs - Foundation, Electrical, Plumbing, Walls	\$11,961,076	ESD Grant	\$1,400,000	8%
Contingency - Bank required protection for extra costs	500,638	Capital One National Association - Permanent Mortgage*	985,500	6%
Real Estate Acquisition	900,000	New York City	1,548,324	9%
Soft Costs - phase I environmental, survey and borings, title insurance, insurance, bank fees, accounting costs, taxes, utilities, architect’s fees, legal fees	1,410,977	Hudson Housing Capital, TC Equity	12,694,987	75%
Interest Reserves	665,588	Deferred Development Fee	255,187	2%
Other Reserves	245,719			
Development Fee	1,200,000			
<b>Total Project Costs</b>	<b>\$16,883,998</b>	<b>Total Project Financing</b>	<b>\$16,883,998</b>	<b>100%</b>

\* 4%/1year/N/A

## Webster – Senior Residential Housing Capital (X737)

July 18, 2012

Grantee Contact - Ronald Schulman, Principal  
111 North Central Avenue, Suite 425  
Hartsdale, NY 10530  
Phone: (914) 472-0180 Fax: (914) 472-0163

Project Team

Project Management	Simone Bethune
Contractor & Supplier Diversity	Denise Ross
Environmental	Soo Kang

### Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Grantee shall reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
3. Best Development Group, LLC and Joy Construction, Inc. will guarantee the grant repayment obligation of its subsidiary, Webster Senior Building C, LLC, in the event of a default, as defined in these materials or the Grant Disbursement Agreement.
4. Up to \$1,400,000 will be disbursed to Grantee in a lump sum disbursement upon completion of the project substantially as described in these materials, as evidenced by a certificate of occupancy, and documentation of project costs totaling approximately \$16,883,998, 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, 2011 to be considered eligible project costs.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$1,400,000, 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.

### Environmental Review:

The New York City Planning Commission, 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 City Environmental Quality Review (“CEQR”) procedures, 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 Conditional Negative

## **Webster – Senior Residential Housing Capital (X737)**

July 18, 2012

Declaration on December 14, 2009. ESD staff reviewed the Conditional Negative Declaration and supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

### **Non-Discrimination and Contractor & Supplier Diversity:**

ESD's Non-discrimination and Contractor and Supplier Diversity policy will apply. The Grantee shall use their Good Faith Efforts to achieve a Minority and Women Business Enterprise ("MWBE") Participation Goal of 40% related to the total value of ESD's funding and to solicit and utilize Minority and Women-owned Business Enterprises for any contractual opportunities generated in connection with the project.

### **Statutory Basis – Capital Projects Fund – Economic Development/Other:**

The project was reappropriated in the 2012-2013 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

### **Disclosure and Accountability Certifications:**

The Grantee has provided ESD with the required Disclosure and Accountability Certifications, which disclosed the following under Good Standing:

The Grantee's certifications indicate that Mr. Amnon Shalhov (owner of Joy Construction, Inc.) was never indicted for any crime, but on April 28, 2000, he plead guilty to an Information charging him with a single count of conspiracy to commit securities fraud before the Honorable Sidney H. Stein, United States District Court, Southern District of New York (Docket #00 CR 141-01 (SHS)). The conduct in question occurred over 13 years ago and was completely unrelated to Mr. Shalhov's work as a developer or builder of real estate. The conduct related to a passive investment made in a public company by Mr. Shalhov, who at the time had no experience or knowledge of public securities. Given that this was his first offense and that in all other respects Mr. Shalhov was a model citizen, he was sentenced to the lowest possible sentence available.

Mr. Shalhov has made this disclosure many times in the past and has been approved and cleared by NYC-HDC, NYC-HPD, NYC-EDC and countless other financial institutions to act as a developer and a builder, including but not limited to JP Morgan Chase, Capital One Bank and Bank Lemui.

The Disclosure and Accountability Certifications, while disclosing the above, do not indicate that the Grantee has any current conflict of interest or other good standing violations, and therefore, staff recommends that the Corporation authorize the grant to the Grantee as described in these materials.

July 18, 2012

Bronx (New York City Region – Bronx County) – Webster - Senior Residential Housing Capital – Capital Projects Fund (Capital Grant) – Determination of No Significant Effect on the Environment

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

FOR CONSIDERATION

July 18, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: New York City (New York County) -- Victoria Theatre Redevelopment Land Use Improvement and Civic Project

REQUEST FOR: Adoption of Land Use Improvement Project and Civic Project Findings Pursuant to Section 10 of the UDC Act; Authorization to Adopt the Proposed General Project Plan ("GPP"); Authorization to Hold a Public Hearing on the GPP Pursuant to the UDC Act and Other Applicable Law; Authorization to Accept the Draft Environmental Impact Statement ("DEIS") as Satisfactory with Respect to its Scope, Content and Adequacy under the State Environmental Quality Review Act ("SEQRA") and for Publication, Circulation and Filing; Authorization to Hold a Public Hearing on the DEIS pursuant to SEQRA and Other Applicable Law; Authorization to Hold a Public Hearing on the Essential Terms of a Proposed Lease with Option to Purchase and Related Documents for the Project with Danforth Development Partners, LLC or an Affiliate thereof Pursuant to the UDC Act and Other Applicable Law; and Authorization to Take Related Actions

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I. Project Summary

Developer: 233 West 125<sup>th</sup> Street Danforth, LLC, an affiliate of Danforth Development Partners, LLC ("Danforth"), the Conditionally Designated Developer.

Developer Contact: Michael Callaghan  
100 Park Avenue, Suite 1600  
New York, New York 10017  
917-817-6917  
[mcallaghan@exactcapital.com](mailto:mcallaghan@exactcapital.com)

Danforth Contact: M. Steven Williams, Managing Member  
527 ½ Manhattan Avenue  
New York, New York 10027  
(917) 560-5593  
[swilliams@danforthdev.com](mailto:swilliams@danforthdev.com)



II. Estimated Project Costs And Financing Sources

(A more detailed financing description is at Section IV (Essential Terms) Subsection D (Finan

**CONSTRUCTION FINANCING**

<u>FINANCING USES</u>	<u>AMOUNT (\$)</u>
Acquisition (Land and Building)	25,000,000
Hard Costs (including contingency)	85,600,210
Soft Costs (including contingency)	<u>29,194,733</u>
Sub-Total	139,794,943
Developers Fee's	<u>2,300,000</u>
<b>Total</b>	<b><u><u>142,094,943</u></u></b>

**FINANCING SOURCES**

First Mortgage: IDA (NYC Industrial Development Agency ("IDA") & NYC Housing Devel. Corp ("HDC") bond issues	
Upper Manhattan Empowerment Zone ("UMEZ") Second Mortgage*	80,894,869
HDC Mortgage	6,500,000
Hotel Loan Facility	8,800,000
Harlem CDC Enforcement Mortgage	10,916,555
Low Income Housing Tax Credit ("LIHTC") Equity	7,400,000
Developer's Equity**	1,500,000
<b>Total</b>	<b>\$ <u>26,083,519</u></b>
	<b><u><u>142,094,943</u></u></b>

**PERMANENT FINANCING**

**RETAIL**

		<u>TERM/RATE/LIEN</u>
First Mortgage: IDA	31,844,271	20 yrs / 7.1% / 1st on RE
UMEZ Second Mortgage	6,500,000	10 yrs / 3.25% / 2nd on RE
MERF Second Mortgage	5,000,000	7 yrs / 3.25% / 2nd on RE
Hotel Loan Facility	10,916,555	5 yr max./8.5-12%
Cultural Build Out/Developer Equity	<u>10,175,000</u>	
<b>Subtotal</b>	<b>64,435,826</b>	

**RESIDENTIAL**

First Mortgage: HDC	49,050,598	30 yrs / Tax-Exempt Bond, 5.8%
HDC Second Mortgage	8,800,000	30 yrs / 1% / 2nd on RE
Harlem CDC Enforcement Mortgage**	7,400,000	50 yrs / 2nd on RE
LIHTC Equity	5,598,874	NA
Developer Equity, incl'g Cultural Build Out	<u>6,809,645</u>	NA
<b>Subtotal</b>	<b>77,659,117</b>	
<b>Total</b>	<b><u><u>142,094,943</u></u></b>	

\* To be presented to ESD Directors at a later date

\*\* No payments of principal or interest due unless default on residential affordability obligations

\*\*\*Includes \$2.5 million obligation to Harlem CDC, payment of which is deferred during construction

### III. Project Description

#### A. Background

In September 2004, New York State Urban Development Corporation, d/b/a Empire State Development Corporation (“ESD”), and Harlem Community Development Corporation (“Harlem CDC”) issued a Request for Proposals (“RFP”) for the Victoria Theater site located a few doors east of the historic Apollo Theater at 235 West 125<sup>th</sup> Street between Adam Clayton Powell, Jr. and Frederick Douglass Boulevard (the “Project Site”). The RFP sought proposals that would create an “economically viable destination” to “complement recent economic activity, create jobs..., create and support a venue for local arts, entertainment and cultural uses..., consider preservation ... [and] provide an economic return to the public entities that have an interest in the Site.”

Of the eleven timely responses to the RFP’s December 2004 due date, four were found to be incomplete or inadequate. In late summer 2005, the Harlem CDC staff in consultation with the Harlem CDC Board of Directors (“Harlem CDC Board”) interviewed the remaining seven respondents and narrowed the choices to four respondents (“Short-List Respondents”). After further meetings with the Short List Respondents, Harlem CDC staff made presentations to the Harlem CDC Board on the strengths and weaknesses of the proposals and thereafter recommended semi-finalists. In January 2006, the Harlem CDC Board’s Executive Committee voted to reduce the Short-List Respondents to two semi-finalists, Danforth Development Partners LLC (“Danforth”) and Victoria Tower Development LLC (collectively, the “Semi-Finalists”). Having determined the proposals of the Semi-finalists offered the best financially responsible combination of monetary compensation, construction and permanent job creation and income and tax fiscal benefits to the City and State, in April 2006, the Harlem CDC Board voted to affirm the action taken by the Harlem CDC Board’s Executive Committee for selection of the Semi-Finalists and directed staff to continue negotiations with both Semi-Finalists.

In September 2007, the Harlem CDC Board met again to consider the final two proposals. In October 2007, after continued negotiation with both Semi-Finalists, and receipt of written confirmation from Danforth of certain financial terms and a commitment to provide specified benefits to Harlem and its residents, the Harlem CDC Board, upon the recommendation of Harlem CDC staff, made the determination that the Danforth proposal best encompassed the stated goals of the RFP and that Danforth was the most qualified respondent based upon a variety of factors including its design concept, development plan, financial proposal, financial documents, construction and ongoing management plans and relevant experience.

In October 2007, the Harlem CDC Board authorized the Harlem CDC President or his designees to enter into a Memorandum of Understanding and Conditional Designation (“MOUCD”) with Danforth and to accept a \$1,000,000 deposit towards a \$25,000,000 purchase price upon execution of the MOUCD, subject to the terms and conditions of the MOUCD addressing the Harlem CDC Board’s requirements with respect to minority contracting, local employment and affordable housing goals for the Project. Addendum No. 1 to the MOUCD addressed these Harlem CDC Board requirements. The MOUCD and Addendum No. 1 thereto were

simultaneously executed on November 26, 2007. An Addendum No. 2 to the MOUCD is expected to be executed on or before July 30, 2012 and will reflect further refinement of the essential terms of the Harlem CDC Board's requirements that are to be included in the transaction documents for the development of the Project.

Danforth and its investors have formed a single purpose New York State limited liability company entity known as "233 West 125<sup>th</sup> Street Danforth, LLC" (the "Developer") to undertake the development of Project. The members of Developer are Danforth, Exact Capital Corporation, d/b/a Starliner Properties, Inc. and WISK, an affiliate of The Falconwood Corporation (an equity investor and principal at the time of execution of the MOUCD).

Danforth is a minority-owned New York State limited liability company engaged in real estate development entity that is wholly owned by M. Steven C. Williams. M. Steven C. Williams has 25 years of experience in real estate and construction. He partnered with Cogswell Realty in the redevelopment of two commercial office buildings near the Project Site, 55 West 125<sup>th</sup> Street and 215 West 125<sup>th</sup> Street. The offices of former President Clinton are located in 55 West 125<sup>th</sup> Street.

Exact Capital Corporation ("Exact") is a corporation organized under the laws of New York State. Based in New York City, this diversified real estate development firm is principally engaged in the acquisition, finance, development and management of mixed-use residential and commercial properties. Exact's projects include: the *Livmor Condominium*, a 160,000 SF., \$48 million new construction project in Harlem; 374 Manhattan Avenue, a \$7 million gut-renovation condominium project in Harlem; *Diego Beekman Houses*, a \$33 million renovation of a 1,240 unit low-income residential property in the South Bronx; and *1800 Southern Boulevard*, a 68 unit, \$23 million new development on a former Brownfield site in the West Farms Square section of the Bronx.

The Falconwood Corporation ("Falconwood") is a Delaware Corporation registered to do business in New York State. Falconwood is a New York City based investment banking and venture capital firm with an emphasis on real estate.

## B. The Project

As set forth in the attached proposed General Project Plan ("GPP") for the Victoria Theater Redevelopment Project (the "Project"), the Project Site is located at 233-235 West 125th Street in Harlem, on the north side of West 125th Street, mid-block between Frederick Douglass Boulevard and Adam Clayton Powell, Jr. Boulevard, near the world famous Apollo theatre. The site is a "T-shaped" through lot of approximately 20,000 SF connecting West 125<sup>th</sup> and West 126<sup>th</sup> Streets with approximately 50 feet of frontage along West 125th Street and 150 feet of frontage along West 126th Street. The Project Site is improved by a three-story (approximately 40,000 SF) structure built in 1917 as the Loews Victoria Theater. The Theatre has been predominantly vacant since 1997. The Project Site is owned by Harlem CDC.

The Project involves the redevelopment of the Project Site as an approximately 360,000 SF, 26-story, mixed-use facility. The primary goal of the Project is to redevelop the Project Site in a

manner that achieves Harlem CDC's and ESD's Land Use Improvement and Civic Project goals in accordance with the UDC Act: eliminating blight and physical decay at the Project Site; restoring an historically significant architectural structure, contributing to the ongoing revitalization of the area as an arts, entertainment, cultural, and commercial destination; providing both market-rate and affordable rental housing and meeting the increasing demand for hotel accommodations in the greater Harlem area.

The Project would include the Developer subdividing the Project Site's existing tax lot into as many as five tax lots, which would then be included in a condominium regime for the ownership and operation of the Project. The subdivided lots would be designated as one or a combination of the following condominium units: "Cultural Condominium", "Hotel Condominium", "Parking Condominium", "Residential Condominium" and "Retail Condominium". During construction Harlem CDC would lease the entire Project Site, consisting of the original tax lot or any subdivided lot derived therefrom, to Developer pursuant to a ground lease with an option to purchase. Upon successful completion of the Project and exercise of the option, Harlem CDC would retain ownership of the Cultural Condominium unit and convey title to the remaining condominium units to Developer.

Subject to compliance with all applicable law and the requisite ESD and Public Authority Control Board approval processes, Harlem CDC requests that its parent, ESD :

1. Serve as lead agency under New York State Environmental Quality Review Act ("SEQRA") and be responsible for preparing Draft and Final Environmental Impact Statements analyzing all environmental aspects of the Project;
2. Override the New York City Zoning Resolution as it would otherwise apply to the Project Location, pursuant to Section 16(3) of the UDC Act as specifically set forth in the "Environmental Review" section of these materials and the attached GPP;
3. Pursuant to Harlem CDC's acceptance of and ESD's adoption of the GPP, authorize its subsidiary Harlem CDC to enter into a ground lease with option to purchase and related documents with 233 West 125<sup>th</sup> Street Danforth, LLC as "Developer/Tenant", upon the terms set forth below under "Essential Lease Terms," pursuant to Section 6 of the UDC Act; and
4. Pursuant to Harlem CDC's acceptance of and ESD's adoption of the GPP, authorize Harlem CDC to enter into a lease or contract of sale pursuant to Section 9 of the UDC Act with cultural arts entities with respect to the Cultural Condominium unit of the Project, as more particularly described in the attached GPP, which lease or sale shall be conditioned upon and subject to the adoption by the Harlem CDC Board of a General Project Plan for such transaction.

ESD Policy and Research Department prepared an economic development impact analysis for the Project and, measuring over a seven year period from 2014 to 2020, estimates that the Project would generate approximately 576 construction-related and approximately 373 permanent jobs. The personal income that would be earned by the Project's permanent direct employees is estimated at \$19.3 million. The total personal income of direct, indirect, and induced employment would be an estimated \$28.1 million. The total New York State tax

revenue that would be generated by Project operations is an estimated \$4.7 million, with an additional \$4.5 million for New York City, for total tax revenues of \$9.2 million.

The Developer proposes to hire a workforce compliance monitor and to establish an aggressive outreach campaign in order to maximize contracting and hiring opportunities for minority and local vendors, contractors and workers.

The Project would be a “green” building that is energy efficient, environmentally friendly, and which meets requirements for LEED Silver certification, or its equivalent.

#### IV. Essential Terms of Ground Lease Land and Related Documents

##### A. Ground Lease(s) Landlord/Tenant

Harlem CDC, as owner, will lease the Project Location to 233 West 125<sup>th</sup> Street Danforth, LLC, as Developer/Tenant during the construction period for the Project, which is estimated to be approximately thirty (30) months (the “Ground Lease”).

Developer/Tenant will design, develop, construct, and operate the Project at the Project Site pursuant to the GPP and the Ground Lease. The Ground Lease will be “triple net”, with Developer/Tenant responsible for all costs of operation, including impositions and assessments. The Ground Lease will have a purchase option described in subsection F below (Purchase Option).

Harlem CDC is prepared to create, or cooperate in the creation of the condominium regime and subdivision of the Project Site into separate tax lots, and to enter into separate ground leases for one or more of the condominium units, in order to facilitate separate construction financing of the housing and commercial components of the Project, permitting Developer/Tenant to enter into separate leasehold mortgages for the separate condominium units. If required to accommodate the alternative financing sources for the Project, Harlem CDC may at Developer’s sole cost, agree to establish the condominium regime prior to execution of the Ground Lease(s).

The Project Site is tax exempt as a result of Harlem CDC ownership. PILOT payments may be payable in the event the construction period extends beyond thirty months. Nonetheless, the Developer will be obligated to secure a TCO for the entire Project Site before Harlem CDC will transfer title to any part of the Project Site.

##### B. Project Location: See Section III (Project Description) Subsection B (The Project).

##### C. Project and Project Agreements:

Specifically, the Project calls for the design, redevelopment, and construction of improvements at the Project Site, as well as the preservation or adaptive reuse of many of the elements from the original theater, including but not limited to the following, which improvements shall conform to agreed design, use and operating guidelines to be

included in or as attachments to the Ground Lease, a development agreement (the “Development Agreement” ), and a declaration of covenants, conditions and restrictions (the “CCR”) by and between Harlem CDC and Developer/Tenant, and as otherwise to be established in Harlem CDC’s sole discretion:

An approximately 360,000 SF, 26-story mixed used facility, environmentally responsible (“green”) building:

- i. Approximately 210-key select service hotel, that would include an approximately 5,000 SF ballroom;
- ii. Build-out of an approximately 25,000 SF cultural arts center that would feature a 199-seat black box theatre, a 99-seat flexible performance space as well as exhibit and rehearsal spaces, title to which would be retained by Harlem CDC or its designee and leased to and primarily utilized by four cultural partners selected by Harlem CDC. The cultural arts center space would be sold or leased at nominal rents and the spaces would be utilized for cultural purposes for the life of the development;
- iii. Approximately 229 studio, one-, and two-bedroom rental apartments, of which 50% would be affordable to low, moderate, and middle income individuals and households (the “Affordable Apartments”). Forty percent of the Affordable Apartments would be two-bedroom units. The Affordable Apartments would be subject to a subordinate mortgage in the amount of \$7.4 million dollars from Developer to Harlem CDC securing the obligation to maintain the units as affordable for fifty years;
- iv. Approximately 27,000 SF of prime non-hotel related retail space suitable for a larger restaurant, jazz club, gift shop, and other retail uses offering amenities to both hotel guests and patrons of the cultural arts center. Approximately 3,000 SF will be allocated to smaller stores and leased at below market rents to small local retailers. Provision would also be made for vendor kiosks in public areas of the Project;
- v. sub-grade parking that would include vehicle stackers that effectively double the amount of cars that can be parked in the same amount of square footage;
- vi. retention and restoration of the theatre’s south building, including restoration of the original lobby, grand staircase and south building façade, marquee and replication of the original blade sign as well as the identification, salvaging and reuse of other architectural elements in the north building of the theater (which would be demolished) or referencing those elements in the design of new spaces in the Project. Construction of a permanent historic preservation installation open to the public chronicling both the historic Victoria Theater, and its place in the larger context as part of Harlem’s Opera Row.

D. Financial Terms:

Acquisition Cost: \$25 million

Payable as follows:

Credits to Acquisition Cost	Amount (\$)
Deposit paid with MOUCD execution	1,000,000
Payment Due at Execution of Ground Lease	4,000,000
Credit for Cultural Buildout	12,600,000
Affordability Enforcement Mortgage	<u>7,400,000</u>
Total	25,000,000

At the execution of the Ground Lease, Harlem CDC is prepared to defer the receipt of \$2.5 million of the \$4 million Acquisition Cost payment due from Developer until as late as the issuance date for the TCO for the Project. Any unpaid portion of the \$4 million obligation would be secured by a full recourse “Note” with a due date on or before the date of issuance of a TCO for the Project.

The \$12.6 million credit for cultural buildout represents the amount Harlem CDC would agree to credit Developer for the design and construction of improvements to Cultural Condominium unit with a cost or independent valuation of \$12.6 million, in accordance with the Ground Lease and related Project documents. Ownership of the completed Cultural Condominium unit will be retained by Harlem CDC or its designee.

In consideration of Developer building the Residential Condominium unit to include the Affordable Apartments in the Project, which would be subject to a regulatory agreement requiring that the units remain affordable for a period of years, Harlem CDC would credit \$7.4 million dollars toward the Acquisition Cost. The affordability obligations would be secured by an enforcement mortgage (“Affordability Enforcement Mortgage”) with a term coinciding with the length of the affordability regulatory period, extended by an additional twenty years.

Developer/Tenant would be exempt from sales and use taxes on the capital improvements included in the Project and from property taxes for so long as Harlem CDC retained title to the Project Site. However, Payment in Lieu of Real Property Tax (“PILOT”) payments may be payable to Harlem CDC in the event construction extends beyond thirty months. See Financial Terms section of the General Project Plan for a more detailed description.

Further, Developer/Tenant will:

- a. Pay to Harlem CDC Base Rent of \$1 per month
- b. Pay all Harlem CDC and ESD third-party costs in connection with the RFP and the Project, including but not limited to consultant, counsel and environmental costs;
- c. Pay all Harlem CDC and ESD out-of-pocket costs they may incur related the Project;
- d. Pay all water, sewer and other charges that the City of New York levies against the Property, including but not limited to impositions with respect to business improvement districts;
- e. Design, develop, construct and operate the Project at the Project Site at Developer/Tenant's sole cost, including but not limited to the build-out of the Cultural Condominium unit resulting in improvements with a cost or independent valuation of \$12.6 million;
- f. Pay all expenses related to drafting the condominium documents, submitting the condominium for acceptance and filing with the New York State Attorney General, and subdividing the tax lots, including without limitation the fees of outside legal counsel, filing and recording fees, as well as out-of-pocket disbursements;
- g. Indemnify ESD and Harlem CDC and hold ESD and Harlem CDC harmless from all lawsuits and liabilities arising out of ESD and Harlem CDC participation in the Project; and
- h. Tenant/Developer shall provide and shall maintain during construction payment and completion bonds acceptable to Harlem CDC naming Harlem CDC as obligee or a letter(s) of credit naming Harlem CDC as beneficiary in an amount equal to the estimated cost of performing all construction on the Project Site.

Developer/Tenant has made proposals or submitted applications to potential funding sources and has received letters of interest from those entities, based upon which it expects that in addition to its Developer equity the Project will be financed by: approximately \$32 million in taxable bonds issued by the NYC Industrial Development Agency ("IDA") solely with respect to the Hotel Condominium unit (as hereinafter described); approximately \$49 million in taxable or tax exempt bonds issued by New York City Housing Development Corporation ("HDC"); and an \$8.8 million mortgage from HDC with respect solely to the Residential Condominium unit (as hereinafter described); \$1.5 million in low income housing tax credit ("LIHTC") equity; a \$6.5 million loan from the Upper Manhattan Empowerment Zone ("UMEZ"); and a maximum \$11 million mezzanine loan from Choice Hotels, the parent of the Cambria Suites hotel franchiser entity that Developer expects to partner with in the operation and management of the Hotel Condominium unit. Developer has also applied to ESD for a Metropolitan Economic Revitalization Fund ("MERF") loan in the amount of \$5 million to reimburse the cost of machinery and capital equipment to be installed in the Project Site. The IDA would not provide sales tax, real estate transfer tax or mortgage recording tax benefits for the Project.

#### E. Construction

Not later than within thirty (30) days of the construction loan closing date, Developer/Tenant will commence construction. Developer/Tenant will substantially complete the Project the entire Project within approximately 24 months of the construction commencement date.

#### F. Purchase Option

The Ground Lease(s) will include an option to purchase the Residential Condominium Unit, the Hotel Condominium Unit, the Retail Condominium Unit and the Parking Condominium Unit (collectively, the "Developer Condominium Interests"). The option will be exercisable by the Developer/Tenant upon payment of the Acquisition Cost and subject to satisfaction of the conditions of the Ground Lease and related Project documents, including without limitation obtaining a temporary certificate(s) of occupancy ("TCO") for the entire Project.

### V. Basis for Statutory Findings

#### Land Use Improvement Findings

Harlem CDC staff believes that the Project is consistent with Harlem CDC's mission to facilitate the development of a range of community and economic revitalization initiatives that will strengthen Upper Manhattan's economic stability and cultural vitality. Harlem CDC and ESD staff ("Staff") further believes, and recommends that the Directors find, that the proposed Project is consistent with the requirements of the UDC Act for land use improvement and civic projects and satisfies the findings required under the UDC Act as follows :

Section 10(c) of the UDC Act requires that for a land use improvement project, the Corporation make a finding:

- (1) That the area in which the project is to be located is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area and tends to impair or arrest the sound growth and development of the municipality;
- (2) That the project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto;
- (3) That the plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.

The "Existing Conditions Report for the Victoria Theater" ( Appendix B.2 of the DEIS), as updated in the "Conditions Assessment Update" ( Appendix B.1, Attachment A of the DEIS; the two reports collectively the "Environmental Reports"), describe blighting conditions at the Property such as prolonged water infiltration, heavy mold growth, structural defects, outdated mechanical systems, and chronic deterioration to an historically significant structure. As the photographs in the Environmental Reports reflect, the continuing deterioration has and continues to cause irreparable damage to the historic structure. The Property has been substantially vacant for the past fifteen years and is in danger of becoming increasingly more substandard and insanitary.

Based upon the conditions described in the Environmental Reports, Staff recommends that the Directors find that the Property in its current condition is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area and tends to impair or arrest the sound growth and development of New York City.

Further, Staff recommends that the Directors find that the Project will clear, re-plan, reconstruct, and rehabilitate the Property and that the Project maximizes opportunity for the private Developer, which will be responsible for the payment of all costs associated with the Project, and for other private enterprises that will construct and occupy the Project.

### Civic Project Findings

Section 10(d) of the UDC Act requires that for a civic project the Corporation make a finding:

- (1) That there exists in the area in which the project is to be located, a need for the educational, cultural, recreational, community, municipal, public service or other civic facility to be included in the project.
- (2) That the project shall consist of a building or buildings or other facilities which are suitable for educational, cultural, recreational, community, municipal, public service or other civic purposes.
- (3) That such project will be leased to or owned by the state or an agency or instrumentality thereof, a municipality or an agency or instrumentality thereof, a public corporation, or any other entity which is carrying out a community, municipal, public service or other civic purpose, and that adequate provision has been, or will be, made for the payment of the cost of acquisition, construction, operation, maintenance and upkeep of the project.
- (4) That the plans and specifications assure or will assure adequate light air, sanitation and fire protection.

For the reasons set forth in the “Benefits Gained” section of the GPP, attached hereto, Staff recommend that the Directors find that the Project Location is an area that is in need of additional and enhanced educational, cultural and recreational facilities and the Project adds to and enhances existing area cultural and entertainment attractions, that the Project will be publicly owned through construction and that a portion will be publicly owned or owned by an entity carrying out a civic purpose and that there is adequate provision for the payment of the acquisition, construction, operation and maintenance of the Project and that the plans and specifications assure adequate light, air, sanitation, and fire protection.

No findings regarding Project Site occupant relocation are required under Section 10(g) of the UDC Act because the Project Location is currently vacant and its most recent use was as a commercial facility. No residential relocation is required as there are no families or individuals residing on the Project site

## VI. Design and Construction

The Project calls for the redevelopment of the vacant Victoria Theater including complete demolition of the north portion of the site and selective re-use and renovation of the existing theater façade, lobby and monumental lobby stair. Renovation/selective demolition is tentatively scheduled to begin in early 2013. ESD's Design and Construction department ("D&C") would serve as an owner's representative for Harlem CDC. D&C will attend construction meetings and monitor construction progress. D&C would have the right to review contractor requisitions and change orders for the Project, review and approve change orders and contractor requisitions with respect to the Cultural Condominium Unit, and in the event the Developer was to apply for and receive an Incentive Award Letter or other commitment for an ESD MERF loan, D & C would then verify that all construction requirements for the Project had been satisfied prior to disbursement of the loan.

## VII. Environmental Review

ESD, as the lead agency on behalf of Harlem CDC, determined that a Draft Environmental Impact Statement ("DEIS") was necessary to be prepared pursuant to the State Environmental Quality Review Act ("SEQRA") and its implementing regulations (6NYCRR Part 617). The DEIS for the Project is a comprehensive document that includes extensive technical analyses of potential impacts on the environment and proposes measures to mitigate any identified potential significant adverse impacts of the proposed Project. It also considers alternatives to the Project.

The DEIS, prepared by Developer's consultant, has been reviewed by Staff. It is the opinion of Staff that the DEIS is satisfactory with respect to its scope, content and adequacy for purposes of SEQRA and the implementing regulations of the New York State Department of Environmental Conservation. Upon acceptance of the DEIS by ESD Directors, Staff will undertake to circulate and file the DEIS as required by SEQRA. Circulation of the DEIS affords an opportunity for the public and involved and interested parties to review and comment on the proposed Project, for a statutorily required minimum period of 30 days. All substantive comments received by ESD on the DEIS shall be addressed in the Final EIS. Pursuant to SEQRA, a duly-noticed public hearing will be held on the DEIS. The hearing will also provide an opportunity for public comments on the Project and the proposed General Project Plan.

## Zoning Override

It is not practicable for the Project to comply with the New York City Zoning Resolution ("ZR"). The required size and financing for the Project dictates that the project will be developed in accordance with the Development Agreement to be attached to the Ground Lease as well as any other requirements to be established in Harlem CDC's sole discretion. ESD will override the ZR and other local laws inclusive of the Uniform Land Use Review Procedure review and certification process, including, specifically: i) ZR 97-42, ZR 97-421, ZR 97-422, ZR 23-145, ZR 34-112 (Floor Area); ii) ZR 97-42; ZR 97-421, ZR 97-422, ZR 23-145 and ZR 34-112 (Floor Area Ratio); ZR 23-22 (Maximum Number of Units); iii) ZR 35-24 and ZR 94-442 (Maximum Building Height); iv) ZR 35-24 (Maximum Base Height); v) ZR 35-24 (Initial Setback Above Base Height); vi) ZR 94-442, ZR 97-443 (Minimum [C4-7] Base Height and Streetwall; vii) ZR 33-303 (Clearance when lot line is adjacent to neighboring rear lot line); and viii) ZR 25-62 (Minimum Square feet

per car in an attended parking facility). The City of New York has been advised of and supports the Project and ESD's participation in the Project and the zoning overrides that are being requested.

VIII. Non-Discrimination and Contractor Diversity

Pursuant to New York State Executive Law Article 15-A, Harlem CDC 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 Harlem CDC contracts. Accordingly, Harlem CDC's Non-Discrimination and Contractor & Supplier Diversity policies will apply to the Project. Developer and its affiliates and/or partners shall be required to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project and to use Good Faith Efforts (5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 30% in relation to the total value of the Project. The aforementioned goal shall be divided to include a Minority Business Enterprise ("MBE") Participation Goal of 22% and a Women Business Enterprise ("WBE") Participation Goal of 8%, both related to the total value of the Project.

IX. Additional Submissions to the Directors

- Resolutions
- Site Plan
- Renderings and Plans
- Residential Unit Summary
- Economic and Fiscal Impacts Analysis
- Draft Environmental Impact Statement

July 18, 2012

NEW YORK (NEW YORK COUNTY)-VICTORIA THEATRE REDEVELOPMENT PROJECT – Adoption of Land Use Improvement Project and Civic Project Findings pursuant to Section 10 of the UDC Act; Authorization to Adopt the Proposed General Project Plan (“GPP”); Authorization to Hold a Public Hearing on the GPP pursuant to the UDC Act and Other Applicable Law; Authorization to Accept the Draft Environmental Impact Statement (“DEIS”) as Satisfactory with Respect to its Scope, Content and Adequacy under the State Environmental Quality Review Act (“SEQRA”) and for Publication, Circulation and Filing; Authorization to Hold a Public Hearing on the DEIS pursuant to SEQRA and Other Applicable Law; Authorization to Hold a Public Hearing on the Essential Terms of a Proposed Lease with Option to Purchase and Related Documents for the Project with Danforth Development Partners, LLC or an Affiliate thereof Pursuant to the UDC Act and Other Applicable Law; and Authorization 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 (the “Materials”), relating to the Victoria Theater Redevelopment Land Use Improvement and Civic Project (the “Project”), the Corporation hereby finds pursuant to Section 10(c) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”):

- (1) That the area in which the project is to be located is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area and tends to impair or arrest the sound growth and development of the municipality;
- (2) That the project consists of a plan or undertaking for the clearance, re-planning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto;
- (3) That the plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole;

and be it further

RESOLVED, that, on the basis of the Materials relating to the Project, the Corporation hereby finds pursuant to Section 10(d) of the Act:

- (1) That there exists in the area in which the project is to be located, a need for the educational, cultural, recreational, community, municipal, public service or other civic facility to be included in the project;
- (2) That the project shall consist of a building or buildings or facilities which are suitable for educational, cultural, recreational, community, municipal, public service or other civic purposes;

- (3) That such project will be leased to or owned by the state or an agency or instrumentality thereof, a municipality or an agency or instrumentality thereof, a public corporation, or any other entity which is carrying out a community, municipal, public service or other civic purpose, and that adequate provision has been or will be, made for the payment of the cost of acquisition, construction, operation, maintenance and upkeep of the project;
- (4) That the plans and specifications assure or will assure adequate light air, sanitation and fire protection; and be it further

RESOLVED, that on the basis of the Materials relating to the Project, indicating that there are no families or individuals to be displaced from the Project area, the Corporation hereby finds that the requirements of Section 10(g) of the Act are satisfied; and be it further

RESOLVED, that on the basis of the Materials, and substantially on the terms and conditions described in the Materials, the Corporation does hereby adopt, subject to and pursuant to, and for the purposes of a public hearing required by, Section 16 of the UDC Act, and as may be appropriate pursuant to other applicable laws:

(1) the proposed General Project Plan (the "Plan") for the Project submitted to this meeting, together with such changes therein as the Chairman and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, is hereby ordered filed with the record of the Corporation; and

(2) the essential terms of the proposed ground lease with option to purchase and related documents between Harlem CDC as Landlord and Danforth Development Partners, LLC (the "Developer") or an affiliate of the Developer; and be it further

RESOLVED, that the Plan shall not be final until action is taken by the Directors as provided in the UDC Act and until such time as all requirements of the UDC Act and other applicable law in connection therewith have been satisfied; and be it further

RESOLVED, that the Chairman and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized in the name of and on behalf of the Corporation to take such actions as may be considered necessary or appropriate in connection with the holding of the public hearing required pursuant to Section 16 of the UDC Act and other applicable law (which hearing may be held simultaneously with one or more hearings which may be held pursuant to other applicable law), including without limitation, the providing, filing or making available of copies of the Plan or a digest thereof and the findings required by Section 10 of the UDC Act relating to the Project, the fixing of a date for such hearing, the publication of a notice relating to the Plan and such hearing in accordance with the UDC Act, other applicable law, and the procedures heretofore approved by the Corporation with respect to similar hearing, and the making of a report or reports to the Directors on such hearing, written comments received, and any local governmental recommendations respecting the Plan; and be it further

RESOLVED, that the Draft Environmental Impact Statement (“DEIS”) for the Project, as presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation relating to the Project, is satisfactory with respect to its scope, content and adequacy for purposes of the New York State Environmental Quality Review Act (“SEQRA”) and the implementing regulations of the New York State Department of Environmental Conservation, and is hereby accepted by the Corporation; and be it further

RESOLVED, that the Corporation is hereby authorized to publish, circulate, and file the accepted DEIS in the manner required under SEQRA and the implementing regulations of the New York State Department of Environmental Conservation; and be it further

RESOLVED, that the Chairman 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 take such actions as may be considered necessary or appropriate to comply with the requirements of SEQRA, including, without limitation, the holding of a public hearing under SEQRA and other applicable law (which hearing may be held simultaneously with one or more hearings which may be held pursuant to other applicable law), providing, filing or making available copies of the DEIS or the summary thereof, the fixing of a date for such hearing, the publication of a notice relating to the DEIS and such hearing in accordance with SEQRA, the implementing regulations of the New York State Department of Environmental Conservation, other applicable law, and the procedures heretofore approved by the Corporation, with respect to similar hearings, and the making of a report or reports to the Directors on such hearing and written comments received; and be it further

RESOLVED, that the Chairman and Chief Executive Officer, or his designee, be, and each of them hereby is, authorized in the name of and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as may be considered necessary or appropriate in connection with carrying out the public hearing(s) and to effectuate the foregoing resolutions.

\* \* \*

**FOR CONSIDERATION**

**July 18, 2012**

**TO:** The Directors  
**FROM:** Kenneth Adams  
**SUBJECT:** Procurement of Consulting Services  
**REQUEST FOR:** Authorization to Extend the Term of a Contract with Jacqueline Dalton to Provide Consulting Services and to Take Related Actions.

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**I. Contract Summary**

**Contractor:** Jacqueline Dalton  
**Scope of Services:** Consulting Services for ESD’s affordable housing portfolio.  
**Contract Term:** To extend the term of the current contract through 12/27/12 with an option by ESD to further extend, at the discretion of the Chief Financial & Administrative Officer, and with the New York State Joint Commission on Ethics (“JCOE”) approval, for an additional one year period to 12/27/13.  
**Total Contract Amount:** Not to exceed \$90,000.  
**Funding Source(s):** Corporate Funds (Housing Repair Funds)

**II. Background**

At present, ESD’s housing portfolio consists of 50 projects, evenly split between upstate and downstate. Approximately one-quarter of these projects have commenced or will soon undertake capital improvements under ESD’s Tenant Repair and Improvement Loan Program (“TRAIL”). One-third have HUD 236 contracts expiring within the next 3-4 years which will require significant Housing Portfolio Management department staff participation to develop exit strategies including prepayments, mortgage decouplings, and planning for long term preservation of affordable housing. The remaining projects in the portfolio are in relatively stable condition, with many having negotiated workout agreements with ESD. However, some of these projects are coming back to renegotiate their workout agreements.

Some of the major current issues affecting the portfolio include: coordination with the New York State Housing and Community Renewal regarding project dispositions to achieve optimal affordability and financial objectives; increasing capital repair needs; administering the TRAIL program to address health and safety issues and tenant-related repairs and improvements; renegotiating expiring workouts; mortgage prepayments; and Tax Equivalent Payment (TEP)/Affordability Issues with respect to Roosevelt Island housing projects.

The retirement at the end of 2010 of two key senior housing staff members, including Jacqueline Dalton, the former department head, left the Housing Portfolio Management department with extremely scarce staff resources. Since June 2011, ESD has utilized the services of Ms Jacqueline Dalton on a limited, part-time consulting basis. The Housing Portfolio Management department currently consists of one full-time employee, who functions primarily in an administrative processing role, one part-time housing staff member, two part-time consultants including Ms. Dalton, and a new department head who is responsible for overseeing the housing portfolio and also the commercial loan portfolio.

Jacqueline Dalton has dedicated her career to the management and monitoring of ESD's housing portfolio with over 25 years of direct involvement in this portfolio. As the former department head, Ms. Dalton provides the institutional knowledge and expertise to ensure that complex issues are assessed and resolved to the benefit of the Corporation, particularly on the many active projects that have taken years of attention and are near completion. Ms. Dalton supports key department functions through detailed analytical and financial analysis and strategic problem solving, with an eye toward ESD specific interests. Ms. Dalton is a significant and imperative resource for the Housing Portfolio Management department, which is responsible for the financial and operational management of a \$500 million residential mortgage portfolio. Revenues generated by the housing portfolio are used for housing repairs and contribute to the Corporation's revenue base.

On June 26, 2012, JCOE approved ESD's request to contract with Ms. Dalton through December 27, 2012. We therefore propose to engage Ms. Dalton as a consultant on a part-time basis through December 27, 2012, with an option to further extend the contract for an additional one year at the discretion of the Chief Financial & Administrative Officer and pending approval by the JCOE. At any time, ESD may terminate this agreement upon written notice to Ms. Dalton.

Ms. Dalton is currently in the process of applying for Minority and Women-Owned Business ("MWBE") certification.

### **III. Contractor Selection Process**

ESD has utilized the services of Jacqueline Dalton on a part-time basis since June, 2011 and her performance has been deemed to be excellent by staff. Ms. Dalton's original contract was awarded on a single-source basis given her many years of experience with the unique issues affecting ESD's portfolio. Ms. Dalton's services continue to be imperative to administering the housing portfolio due to the limited staffing and importance of this department in supporting the financial stability of the Corporation.

### **IV. Scope of Work**

To assist housing staff in analyzing, negotiating and coordinating project dispositions including mortgage prepayments and decouplings; evaluating the portfolio's capital repair needs; analyzing and negotiating Tax Equivalent Payment (TEP) provisions; negotiating loan payment terms; and the undertaking of other assignments as required.

### **V. Contract Term, Price and Funding**

Staff proposes to the original contract of \$47,500 through 12/27/12 in an amount not to exceed \$12,500 with an option to further extend for an additional year, at the discretion of the Chief Financial &

Administrative Officer and with JCOE approval, in an amount not to exceed \$30,000. The total contract amount including this amendment will be an amount not to exceed \$90,000. Ms. Dalton's work schedule will be based upon a 7.5 to 15.0 hour work week which may be increased or decreased subject to the needs of Housing Portfolio staff at a rate of \$85 per hour, which is unchanged from her current rate of pay. A Contract Reporter exemption has been requested for this contract amendment. ESD will not enter into this contract amendment unless or until the exemption request is approved.

At any time, ESD may terminate this Agreement upon written notice to Ms. Dalton. The source of funding for this contract is the Housing Repair Fund.

**VI. Non-Discrimination and Contractor Diversity**

The Corporation's non-discrimination and contractor diversity policy will apply to this contract.

**VII. Environmental Review**

ESD staff has determined that the requested authorization 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.

**VIII. Requested Action**

The Directors are requested to (1) make a determination of responsibility with respect to the proposed contractor; (2) authorize the Corporation to extend the contract with Jacqueline Dalton through 12/27/12 in an amount not to exceed \$12,500 with an option to further extend for an additional year, at the discretion of the Chief Financial & Administrative Officer and with JCOE approval, in an amount not to exceed \$30,000 for a total contract amount including this amendment not to exceed \$90,000.

**IX. Recommendation**

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

**X. Attachments**

Resolution

July 18, 2012

EMPIRE STATE DEVELOPMENT CORPORATION – Authorization to extend the term of a Contract with Jacqueline Dalton to Provide Consulting Services and to Take Related Actions

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BE IT RESOLVED, that upon the basis of the materials presented to this meeting (the “Materials”), a copy of which is hereby ordered filed with the records of the Corporation, the Corporation hereby finds Jacqueline Dalton to be responsible, and be it further

RESOLVED, that the Corporation is hereby authorized to extend a contract with Jacqueline Dalton in an amount not to exceed \$12,500, with an option to further extend for an additional year, at the discretion of the Chief Financial & Administrative Officer and with JCOE approval, in an amount not to exceed \$30,000 for a total contract amount including this amendment not to exceed \$90,000 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 & Chief Executive Officer 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. Any actions taken with respect to this contract prior to the date hereof are hereby ratified and approved.

\* \* \*

FOR CONSIDERATION

July 18, 2012

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Investment Report

REQUEST FOR: Approval of Investment Guidelines and Investment Report and Authorization to Take Related Actions

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Background

Section 2925 of the Public Authorities Law (the "Law") requires annual approval by ESD of the "Investment Report" and "Investment Guidelines."

The New York State Urban Development Corporation d/b/a Empire State Development ("ESD" or the "Corporation") Investment Report (the "Report") for the Fiscal Year ended March 31, 2012 is attached hereto. It includes (1) ESD Investment Guidelines ("Guidelines"); (2) Results of the Annual Independent Audit; (3) Investment Performance and Income Records; (4) Statement of Fees, Commissions and Related Service Charges; and (5) the Investment Portfolio as of March 31, 2012 with market value.

Investment Guidelines

The Guidelines were readopted with the Investment Report in July 2011. The Law requires that in addition to annual approval of the Report, the Guidelines must also be annually reviewed and approved by the Corporation. The Guidelines include, among other things, a list of permitted Corporate investments, as well as procedures and provisions to secure the Corporation's financial interest in its investments.

Some of the highlights of the Report are summarized below:

### Investment Income

For the fiscal year 2011-12, there were total investment earnings of \$1.9 million (prior fiscal year was \$4.8 million). Investment income was applied to corporate requirements, revenue bond portfolio debt service, and projects and programs as described below.

During fiscal 2011-12, ESD's Corporate Funds portfolio (which, in addition to various Corporate accounts, also includes Corporate Purpose bond funds and Housing funds) generated investment income of \$0.96 million. Investment income was applied to debt service on the Corporation's corporate purpose bonds, housing portfolio maintenance costs, and a portion of ESD's general and administrative expenses.

Investment income of \$0.58 million was generated on Revenue Bond Funds during fiscal 2011-12 and was applied to debt service on bonds for Correctional Facilities, University Facilities, Community Enhancement Assistance Program, and other programs related to General Purpose, State Facilities & Equipment and Economic Development & Housing obligations. Funds that are applied to debt service directly offset State payment obligations.

The balance of \$0.36 million in investment income was derived from funds related to various economic development projects and programs.

### Investment Portfolio

The Corporation had average investments of \$1.93 billion for fiscal 2011-12 (prior fiscal year was \$2.21 billion); the decrease is primarily due to disbursement of bond proceeds for various projects and programs. The portfolio had an average maturity of 75 days (prior fiscal year was also 75 days) and a portfolio yield of 0.10% (prior fiscal year was 0.22%). As a benchmark, the average yield for U.S. T-bills with a 3 month maturity was 0.04% for the fiscal year; additionally, the average yield for U.S. Agencies with a 3 month maturity was 0.06% for the fiscal year. As of fiscal year end, U.S. T-bills and U.S. Agencies represented approximately 95% of the portfolio. The portfolio design reflects the need for a high degree of liquidity. These funds are used to accommodate:

- Construction Drawdown Schedules
- Debt Service Payment Schedules
- Requirements under Bond Indentures
- Project Closing and Disbursement Schedules
- Corporate Operating Expenses

Investments are summarized as follows:

Par amount  
in millions  
as of 3/31/12

**ESD Corporate, E.D., C.P. Bond & Related Funds**

Corporate Operations, Reserves/Escrow & Other Restricted Funds	263.3
Restricted Econ. Dev. Programs, Projects & Related Funds	336.6
Corporate Purpose Bond Funds – Funds related to Debt Service Reserves, Bond Service, and Housing	<u>183.9</u>
Total	783.8

**Revenue Bond Project & Related Funds:**

General Purpose	761.7
State Facilities & Equipment	45.8
Economic Development & Housing	<u>59.1</u>
Total	866.6

**Grand Total 1,650.4**

Requested Action

The Directors are asked to adopt the attached Investment Guidelines and Investment Report, and to authorize the taking of related actions.

Attachments

Resolution  
Annual Investment Report

July 18, 2012

NEW YORK STATE URBAN DEVELOPMENT CORPORATION d/b/a EMPIRE STATE  
DEVELOPMENT – (the “Corporation”) Approval of the Investment Guidelines and  
Investment Report and Authorization to Take Related Actions

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WHEREAS, the Corporation wishes to comply with Section 2925 of the Public Authorities Law (“Law”) which mandates that public benefit corporations annually prepare and approve an investment report (“Report”) which includes, among other things, the Corporation’s investment guidelines (“Guidelines”) and

WHEREAS, said Law also requires the annual review and approval of its Guidelines; and

WHEREAS, the Corporation has prepared the Report for the fiscal year ended March 31, 2012; and

WHEREAS, the Corporation adopted Guidelines in 1984 which have been amended and were most recently approved by the Corporation on July 13, 2011; and

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

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Guidelines as amended are hereby approved and it is further

RESOLVED, that the Report is hereby approved; and it is further

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

\* \* \*

NEW YORK STATE URBAN DEVELOPMENT CORPORATION  
D/B/A EMPIRE STATE DEVELOPMENT

ANNUAL INVESTMENT REPORT FOR FISCAL  
YEAR ENDED MARCH 31, 2012

Table of Contents

	<u>Page</u>
1. UDC Investment Guidelines	1 - 12
2. Explanation of Investment Guidelines and Amendments	13
3. Results of the Annual Independent Audit	14 - 19
4. Investment Summary and Income Records	20 - 27
5. Statement of Fees, Commissions and Related Service Charges	28
6. Investment Portfolio with Market Value as of March 31, 2012	29

**NEW YORK STATE URBAN DEVELOPMENT CORPORATION  
d/b/a EMPIRE STATE DEVELOPMENT  
INVESTMENT GUIDELINES, AS AMENDED**

**Introduction**

On January 19, 1984, the New York State Urban Development Corporation adopted comprehensive corporate investment guidelines as required by Section 2925 of the New York Public Authorities Law. The following comprehensive corporate investment guidelines amend and restate the guidelines previously adopted in compliance with the requirement for periodic review and updating of investment guidelines set forth in Section 2925 and in the Investment Guidelines for Public Authorities adopted by the Comptroller of the State of New York in July 1987.

**ARTICLE ONE**

Definitions

As used herein the terms set forth below are defined as follows:

- 1.1 "Comptroller" means the State Comptroller.
- 1.2 "Corporation" means the New York State Urban Development Corporation d/b/a/ Empire State Development Corporation, as corporate governmental agency of the State of New York, constituting a public benefit corporation and a political subdivision, established pursuant to Chapter 174 of the Laws of 1968 of the State of New York.
- 1.3 "Investment Funds" means all monies and financial resources available for investment by the Corporation, other than proceeds of bonds issued by the Corporation.
- 1.4 "Repurchase Agreement" means a repurchase agreement satisfying the requirements set forth in Article Four herein.
- 1.5 "Securities" means any or all of the investment obligations of the categories described in Section 4.1 of Article Four herein.
- 1.6 "State" means the State of New York.

## ARTICLE TWO

### Scope

These guidelines shall govern the investment and reinvestment of Investment Funds and the sale and liquidation of investments, as well as the monitoring, maintenance, accounting, reporting and internal controls by and of the Corporation with respect to such investment, sale, reinvestment and liquidation.

## ARTICLE THREE

### Investment Objectives

The Corporation's investment activities shall have as their first and foremost objective the safeguarding of the principal amount of the Investment Funds. Additional considerations regarding the Corporation's investment activities shall be liquidity of investments, realization of a reasonable return on investments and diversification of investments.

## ARTICLE FOUR

### Permissible Investments

- 4.1 The Corporation may invest its Investment Funds in any and all of the following, if and to the extent permitted by statutes, regulations and bond resolutions applicable at the time of investment of such Investment Funds:
- 1) Any bonds and other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by the United States of America;
  - 2) Any bonds and other obligations which as to principal and interest constitute direct obligations of the State or the Corporation or which are unconditionally guaranteed by the State as to payment of principal and interest;
  - 3) 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”);

- 4) Prime Commercial Paper issued by domestic banks, corporations and financial companies rated "A-1" or "P-1" by Standard & Poor's Corporation or Moody's Investors Service, Inc.;
- 5) Certificates of Deposit of banks or trust companies authorized to do business in this State, including commercial banks who participates in New York State Excelsior Linked Deposit programs and are authorized program depositories, which certificates of deposit are fully insured by the Federal Deposit Insurance Corporation or fully secured, as required by Section 4.3.1 below, by securities of the character described in clauses (1), (2) or (3) of this paragraph;
- 6) Subject to the requirements of Section 4.2 below, any repurchase agreement with any bank or trust company authorized to do business in the State of New York or with any broker-dealers included in the Federal Reserve Bank of New York's list of primary government security dealers, which agreement is secured by securities of the character described in clauses (1), (2) or (3) of this paragraph;
- 7) Real property;
- 8) Units, shares or interest in a mutual fund or money market fund of regulated investment companies which seek to maintain a constant net asset value per share of \$1.00 and have been rated in one of the two highest categories by at least one nationally recognized ratings organization and invests in instruments described in clauses (1), (2) or (3) of this paragraph.

4.1.1 The Corporation may invest its Small Business Technology Investment Fund, or any successor entity, in all types of equity investments, including but not limited to stock, convertible debt and debts with warrants in addition to the other permitted investments referenced above.

#### 4.2 Specific Requirements Governing Repurchase Agreements

4.2.1 Eligible Sellers. The Corporation shall enter into Repurchase Agreements only with banks or trust companies authorized to do business in the State or from broker-dealers on the Federal Reserve Bank of New York's list of primary government securities dealers and only after the Corporation's Chief Financial Officer or Treasurer has reviewed such firm's capitalization and the Corporation's Chief Financial Officer and Chief Executive Officer have set a limit on the amount of monies that the Corporation may invest with such firm at any one time. The

placement of Repurchase Agreements shall be distributed among several authorized firms to reduce the level of risk. The investment limit set for each such firm shall not be exceeded unless the Chief Financial Officer, the Chief Executive Officer or the Controller of the Corporation makes a written finding that sufficient Securities are not available from other eligible firms. Not less frequently than once each year, the Corporation's Chief Financial Officer or Treasurer shall review and, if appropriate, recommend adjustment of the investment limit for each eligible seller in light of such firm's current capitalization. All investment limit adjustments shall require the approval of the Chief Financial Officer and Chief Executive Officer.

- 4.2.2 Eligible Custodian Banks. To be eligible to hold the Securities which are the subject of a Repurchase Agreement, a custodial bank should be a member of the Federal Reserve Bank or maintain accounts with member banks to accomplish book-entry transfer of Securities to the credit of the Corporation. Transfer of Securities, whether by book entry or physical delivery, should be confirmed in writing to the Corporation by the custodial bank. The custodian should not be the same party that is selling the Securities. The Corporation's Directors must affirmatively find that a proposed custodial bank is financially sound before such bank may be eligible to perform custodial services for the Corporation.
- 4.2.3 Maximum Maturity of Repurchase Agreements. There shall be no "open repurchase" agreements. Repurchase Agreements shall be limited to a maturity not to exceed ten (10) working days. Collateral shall have maturities not exceeding thirty (30) years.
- 4.2.4 Standard Terms for Repurchase Agreements. The Corporation shall execute a master Repurchase Agreement with each broker-dealer which outlines the basic rights of both buyer and seller including:
- (a) The events of default which would permit the Corporation to liquidate or purchase the underlying Securities;
  - (b) The relationship between parties to the agreement, which should ordinarily be purchaser and seller;
  - (c) A requirement that there be a written contract with the custodial bank outlining the responsibilities of the bank and the parties to the agreement. Such an agreement must provide, among other things, that the custodial bank will not make payment for the Securities until the bank actually receives them and that the custodial bank takes possession of the Securities exclusively for the Corporation and that any claims of the custodial bank are subordinate to those of the Corporation;

- (d) Procedures which ensure that the Corporation obtains a perfected security interest in the underlying Securities. The Corporation or its custodian must take possession of the Securities being purchased by physical delivery or book entry. Furthermore, the written agreement shall contain a provision that, in the event a court of final jurisdiction construes the specific Repurchase Agreement to be a loan, the seller shall be deemed to have granted the Corporation a perfected security interest in the purchased Securities;
- (e) The market value of the Securities purchased under a repurchase transaction must be at least equal to the purchase price. The value of the Securities must be monitored and marked to market on a daily basis. Additional Securities shall be required if market fluctuations cause the market value of the purchased Securities to become less than the purchase price. The Corporation's Chief Financial Officer or Treasurer shall establish the method of computing margin maintenance requirements and providing for timely correction of margin deficiencies or excesses, taking into consideration:
  - (i) the size and terms of the transaction;
  - (ii) the type of underlying Security;
  - (iii) the maturity of the underlying Security;
  - (iv) the capitalization, financial status and type of purchaser and/or seller; and
  - (v) the method by which additional margin will be maintained; and
- (f) Circumstances, if any, under which substitution of Securities subject to the agreement shall be permitted.

#### 4.3 Specific Requirements Regarding Certificates of Deposit.

- 4.3.1 Collateral Requirements. To the extent that the Corporation's investment in a certificate of deposit is less than fully insured by the Federal Deposit Insurance Corporation, the uninsured portion shall be fully collateralized by Securities (other than Repurchase Agreements). Collateral for a certificate of deposit must be reviewed at least weekly to determine if the market value of the Securities equals or exceeds the principal amount of the uninsured portion of the certificate of deposit plus accrued interest. If the market value of the Securities is insufficient, the issuer of the certificate of deposit must exchange or add to the

amount of collateral to bring its market value to equal or exceed the uninsured portion of the principal amount of the certificate of deposit plus accrued interest.

4.3.2 Standard Terms for Certificate of Deposit Collateral Agreement. The Corporation shall negotiate and enter into a written agreement with each bank (and custodian) from which it has obtained a certificate of deposit. Such written agreement shall, at a minimum, address the following concerns:

- (a) The frequency of the valuation of the collateral to market, as set forth above (such valuation shall be done by the Corporation at least weekly);
- (b) The right and ability of the bank to substitute like Securities as collateral;
- (c) Description of events of default which would permit the Corporation or its custodian to liquidate or purchase the underlying Securities;
- (d) Description of the party who is to have title to the underlying Securities during the term of the agreement;
- (e) With respect to the custodial bank, the agreement shall also provide that the custodial bank takes possession of the Securities as agent of the Corporation and that the claims of the custodial bank are subordinate to those of the Corporation.

## ARTICLE FIVE

### Operating Procedures

5.1 Authorized Officers and Employees. Only the following persons shall be authorized to make investment decisions on behalf of the Corporation: the Chairman of the Corporation's Directors; the President and Chief Executive Officer; the Chief Financial Officer; the Treasurer; the Controller, and the Executive Vice President-Legal. The implementation of such investment decisions by placement of purchase or sale orders or otherwise shall be effected only by the foregoing officers and employees and by such employees as may from time to time be designated in writing by the Chief Financial Officer and Treasurer.

5.2 Standards for the Qualification of Brokers, Dealers and Agents. Any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer which is authorized to do business in the State may become qualified by the Corporation to transact purchases and sales of Securities (other than Repurchase

Agreements) with the Corporation. Factors to be considered in determining the qualification of such firms shall include the firm's capitalization, quality, size and reliability, the Corporation's prior experience with the firm, the firm's level of expertise and prior experience with respect to the contemplated transaction. The determination of qualification shall be made by the Chief Financial Officer and the Treasurer, who shall maintain a list of all such qualified firms.

5.3 Standards for the Qualification of Investment Advisors. For the purpose of rendering investment advice to the Corporation, the Corporation may qualify any bank or trust company organized under the laws of any state of the United States of America, any national banking association, and any partnership, corporation, or person which is:

- (a) Authorized to do business in the State;
- (b) Registered with the Securities & Exchange Commission under the Investment Advisor Act of 1940;
- (c) Registered with the New York State Secretary of State as an Investment Advisor; and
- (d) A member in good standing of the Investment Counsel Association of America.

The Corporation also shall consider the additional criteria (other than capitalization) enumerated in the preceding paragraph.

5.4 Standards for the Qualification of Custodial Banks. To be eligible to hold Securities as collateral for an investment made by the Corporation, a custodial bank should be a member of the Federal Reserve Bank or maintain accounts with member banks to accomplish book-entry transfer of Securities to the credit of the Corporation. Transfer of Securities, whether by book entry or physical delivery, should be confirmed to in writing to the Corporation by the custodial bank. The custodian should not be the same party that is selling the Securities. To be eligible to perform custodial services, the Corporation's Directors must affirmatively find that the proposed custodial bank is financially sound.

5.5 Competitive Bids; Negotiated Prices. In connection with the purchase and sale of Securities, for each transaction in excess of two and one-half million dollars (\$2,500,000.00) (or such other threshold dollar amount as the Chief Financial Officer may specify in writing), the Corporation shall utilize competitive quotations. For each transaction which is equal to or less than two and one-half million dollars (\$2,500,000.00) (or such other threshold dollar amount as the Chief Financial Officer may specify in writing), the Corporation may utilize either competitive quotations or negotiated prices. The foregoing shall not apply to the purchase of government securities referred to in section 4.1 (1) at initial auction or to the purchase of investments referred to in section 4.1 (3) which are

new securities priced directly by the respective issuer. A complete and continuous record of all quotes, solicited and received, shall be maintained by the Treasury Department.

For each transaction (other than the purchase of governmental securities at initial auction or new securities priced directly by the respective issuer) in excess of two and one-half million dollars (or such other threshold dollar amount as the Chief Financial Officer may specify in writing), a minimum of three separate solicitations will be made on each direct purchase or sale of a Security (including a Repurchase Agreement). The transaction shall be awarded to the dealer(s) offering the highest yield or return, provided that, with respect to Repurchase Agreements, the amount of the investment with each individual firm does not exceed the investment limit referred to in Section 4.2.1 above.

- 5.6 Written Contracts and Confirmations. A written contract and/or a written confirmation shall be a required for each investment transaction. With respect to the purchase or sale of Securities other than Repurchase Agreements, the Corporation shall not be required to enter into a formal written contract, provided that the Corporation's oral instructions to its broker, dealer, agent, investment advisor or custodian with respect to such transactions are confirmed in writing at the earliest practicable moment. A written contract shall be required for each purchase and sale of a Repurchase Agreement.
- 5.7 Payment. Payment for investments shall be made only upon written confirmation of presentation of the physical Security, or in the case of book-entry form Securities, when credited for the custodian's account, which shall be segregated for UDC's sole use. The custodian may act on oral instructions from an authorized officer of the Corporation or their designee, such instructions to be confirmed in writing immediately by an authorized officer of the Custodian. Such collateral shall, on the date of purchase, be at least equal in market value to the amount of the investment.
- 5.8 Collateral. Except as specifically otherwise provided herein, the Corporation's financial interest in its investments shall be fully secured or collateralized at all times in an amount not less than the original amount invested plus accrued, unpaid interest thereon. Only Securities permissible for investment by the Corporation pursuant to these Guidelines (other than Repurchase Agreements) may be accepted as collateral. Contracts of financial guaranty, surety or other similar bonds or instruments purchased from an insurance company holding the highest rating afforded by any nationally recognized rating organization may be acceptable as collateral. Pledges of proportionate interests in pooled collateral shall not constitute acceptable collateral. In the case of certificates of deposit and demand and time deposits, collateral shall be provided for amounts in excess of the applicable limit of coverage provided by the Federal Deposit

Insurance Corporation. Collateral shall be maintained in the custody of the Corporation or an approved third party custodian at all times. To assure that, at all times, the market value of said collateral is at least equal to the original amount invested plus all accrued, unpaid interest, collateral shall be marked to market at the time the investment is made and thereafter weekly.

5.9 Operating Procedure Manual. The Corporation's Treasurer shall prepare a Standard Operating Manual for placing, controlling and reporting of all investment activity which shall be consistent with these guidelines, be approved by the Corporation's Controller or Chief Financial Officer and shall be consistent with the following:

- (a) Each disbursement of funds (and corresponding receipt of Securities) or delivery of Securities (and corresponding receipt of funds) should be based upon proper written authorization. If the authorization is initially given orally, there should be written confirmation from the Corporation's authorized officer to the custodian;
- (b) The process of initiating, reviewing and approving requests to buy and sell Securities should be documented and retained for audit purposes;
- (c) Custodians must have prior authorization from the Corporation to deliver obligations and collateral. All transactions must be confirmed in writing to the authority. Delivery of obligations sold should only be made upon receipt of funds;
- (d) Custodial banks should be required to report whenever activity has occurred in the Corporation's custodial account;
- (e) There should be at least monthly verifications of both the principal amount and the market values of all investments and collateral. Appropriate listings should be obtained from the custodian and compared against the Corporation's records;
- (f) A record of investments shall be maintained by the Corporation's Treasurer. The records should identify the Security, the fund for which held, the place where kept, date of disposition and amount realized and the market value and custodian of collateral;
- (g) The establishment and maintenance of a system of internal controls;
- (h) Methods for adding, changing or deleting information contained in the investment record, including a description of the documents to be created and verification tests to be conducted;

- (i) A data base or record incorporating descriptions and amounts of investments, transaction dates, interest rates, maturities, bond ratings, market prices and related information necessary to manage the portfolio; and
- (j) Requirements for periodic reporting and a satisfactory level of accountability.

## ARTICLE SIX

### Reports and Audits

The following reports and audits shall be prepared in connection with the Corporation's investment program.

- 6.1 Annual Investment Report. As required by Section 2925(6) of the Public Authority Law, annually the Chairman shall submit to the Directors and the Corporation shall file with the State Division of the Budget, Comptroller, State Senate Finance Committee and Assembly Ways and Means Committee an annual investment report, prepared with the assistance of the Chief Financial Officer and Controller, which shall include the following:
- 1) The Investment Guidelines required by Section 2925(3) of the Public Authorities Law and any amendments to such guidelines since the last investment report;
  - 2) An explanation of the Investment Guidelines and amendments;
  - 3) The results of the Annual Investment Audit (described below);
  - 4) The investment income record of the Corporation; and
  - 5) A list of the total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to the Corporation since the date of the last investment report.
- 6.2 Annual Investment Audit. Each year, the Corporation shall cause its independent auditors to conduct an audit (the "Annual Investment Audit") regarding the

Corporation's investments. (The Corporation's financial statements with respect to investments, which are required to be prepared in conformance with generally accepted accounting principles for governments ("GAAP"), should contain all of the note disclosures on deposits with financial institutions and investments required by the Governmental Accounting Standards Board Statements No. 3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements" dated April 1986). The Annual Investment Audit:

- 1) Shall determine whether: the Corporation complies with its own investment policies; investment assets are adequately safeguarded; adequate accounts and records are maintained which accurately reflect all transactions and report on the disposition of the Corporation's assets; and a system of adequate internal controls is maintained.
- 2) Shall determine whether the Corporation has complied with applicable laws, regulations and State Comptroller's Investment Guidelines; and
- 3) Should be designed to the extent practical to satisfy both the common interest of the Corporation and the public officials accountable to others.

6.3 Annual Investment Audit Report. The results of the Annual Investment Audit shall be set forth in a report (the "Annual Investment Audit Report") which shall include without limitation:

- 1) verification of collateral;
- 2) a description of the scope and objectives of the audit;
- 3) a statement that the audit was made in accordance with generally accepted government auditing standards;
- 4) a description of any material weaknesses found in the internal controls;
- 5) a description of all non-compliance with the Corporation's investment policies as well as applicable laws, regulations and the State Comptroller's Investment Guidelines;
- 6) a statement of positive assurance of compliance on the items tested and negative assurance on those items not tested;
- 7) a statement on any other material deficiency or finding identified during the audit not covered in (6) above; and

- 8) recommendations, if any, with respect to amendment of these Guidelines.

The Annual Investment Audit Report shall be filed within ninety (90) days after the close of the Corporation's fiscal year with the Coordinator of Public Authority Programs, Office of the State Comptroller, A. E. Smith Office Building, Albany, NY 12236.

## **ARTICLE SEVEN**

### Affirmative Action

A program of Affirmative Action shall apply with respect to UDC's corporate investment activities. UDC shall seek to encourage participation by minority and women-owned financial services firms in the conduct of UDC's corporate investment activities.

## **ARTICLE EIGHT**

### Miscellaneous

- 8.1 In connection with the Annual Investment Audit, each year the Corporation shall review these Guidelines to determine whether the Corporation shall amend or otherwise update these Guidelines.
- 8.2 The Corporation's policy regarding conflicts of interest shall be followed regarding the investment of funds.

## Explanation of Investment Guidelines & Amendments

On January 19, 1984, the New York State Urban Development Corporation adopted comprehensive corporate investment guidelines as required by Section 2925 of the New York Public Authorities Law. The Guidelines have been amended and restated over time in compliance with the requirement for periodic review and updating of investment guidelines set forth in Section 2925 and in the Investment Guidelines for Public Authorities adopted by the Comptroller of the State of New York in July 1987. The Guidelines include, among other things, a list of permitted Corporate investments, as well as procedures and provisions to secure the Corporation's financial interest in its investments. There are no recommended changes to the Investment Guidelines.

When making investment decisions the first priority that is considered is the preservation of capital; after that liquidity, and then return on investment are evaluated. There are numerous projects and programs whose funding needs must be accommodated; frequently these funding requirements occur on short notice. The safety and liquidity factors, combined with today's very low rate environment, result in a portfolio that currently has a short average maturity (for the fiscal year ended March 31, 2012 this average was 75 days).

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
New York State Urban Development  
Corporation:

We have audited the accompanying consolidated balance sheets of New York State Urban Development Corporation and Subsidiaries (the "Corporation"), a component unit of the State of New York, as of March 31, 2012 and 2011, and the related consolidated statements of revenue, expenses and changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of New York State Urban Development Corporation and Subsidiaries as of March 31, 2012 and 2011, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 8, 2012, on our consideration of New York State Urban Development Corporation and Subsidiaries' internal control over financial reporting and on our tests of their 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 and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic 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 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Toski & Co., CPAs, P.C.

Williamsville, New York  
June 8, 2012

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 the 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 year ended March 31, 2012, and have issued our report thereon dated June 8, 2012. We conducted our audit 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.

Internal Control over Financial Reporting

Management of the Corporation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's consolidated financial statements are free of 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 the consolidated financial statements 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.

This report is intended solely for the information and use of the Board of Directors, management, the New York State Legislature, the New York State Office of the State Comptroller, the New York State Senate, the New York State Division of the Budget, and the New York State Authorities Budget Office and is not intended to be and should not be used by anyone other than those specified parties.

Toski & Co., CPAs, P.C.

Williamsville, New York  
June 8, 2012

## INDEPENDENT AUDITORS' REPORT ON INVESTMENT COMPLIANCE

The Board of Directors  
New York State Urban Development  
Corporation:

We have examined the New York State Urban Development Corporation and Subsidiaries' (the "Corporation") a component unit of the State of New York, compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York during the year ended March 31, 2012. Management is responsible for the Corporation's compliance with those requirements. Our responsibility is to express an opinion on the Corporation's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Corporation's compliance with specified requirements.

In our opinion, the Corporation complied, in all material respects, with the aforementioned requirements during the year ended March 31, 2012.

In accordance with Government Auditing Standards, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grants, and abuse that are material to 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 and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Corporation complied with the aforementioned requirements and not for the purpose of expressing an opinion on internal control over compliance with those requirements or other matters; accordingly, we express no such opinion. The results of our tests disclosed no matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Directors, management, the New York State Legislature, the New York State Office of the State Comptroller, the New York State Senate, the New York State Division of the Budget, and the New York State Authorities Budget Office and is not intended to be and should not be used by anyone other than those specified parties.

Toski & Co., CPAs, P.C.

Williamsville, New York  
June 8, 2012

**EMPIRE STATE DEVELOPMENT  
INVESTMENT SUMMARY OF ALL FUNDS  
AS OF MARCH 31, 2012**

<u>FUNDS/PROGRAMS (a)</u>	<u>AMOUNT</u> (S000'S) <u>(PAR)</u>	<u>AVERAGE</u> <u>WEIGHTED</u> <u>YIELD</u> <u>(%)</u>	<u>AVERAGE</u> <u>WEIGHTED</u> <u>MATURITY</u> <u>(DAYS)</u>
<b>CORPORATE</b>	<b>254,045</b>		
CORP. RESERVES, OPERATIONS & ESCROW FUNDS (b)	197,013	0.14	114
125 MAIDEN LANE FUND (025)	57,032	0.07	75
<b>EXCELSIOR LINKED DEPOSIT PROGRAM FUNDS (i)</b>	<b>9,276</b>		
ELDP (010)	9,276	0.12	175
<small>(i) YIELD IS REDUCED DUE TO SUBSIDY PROGRAM</small>			
<b>PORT DIST. REG'L PROM. &amp; WTC LOAN GUAR. RESRV. FUND</b>	<b>897</b>		
WTC RESERVE - JPM CHASE (044)	897	0.05	19
<b>ECONOMIC DEVELOPMENT PROGRAM FUNDS</b>	<b>324,592</b>		
ED FUNDS (POOLED INVESTMENT) (010)	59,235	0.02	4
EMPIRE STATE ED PROGRAM (050)	5,689	0.04	41
USA NIAGARA (085)	10,313	0.05	30
SPECIAL LEGISLATIVE INITIATIVES (199)	13,996	0.04	57
HIGH RISK MINORITY REVOLVING LOAN FUND (201)	6,507	0.01	6
HCDC VICTORIA THEATRE (249)	915	0.07	54
COMMUNITY PROJECT FUND MISC. (212)	4,991	0.05	44
MINORITY & WOMEN BUSINESS DEV. LENDING (218)	2,933	0.05	2
QUEENS WEST DEV. CORP. (460)	9,143	0.03	30
REGIONAL REVOLVING LOAN TRUST FUND LOCAL ASST. (225)	2,459	0.09	69
URBAN & COMMUNITY DEV PROG. (226)	2,205	0.08	70
REGIONAL ECONOMIC DEV. LOCAL ASST. (262)	1,994	0.03	19
ED GENERAL (310)	19,333	0.05	62
REGIONAL ECONOMIC DEV. PARTNERSHIP (312)	2,482	0.06	16
ERIE CANAL HARBOR DEV. (322)	10,000	0.05	30
NEW NEW YORK (474C)	2,493	0.10	83
ED INCOME (618P)	4,855	0.04	40
INTEREST SUBSIDY FUND (054)	1,986	0.04	51
EMPOWERMENT ZONE - CITY (053)	16,028	0.03	45
FARLEY BUILDING (012)	851	0.07	4
TENANT REPAIR LOSS (029)	6,505	0.03	3
PA DISNEY TRUST NEW AMSTERDAM (504)	10,231	0.05	44
SITE 7 FEE & FIXTURE (511)	1,115	0.03	16
42ND PUBLIC PURPOSE FUND (513)	50,598	0.04	34
42ND SITE 7 TRUST FUND ACCOUNT (516)	12,571	0.06	32
42ND SITE 1, 3, 4 & 12 TRUST (523)	17,006	0.04	65
42ND SITE 8 NTH TRUST FUND (520)	2,503	0.04	51
42ND SITE 8 STH TRUST FUND (527)	5,168	0.04	31
42ND SITE 8 STH SAC FUND (524)	1,001	0.10	83
ONE BRYANT PARK GENERAL REVENUE (529)	6,721	0.07	46
OPEB LIABILITY ACCT (026C)	15,013	0.05	45
ED PROGRAM FUND 2010 (143)	1,495	0.03	16
MERF (146)	9,507	0.03	24
MOYNIHAN PHASE I (102)	6,750	0.01	5
<b>FARLEY CERTIF.'S OF PARTICIPATION 2010</b>	<b>2,820</b>		
CAPITALIZED INTEREST FUND (432)	2,820	0.99	118
<b>CORP. PURP. SENIOR LIEN '96 BONDS</b>	<b>7,594</b>		
REDEMPTION FUND (421)	7,594	0.03	40
<b>CORP. PURP. SUBORD. LIEN '96 BONDS &amp; RELATED HOUSING FUNDS</b>	<b>129,606</b>		
INTEREST FUND (416)	1,176	0.03	89
PRINCIPAL FUND (417)	2,077	0.03	89
DEBT SERVICE RESERVE FUND (424)	11,916	0.03	20
EXCESS RECOVERY (008)	35,365	0.06	44

EMPIRE STATE DEVELOPMENT  
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AS OF MARCH 31, 2012

<u>FUNDS/PROGRAMS (a)</u>	<u>AMOUNT</u> (S000'S) <u>(PAR)</u>	<u>AVERAGE</u> <u>WEIGHTED</u> <u>YIELD</u> <u>(%)</u>	<u>AVERAGE</u> <u>WEIGHTED</u> <u>MATURITY</u> <u>(DAYS)</u>
HOUSING & ED LOAN ESCROW (010)	3,345	0.15	90
UNITY PARK II CHERRY HILL (423)	2,891	0.03	72
HOUSING REPAIRS RESERVE (007)	72,836	0.08	139
<b>CORP. PURP. SUBORDINATE LIEN '04A BONDS</b>	<b>46,722</b>		
DEBT SERVICE RESERVE FUND (794)	7,475	4.78	745
REVENUE FUND (799)	39,247	0.05	98
<b>UDC/COMMUNITY ENHANCEMENT FACILITIES -SERIES 1998</b>	<b>8,793</b>		
ERJE CO. STAD. CONSTRUCTION FUND (060)	4,700	0.01	3
DEBT SERVICE RESERVE FUND (768)	4,093	3.37	387
<b>UDC/CLARKSON UNIVERSITY LOAN '95 REFUNDING</b>	<b>517</b>		
DEBT SERVICE RESERVE FUND (625)	517	3.11	1,032
<b>UDC/COLUMBIA UNIVERSITY PROJECT REVENUE BONDS</b>	<b>911</b>		
BOND SERVICE FUND (415)	911	0.09	89
<b>UDC/COLUMBIA UNIVERSITY LOAN PROJECT REVENUE BONDS</b>	<b>4,962</b>		
DEBT SERVICE RESERVE FUND (378)	4,962	0.10	257
<b>UDC/CORNELL UNIVERSITY LOAN PROJECT REVENUE BONDS</b>	<b>827</b>		
DEBT SERVICE RESERVE FUND (381)	700	0.10	257
BOND SERVICE FUND (380)	127	0.08	89
<b>UDC/STATE OFFICE FACILITIES BONDS '95 REFUNDING</b>	<b>10,297</b>		
DEBT SERVICE RESERVE FUND (618)	10,297	0.05	19
<b>UDC/RPI - PROJECT REVENUE BONDS '95 REFUNDING</b>	<b>4,210</b>		
DEBT SERVICE RESERVE FUND (636)	4,210	0.04	89
<b>UDC/SYRACUSE UNIVERSITY LOAN '95 REFUNDING</b>	<b>2,653</b>		
DEBT SERVICE RESERVE FUND (634)	2,653	0.05	101
<b>UDC/UNIVERSITY GRANTS '95 REFUNDING</b>	<b>881</b>		
DEBT SERVICE RESERVE FUND (609)	881	0.02	47
<b>UDC/CORRECTIONAL FACILITIES REVENUE BONDS- A THRU G</b>	<b>14,545</b>		
DEBT SERVICE RESERVE FUND-A THRU G (369)	14,545	0.01	12
<b>UDC/PERS. INC. TAX '02 A</b>	<b>29</b>		
YOUTH PROJ. FUND (764)	29	0.03	5
<b>UDC/PERS. INC. TAX '02 C1</b>	<b>421</b>		
CORRECTIONAL PROJ. FUND (747)	370	0.03	5
STATE PROJECT PROJ. FUND (750)	51	0.05	19
<b>UDC/PERS. INC. TAX '02 D</b>	<b>138</b>		
S.I.P. PROJ. FUND (755)	138	0.03	5
<b>UDC/PERS. INC. TAX '03 A1</b>	<b>115</b>		
CCAP PROJ. FUND (757)	41	0.02	5
EOF PROJ. FUND (758)	74	0.03	5
<b>UDC/PERS. INC. TAX '03 A2</b>	<b>28</b>		

EMPIRE STATE DEVELOPMENT  
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AS OF MARCH 31, 2012

<u>FUNDS/PROGRAMS (a)</u>	<u>AMOUNT</u> (S000'S) <u>(PAR)</u>	<u>AVERAGE</u> <u>WEIGHTED</u> <u>YIELD</u> <u>(%)</u>	<u>AVERAGE</u> <u>WEIGHTED</u> <u>MATURITY</u> <u>(DAYS)</u>
ALBANY COE PROJ. FUND (759)	28	0.03	5
<b>UDC/PERS. INC. TAX '03 B</b>	<b>466</b>		
CORR. PROJ. FUND (808)	149	0.05	19
EQUIP. PROJ. FUND (777)	143	0.02	5
HOMELAND PROJ. FUND (766)	41	0.02	5
A.E.S. PROJ. FUND (779)	97	0.05	19
YOUTH PROJ. FUND (770)	36	0.05	19
<b>UDC/PERS. INC. TAX '03 C1</b>	<b>1,034</b>		
CCAP PROJ. FUND (771)	101	0.03	5
EOF PROJ. FUND (772)	575	0.02	5
SPORT PROJ. FUND (773)	358	0.02	5
<b>UDC/PERS. INC. TAX '04 A1</b>	<b>1,085</b>		
CORR. PROJ. FUND (812)	59	0.02	5
EQUIP. PROJ. FUND (817)	478	0.03	5
A.E.S. PROJ. FUND (814)	548	0.02	5
<b>UDC/PERS. INC. TAX '04 A3</b>	<b>850</b>		
BOND SERVICE FUND (821)	850	0.03	13
<b>UDC/PERS. INC. TAX '04 A4</b>	<b>61</b>		
EQUIP. PROJ. FUND (837)	61	0.02	5
<b>UDC/PERS. INC. TAX '04 B1</b>	<b>48</b>		
EOF FUND (825)	48	0.03	5
<b>UDC/PERS. INC. TAX '04 B2</b>	<b>110</b>		
CCAP PROJ. FUND (838)	51	0.02	5
EOF FUND (836)	59	0.02	5
<b>UDC/PERS. INC. TAX '04 B3</b>	<b>7,721</b>		
EOF FUND (823)	7,721	0.05	21
<b>UDC/PERS. INC. TAX '05 A1</b>	<b>10,112</b>		
EOF PROJ. FUND (848)	88	0.02	47
NED PROJ. FUND (847)	10,024	0.05	19
<b>UDC/PERS. INC. TAX '05 A2</b>	<b>101</b>		
EOF PROJ. FUND (849)	65	0.02	47
REG PROJ. FUND (850)	36	0.02	47
<b>UDC/PERS. INC. TAX '05 B</b>	<b>2,231</b>		
CORR. PROJ. FUND (862)	181	0.02	47
EQUIP. PROJ. FUND (868)	1,163	0.02	47
ELK ST. PROJ. FUND (866)	887	0.02	47
<b>UDC/PERS. INC. TAX '07 A</b>	<b>214</b>		
QUEENS STADIUM FUND (871)	158	0.02	47
NED FUND (872)	33	0.02	47
RED FUND (873)	23	0.02	47
<b>UDC/PERS. INC. TAX '07 B</b>	<b>195</b>		
CORRECTIONAL FUND (875)	39	0.02	47
STATE PROJECT PROJ. FUND (877)	33	0.02	47
EQUIP. PROJ. FUND (880)	123	0.02	47

**EMPIRE STATE DEVELOPMENT  
INVESTMENT SUMMARY OF ALL FUNDS  
AS OF MARCH 31, 2012**

<u>FUNDS/PROGRAMS (a)</u>	<u>AMOUNT (S000'S) (PAR)</u>	<u>AVERAGE WEIGHTED YIELD (%)</u>	<u>AVERAGE WEIGHTED MATURITY (DAYS)</u>
UDC/PERS. INC. TAX '07 C	<b>6,180</b>		
CORRECTIONAL FUND (891)	168	0.07	82
STATE PROJECT FUND (889)	3	0.07	82
EQUIP. PROJ. FUND (886)	6,009	0.05	22
UDC/PERS. INC. TAX '08 A1	<b>11,790</b>		
ATLANTIC YARDS FUND (905)	221	0.07	82
BUFFALO FUND (901)	236	0.07	82
COMM. CAPITAL ASST. FUND (896)	1,814	0.02	12
CEFAP FUND (902)	4,783	0.05	13
CULTURAL FUND (899)	841	0.07	82
ECON. DEVELOPMENT FUND (898)	2,601	0.05	19
EOF FUND (895)	81	0.07	82
SIP FUND (903)	761	0.07	82
TECHNOLOGY FUND (897)	63	0.07	82
UNIVERSITY DEVELOPMENT FUND (900)	57	0.07	82
YANKEE STADIUM FUND (904)	332	0.07	82
UDC/PERS. INC. TAX '08 A2	<b>440</b>		
TECHNOLOGY FUND (907)	440	0.07	82
UDC/PERS. INC. TAX '09 A1	<b>3,347</b>		
UPSTATE REG'L BLUEPRINT (921)	1,575	0.03	19
YANKEES (923)	20	0.02	47
ATLANTIC YARDS (924)	33	0.05	19
RESTORE (927)	25	0.05	19
LUTHER FOREST (930)	21	0.05	19
ECON. DEVELOPMENT (932)	1,673	0.04	26
UDC/PERS. INC. TAX '09 A2	<b>45</b>		
SEMATECH (925)	45	0.02	47
UDC/PERS. INC. TAX '09 B1	<b>7,276</b>		
CORRECTIONAL (937)	86	0.02	47
EQUIPMENT (939)	7,094	0.05	19
OFT DATA CENTER (942)	67	0.02	47
OGS CAPITAL (944)	29	0.02	47
UDC/ CORR./YOUTH S.C.REF. '02B	<b>1,090</b>		
BOND SERVICE FUND (744)	1,090	0.02	5
UDC/ S.C.REFUNDING 2008 A&B	<b>1,060</b>		
BOND SRV (910)	1,060	0.05	5
UDC/ S.C.REFUNDING 2011 A	<b>57</b>		
COI (996)	57	0.05	26
UDC/ STPIT GEN 09C	<b>70,912</b>		
ARTS & CULTURE (949)	1,876	0.04	19
CAPITAL PROJECT (950)	14,749	0.05	19
COMM CAP (951)	7,695	0.05	19
CEFAP (952)	8,415	0.05	19
DWNSTREVITAL (954)	3,504	0.05	19
EMP OPP (957)	1,896	0.05	19
NYSSEDAP (958)	3,353	0.05	19
NYSTDP (960)	1,797	0.02	61

**EMPIRE STATE DEVELOPMENT  
INVESTMENT SUMMARY OF ALL FUNDS  
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<u>FUNDS/PROGRAMS (a)</u>	<u>AMOUNT (S000'S) (PAR)</u>	<u>AVERAGE WEIGHTED YIELD (%)</u>	<u>AVERAGE WEIGHTED MATURITY (DAYS)</u>
RESTORE NY (961)	40	0.05	19
SIP (962)	5,686	0.05	67
UPSTCTYBCTY (965)	23	0.05	19
UPSTREGBLUE (966)	6,308	0.05	12
HOUSING (967)	48	0.03	5
CORR FAC (968)	28	0.07	82
EQUIP (969)	15,494	0.04	13
<b>UDC/ STPIT GEN 09D</b>	<b>29,353</b>		
SEMATECH TX (972)	471	0.05	19
HOUSING TX (973)	34	0.03	19
CAP PROJ IBM TX (974)	10,084	0.05	19
DWNSTREGPR IBM TX (975)	9,327	0.05	44
NYEDAP PROJ TX (977)	1,601	0.02	61
NYSTDF IBM TX (978)	607	0.05	19
UPSTREGBLUE TX (979)	7,229	0.05	12
<b>UDC/ STPIT GEN 09E</b>	<b>283</b>		
BAB AMD (982)	208	0.07	82
BAB CORR FAC (983)	52	0.07	82
BAB YOUTH FAC (984)	4	0.07	82
BAB ST POLICE (985)	9	0.07	82
BAB AG & MARKET (987)	5	0.05	19
BAB STATE PROJECT (988)	5	0.07	82
<b>UDC/ SERVCNTRCT REV REF 10A&amp;B</b>	<b>31</b>		
SERVCTCNTRCT 10B COI (994)	31	0.07	19
<b>UDC/ STPIT GEN 10A</b>	<b>137,209</b>		
STIPTGEN 10ABC COI (001)	51	0.05	19
STIPTGEN 10A ADELPHI (003)	632	0.03	19
STIPTGEN 10A DWNSTREVITAL (004)	2,329	0.03	19
STIPTGEN 10A UPSTCTYBCTY (008)	18,433	0.05	19
STIPTGEN 10A EQUIP (010)	76,947	0.05	23
STIPTGEN 10A CORR FAC (029)	6,008	0.05	19
STIPTGEN 10A CAP PROJ (011)	13,515	0.05	19
STIPTGEN 10A UPSTREGBLUE (013)	11,515	0.05	19
STIPTGEN 10A NYSEDAP (014)	7,714	0.05	19
STIPTGEN 10A AMD (015)	65	0.01	19
<b>UDC/ STPIT GEN 10B</b>	<b>38,158</b>		
STIPTGEN 10B TX UPSTAGR (017)	3,001	0.05	19
STIPTGEN 10B TX GIPEC (018)	10,005	0.05	19
STIPTGEN 10B TX SEMATECH (019)	25	0.02	5
STIPTGEN 10B TX NYRA (020)	25,127	0.03	61
<b>UDC/ STPIT GEN 10C</b>	<b>5,164</b>		
STIPTGEN 10C BAB AMD (022)	40	0.05	19
STIPTGEN 10C BAB CORR FAC (023)	5,108	0.05	19
STIPTGEN 10C BAB YTH FAC (024)	6	0.03	19
STIPTGEN 10C BAB ST POLICE (025)	10	0.03	61
<b>UDC/ STPIT GEN 11A</b>	<b>456,233</b>		
STIPTGEN 11AB COI (030)	185	0.05	19
STIPTGEN 11A DOWNSTATE REGL (032)	1,437	0.03	19
STIPTGEN 11A DOWNSTATE REVIT (033)	3,365	0.05	66
STIPTGEN 11A EOF-OFF BDGT (035)	2,008	0.03	19

EMPIRE STATE DEVELOPMENT  
INVESTMENT SUMMARY OF ALL FUNDS  
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STIPTGEN 11A EOF-ON BDGT (036)	22,253	0.05	42
STIPTGEN 11A LUTHER (037)	1,218	0.03	19
STIPTGEN 11A NYSEDP JAVITS (038)	1,000	0.03	19
STIPTGEN 11A NYSEDP UPSTAD (039)	1,877	0.03	19
STIPTGEN 11A NYSTDP (040)	1,428	0.05	66
STIPTGEN 11A RESTORE NY (041)	15,689	0.05	19
STIPTGEN 11A SUBSUNY (042)	337	0.03	19
STIPTGEN 11A UPST CTY-BY-CTY (043)	14,793	0.05	35
STIPTGEN 11A CAPITAL PROJ (044)	29,917	0.05	19
STIPTGEN 11A UPST REGL BLUE (045)	3,109	0.05	66
STIPTGEN 11A EQUIPMT (046)	70,565	0.05	42
STIPTGEN 11A CORRECTIONAL (047)	244,286	0.05	43
STIPTGEN 11A YOUTH (048)	9,454	0.05	19
STIPTGEN 11A ST POLICE (049)	17,123	0.05	19
STIPTGEN 11A AG & MRKT FD LB (051)	7,665	0.05	43
STIPTGEN 11A HOMELAND (052)	6,500	0.05	55
STIPTGEN 11A HOUSING (053)	2,024	0.02	61
<b>UDC/STPIT GEN 11B</b>	<b>24,433</b>		
STIPTGEN 11B DWNST REVITAL (055)	2,000	0.05	66
STIPTGEN 11B CAPITAL PROJ (056)	6,916	0.05	66
STIPTGEN 11B EDF (057)	200	0.05	66
STIPTGEN 11B EOF-OFF BDGT (058)	600	0.03	19
STIPTGEN 11B NYSEDAP (059)	1,900	0.05	66
STIPTGEN 11B NYSEDP JAVITS (062)	5,051	0.05	66
STIPTGEN 11B NYSTDP (063)	1,920	0.05	66
STIPTGEN 11B UPST REGL BLUE (064)	5,846	0.05	66
<b>UDC/PORT DISTRICT ED CAPITAL PROGRAM</b>	<b>8,296</b>		
PDEDC (417)	8,296	0.04	64
<b>TOTAL</b>	<b>1,650,465</b>		

**PORTFOLIO AS OF 3/31/12** AVG. WTD YIELD = 0.09 %  
AVG. WTD DAYS TO MATURITY = 72

(a) INCLUDING BANK ACCOUNT CODE

(b) THIS ACCOUNT INCLUDES APPROXIMATELY \$16.6 MILLION IN STATE APPROPRIATIONS FOR APRIL 1, 2012 DEBT SERVICE

**EMPIRE STATE DEVELOPMENT  
SUMMARY OF INVESTMENT EARNINGS  
FOR FISCAL YEAR ENDED 3/31/12**

FUND TYPE	TOTAL EARNINGS (\$'s)
<b><u>CORPORATE FUNDS</u></b>	
-CORPORATE FUNDS (a)	435,242
-CORPORATE PURPOSE SUB. LIEN '96 (b)	154,516
-CORPORATE PURPOSE BOND REDEMPTION	8,351
-CORPORATE PURPOSE SENIOR LIEN '01	538
-CORPORATE PURPOSE SUB. LIEN '04A	<u>358,299</u>
(a) INCLUDES EARNINGS ON 125 MAIDEN LANE FUND & ELDP PROGRAM (b) INCLUDES RELATED HOUSING FUNDS	<b>TOTAL CORPORATE</b>
	<b><u>956,946</u></b>
 <b><u>REVENUE BOND FUNDS</u></b>	
-RPI RESEARCH CENTER '95 REFUNDING	4,619
-SYRACUSE UNIVERSITY LOAN '95 REF. DERF	1,939
-CORNELL UNIVERSITY LOAN	10,758
-COLUMBIA UNIVERSITY LOAN	76,228
-CLARKSON UNIVERSITY LOAN '95 REFUNDING	17,025
-UNIVERSITY FAC. GRANTS '95 REF. DSRF	247
-ERIE COUNTY STADIUM FUND	1,413
-COMM. ENHANCEMENT FAC. ASST. PRG. '98	137,650
-FARLEY 2010 CERT. OF PARTICIPATION	49,323
-STATE FACILITIES '95 REFUNDING DSRF	1,279
-CORRECTIONAL FACILITIES-"A THRU G" DSRF	68,526
-CORRECTIONAL & YOUTH FAC.'S SERV.CONT.REF. 2002	86
-SERVICE CONTRACT REFUNDING 2008A	960
-SERVICE CONTRACT REFUNDING 2010A	27
-SERVICE CONTRACT REFUNDING 2010B	0
-PERSONAL INCOME TAX '02 A, B	6
-PERSONAL INCOME TAX '02 C1, C2, D	89
-PERSONAL INCOME TAX '03 A1, A2	68
-PERSONAL INCOME TAX '03 B, C1, C2	126
-PERSONAL INCOME TAX '04 A1, A2, A3, A4, B1, B2, B3	2,910
-PERSONAL INCOME TAX '05 A1	1,657
-PERSONAL INCOME TAX '05 A2	63
-PERSONAL INCOME TAX '05 B	258
-PERSONAL INCOME TAX '07 A, B	33
-PERSONAL INCOME TAX '07 C	1,364
-PERSONAL INCOME TAX '08 A1, A2	1,744
-PERSONAL INCOME TAX '09 A1, A2	1,955
-PERSONAL INCOME TAX '09 B1, B2	1,609
-PERSONAL INCOME TAX '09 C	20,808
-PERSONAL INCOME TAX '09 D	8,969
-PERSONAL INCOME TAX '09 E	273
-PERSONAL INCOME TAX '10 A	45,298
-PERSONAL INCOME TAX '10 B	48,341
-PERSONAL INCOME TAX '10 C	28,533
-PERSONAL INCOME TAX '11 A	38,184
-PERSONAL INCOME TAX '11 B	<u>6,591</u>
<b>TOTAL REVENUE BOND</b>	<b><u>578,959</u></b>

EMPIRE STATE DEVELOPMENT  
 SUMMARY OF INVESTMENT EARNINGS  
FOR FISCAL YEAR ENDED 3/31/12

FUND TYPE	TOTAL EARNINGS (\$'s)
<u>ECONOMIC DEVELOPMENT FUNDS</u>	
-E.D. SPECIAL PROJECTS & PROGRAM FUNDS	249,306
-42ND STREET DEVELOPMENT PROJECT/TIMES SQUARE	106,816
-PORT DISTRICT ED CAPITAL PROGRAM	<u>5,414</u>
<b>TOTAL ECONOMIC DEVELOPMENT</b>	<b><u>361,536</u></b>

GRAND TOTAL	1,897,441
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AVERAGE YIELD FISCAL YEAR 2011/2012	0.10%
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NEW YORK STATE URBAN DEVELOPMENT CORPORATION  
D/B/A EMPIRE STATE DEVELOPMENT

Statement of Fees, Commissions and Related Service Charges for  
The Period April 1, 2011 through March 31, 2012

ESD DOES NOT PAY FEES, COMMISSIONS, OR ANY OTHER CHARGES TO ANY OF THE BROKERS/DEALERS IN CONNECTION WITH ITS INVESTMENT TRANSACTIONS. ESD DOES NOT UTILIZE INVESTMENT ADVISORS FOR INVESTMENT ASSOCIATED SERVICES.

NEW YORK STATE URBAN DEVELOPMENT CORPORATION d/b/a ESD  
 POSITION REPORT WITH MARKET VALUE AS OF MARCH 31, 2012 SUMMARY

	PAR	COST	% COST VALUE	MARKET VALUE (B)
CERTIFICATE OF DEPOSIT	\$9,276,529.00	\$9,276,529.00	0.56%	\$9,276,529.00
COMMERCIAL PAPER	\$59,235,000.00	\$59,235,000.00	3.59%	\$59,235,000.00
U.S. AGENCY NOTES/BONDS	\$11,070,000.00	\$10,684,704.76	0.65%	\$11,783,608.05
U.S. AGENCY DISCOUNT NOTES/BONDS (A)	\$929,281,000.00	\$928,890,802.51	56.31%	\$929,058,500.50
MUNICIPALS AND S.L.G.'s	\$3,132,506.00	\$3,185,745.65	0.19%	\$3,159,802.25
U.S. TREASURY BILLS (A)	\$638,470,000.00	\$638,439,047.04	38.70%	\$638,441,904.63
TOTAL (C)	\$1,650,465,035.00	\$1,649,711,828.96	100.00%	\$1,650,955,344.43

(A) TRADED ON A DISCOUNT BASIS

(B) THE MARKET VALUE OF THE SECURITY IS CALCULATED USING PRICES

FROM BLOOMBERG INFORMATION SERVICE (OR BROKER) AS OF MARCH 31, 2012

(C) POSITION INCLUDES APPROXIMATELY \$ 16.6 MILLION STATE APPROPRIATION FOR APRIL 1, 2012 DEBT SERVICE

New York State Urban Development Corp. d/b/a ESD  
Investment Position Report  
As of 3/31/12

BAC	DEAL ID	Instrument Type	Rate	Settle Date	Maturity Date	Market Price		Par Amount (\$'s)	Cost (Incl Purch Int) (\$'s)
						a/o 3/31/12	Market Value (\$'s)		
010C	1000016539	Certificate of Deposit	0.000	4/8/2011	4/9/2012		254,385.00	254,385.00	254,385.00
010C	1000016548	Certificate of Deposit	0.215	4/12/2011	4/12/2012		82,000.00	82,000.00	82,000.00
010C	1000016578	Certificate of Deposit	0.000	4/18/2011	4/18/2012		164,000.00	164,000.00	164,000.00
010C	1000016579	Certificate of Deposit	0.000	4/18/2011	4/18/2012		84,000.00	84,000.00	84,000.00
010C	1000016580	Certificate of Deposit	0.000	4/18/2011	4/18/2012		78,986.00	78,986.00	78,986.00
010C	1000016646	Certificate of Deposit	0.000	4/27/2011	4/27/2012		29,648.00	29,648.00	29,648.00
010C	1000016647	Certificate of Deposit	0.000	4/27/2011	4/27/2012		141,507.00	141,507.00	141,507.00
010C	1000016760	Certificate of Deposit	0.000	5/2/2011	5/2/2012		175,750.00	175,750.00	175,750.00
010C	1000016815	Certificate of Deposit	0.000	5/17/2011	5/17/2012		41,000.00	41,000.00	41,000.00
010C	1000016816	Certificate of Deposit	0.000	5/17/2011	5/17/2012		134,000.00	134,000.00	134,000.00
010C	1000016851	Certificate of Deposit	0.440	5/20/2011	5/18/2012		71,000.00	71,000.00	71,000.00
010C	1000016852	Certificate of Deposit	0.440	5/20/2011	5/18/2012		69,000.00	69,000.00	69,000.00
010C	1000017104	Certificate of Deposit	0.008	6/22/2011	6/22/2012		51,000.00	51,000.00	51,000.00
010C	1000017107	Certificate of Deposit	2.160	6/23/2011	6/22/2012		8,000.00	8,000.00	8,000.00
010C	1000017108	Certificate of Deposit	2.160	6/23/2011	6/22/2012		36,000.00	36,000.00	36,000.00
010C	1000017178	Certificate of Deposit	0.000	6/24/2011	6/22/2012		477,500.00	477,500.00	477,500.00
010C	1000017179	Certificate of Deposit	0.734	6/24/2011	6/22/2012		47,000.00	47,000.00	47,000.00
010C	1000017292	Certificate of Deposit	0.650	7/7/2011	7/6/2012		104,804.00	104,804.00	104,804.00
010C	1000017293	Certificate of Deposit	0.000	7/7/2011	7/6/2012		124,611.00	124,611.00	124,611.00
010C	1000017339	Certificate of Deposit	0.663	7/15/2011	7/13/2012		65,000.00	65,000.00	65,000.00
010C	1000017556	Certificate of Deposit	0.734	8/5/2011	8/3/2012		51,000.00	51,000.00	51,000.00
010C	1000017567	Certificate of Deposit	0.000	8/9/2011	8/9/2012		383,000.00	383,000.00	383,000.00
010C	1000017577	Certificate of Deposit	0.000	8/12/2011	8/10/2012		177,000.00	177,000.00	177,000.00
010C	1000017585	Certificate of Deposit	0.000	8/15/2011	8/15/2012		275,010.00	275,010.00	275,010.00
010C	1000017586	Certificate of Deposit	0.000	8/15/2011	8/15/2012		135,000.00	135,000.00	135,000.00
010C	1000017587	Certificate of Deposit	0.000	8/15/2011	8/15/2012		364,500.00	364,500.00	364,500.00
010C	1000017588	Certificate of Deposit	0.000	8/15/2011	8/15/2012		308,450.00	308,450.00	308,450.00
010C	1000017589	Certificate of Deposit	0.000	8/15/2011	8/15/2012		273,974.00	273,974.00	273,974.00
010C	1000017626	Certificate of Deposit	0.000	8/19/2011	8/17/2012		115,709.00	115,709.00	115,709.00
010C	1000017805	Certificate of Deposit	0.000	9/13/2011	9/12/2012		433,775.00	433,775.00	433,775.00
010C	1000017975	Certificate of Deposit	1.810	10/7/2011	10/5/2012		46,000.00	46,000.00	46,000.00
010C	1000017976	Certificate of Deposit	0.470	10/7/2011	10/5/2012		86,482.00	86,482.00	86,482.00
010C	1000018022	Certificate of Deposit	0.000	10/14/2011	10/12/2012		440,409.00	440,409.00	440,409.00
010C	1000018030	Certificate of Deposit	0.000	10/18/2011	10/17/2012		106,921.00	106,921.00	106,921.00
010C	1000018034	Certificate of Deposit	0.000	10/19/2011	10/18/2012		314,644.00	314,644.00	314,644.00

New York State Urban Development Corp. d/b/a ESD  
Investment Position Report  
As of 3/31/12

BAC	DEAL ID	Instrument Type	Rate	Settle Date	Maturity Date	Market Price a/o 3/31/12	Market Value (\$'s)	Par Amount (\$'s)	Cost (Incl Purch Int) (\$'s)
010C	1000018035	Certificate of Deposit	1.590	10/20/2011	10/19/2012		103,556.00	103,556.00	103,556.00
010C	1000018068	Certificate of Deposit	0.256	10/26/2011	10/25/2012		46,000.00	46,000.00	46,000.00
010C	1000018137	Certificate of Deposit	0.000	11/8/2011	11/7/2012		73,000.00	73,000.00	73,000.00
010C	1000018159	Certificate of Deposit	0.320	11/16/2011	11/15/2012		60,000.00	60,000.00	60,000.00
010C	1000018160	Certificate of Deposit	0.320	11/16/2011	11/15/2012		21,000.00	21,000.00	21,000.00
010C	1000018249	Certificate of Deposit	0.000	12/5/2011	12/4/2012		498,200.00	498,200.00	498,200.00
010C	1000018255	Certificate of Deposit	0.000	12/6/2011	12/5/2012		55,000.00	55,000.00	55,000.00
010C	1000018262	Certificate of Deposit	1.302	12/8/2011	12/7/2012		32,000.00	32,000.00	32,000.00
010C	1000018329	Certificate of Deposit	0.600	12/16/2011	12/14/2012		44,000.00	44,000.00	44,000.00
010C	1000018330	Certificate of Deposit	0.180	12/16/2011	12/14/2012		37,000.00	37,000.00	37,000.00
010C	1000018331	Certificate of Deposit	1.680	12/16/2011	12/14/2012		170,000.00	170,000.00	170,000.00
010C	1000018398	Certificate of Deposit	0.000	12/22/2011	12/21/2012		366,000.00	366,000.00	366,000.00
010C	1000018431	Certificate of Deposit	0.440	12/23/2011	12/21/2012		39,000.00	39,000.00	39,000.00
010C	1000018491	Certificate of Deposit	0.000	12/30/2011	12/28/2012		81,000.00	81,000.00	81,000.00
010C	1000018492	Certificate of Deposit	0.000	12/30/2011	12/28/2012		309,900.00	309,900.00	309,900.00
010C	1000018534	Certificate of Deposit	0.000	1/9/2012	1/8/2013		287,550.00	287,550.00	287,550.00
010C	1000018535	Certificate of Deposit	0.000	1/9/2012	1/8/2013		80,000.00	80,000.00	80,000.00
010C	1000018552	Certificate of Deposit	0.000	1/13/2012	1/11/2013		500,000.00	500,000.00	500,000.00
010C	1000018553	Certificate of Deposit	0.000	1/13/2012	1/11/2013		66,000.00	66,000.00	66,000.00
010C	1000018554	Certificate of Deposit	0.020	1/13/2012	1/11/2013		164,700.00	164,700.00	164,700.00
010C	1000018555	Certificate of Deposit	1.000	1/13/2012	1/11/2013		8,257.00	8,257.00	8,257.00
010C	1000018556	Certificate of Deposit	1.000	1/13/2012	1/11/2013		18,401.00	18,401.00	18,401.00
010C	1000018626	Certificate of Deposit	0.000	2/7/2012	2/6/2013		15,900.00	15,900.00	15,900.00
010C	1000018627	Certificate of Deposit	0.000	2/7/2012	2/6/2013		169,000.00	169,000.00	169,000.00
010C	1000018632	Certificate of Deposit	0.205	2/8/2012	2/7/2013		29,000.00	29,000.00	29,000.00
010C	1000018639	Certificate of Deposit	0.000	2/9/2012	2/8/2013		39,000.00	39,000.00	39,000.00
010C	1000018678	Certificate of Deposit	0.000	2/14/2012	2/13/2013		41,000.00	41,000.00	41,000.00
010C	1000018695	Certificate of Deposit	0.460	2/17/2012	2/15/2013		18,000.00	18,000.00	18,000.00
010C	1000018757	Certificate of Deposit	0.000	3/2/2012	3/1/2013		47,000.00	47,000.00	47,000.00
010C	1000018827	Certificate of Deposit	0.000	3/20/2012	3/20/2013		20,000.00	20,000.00	20,000.00
010C	1000018858	Certificate of Deposit	0.000	3/23/2012	3/22/2013		44,000.00	44,000.00	44,000.00
010C	1000018920	Certificate of Deposit	0.710	3/30/2012	3/29/2013		42,000.00	42,000.00	42,000.00
							9,276,529.00	9,276,529.00	9,276,529.00
010C	1000018907	Commercial Paper	0.020	3/28/2012	4/4/2012		23,063,000.00	23,063,000.00	23,063,000.00

(a) CD's are part of ELDP loan subsidy program and do not reflect market rates

New York State Urban Development Corp. d/b/a ESD  
Investment Position Report  
As of 3/31/12

BAC	DEAL ID	Instrument Type	Rate	Settle Date	Maturity Date	Market Price		Par Amount (\$)	Cost (Incl Purch Int) (\$)
						a/o 3/31/12	Market Value (\$)		
010C	1000018908	Commercial Paper	0.020	3/28/2012	4/4/2012		36,172,000.00	36,172,000.00	36,172,000.00
							59,235,000.00	59,235,000.00	59,235,000.00
513P	1000018175	Fannie Mae Discount		11/22/2011	4/2/2012	99.999	34,545,654.54	34,546,000.00	34,542,199.94
060B	1000018401	Fannie Mae Discount		12/22/2011	4/3/2012	99.999	4,699,953.00	4,700,000.00	4,699,865.53
008C	1000018134	Fannie Mae Discount		11/8/2011	4/9/2012	99.999	6,897,931.02	6,898,000.00	6,896,534.18
026C	1000018501	Fannie Mae Discount		1/3/2012	4/18/2012	99.998	4,500,909.98	4,501,000.00	4,500,867.47
527S	1000018548	Fannie Mae Discount		1/12/2012	4/27/2012	99.993	4,010,719.23	4,011,000.00	4,010,645.70
322S	1000018575	Fannie Mae Discount		1/20/2012	5/15/2012	99.992	2,999,760.00	3,000,000.00	2,999,613.33
460S	1000018560	Fannie Mae Discount		1/17/2012	5/15/2012	99.992	4,007,679.36	4,008,000.00	4,007,470.05
310P	1000018567	Fannie Mae Discount		1/18/2012	5/16/2012	99.991	5,991,460.72	5,992,000.00	5,991,207.72
008C	1000018261	Fannie Mae Discount		12/8/2011	5/18/2012	99.990	6,944,305.50	6,945,000.00	6,943,437.38
421B	1000018585	Fannie Mae Discount		1/23/2012	5/29/2012	99.989	4,113,547.46	4,114,000.00	4,113,564.60
799B	1000018825	Fannie Mae Discount		12/22/2011	6/1/2012	99.984	6,279,995.04	6,281,000.00	6,279,869.42
008C	1000018583	Fannie Mae Discount		1/23/2012	6/18/2012	99.982	10,243,155.90	10,245,000.00	10,242,908.31
085S	1000018772	Fannie Mae Discount		3/7/2012	6/18/2012	99.982	2,301,585.64	2,302,000.00	2,301,670.69
310P	1000018608	Fannie Mae Discount		2/1/2012	6/18/2012	99.982	1,323,761.68	1,324,000.00	1,323,847.74
417P	1000018609	Fannie Mae Discount		2/1/2012	6/18/2012	99.982	1,124,797.50	1,125,000.00	1,124,870.63
523S	1000018713	Fannie Mae Discount		2/28/2012	6/18/2012	99.982	4,456,197.74	4,457,000.00	4,456,038.05
199P	1000018786	Fannie Mae Discount		3/14/2012	6/21/2012	99.979	7,993,321.05	7,995,000.00	7,993,889.57
010C	1000017819	Fannie Mae Discount		9/16/2011	6/29/2012	99.977	3,344,230.65	3,345,000.00	3,340,999.94
799B	1000018584	Fannie Mae Discount		1/23/2012	6/29/2012	99.977	9,563,799.82	9,566,000.00	9,563,900.79
310P	1000018724	Fannie Mae Discount		3/1/2012	7/2/2012	99.974	7,996,920.26	7,999,000.00	7,997,086.88
007C	1000018524	Fannie Mae Discount		1/5/2012	7/12/2012	99.972	5,947,334.28	5,949,000.00	5,947,126.07
799B	1000018759	Fannie Mae Discount		3/2/2012	7/18/2012	99.969	12,802,030.14	12,806,000.00	12,803,054.62
799B	1000018708	Fannie Mae Discount		2/27/2012	7/25/2012	99.967	10,590,503.98	10,594,000.00	10,591,369.16
010C	1000018263	Fannie Mae Discount		12/9/2011	10/10/2012	99.914	19,982,800.00	20,000,000.00	19,984,700.00
							182,662,354.49	182,703,000.00	182,656,737.77
010C	1000018722	Farmer Mac Discount		3/1/2012	4/3/2012	99.999	6,999,930.00	7,000,000.00	6,999,422.50
029C	1000018434	Farmer Mac Discount		12/27/2011	4/3/2012	99.999	6,504,934.95	6,505,000.00	6,504,468.76
012C	1000018775	Farmer Mac Discount		3/7/2012	4/4/2012	99.999	850,991.49	851,000.00	850,953.67
085S	1000018435	Farmer Mac Discount		12/27/2011	4/4/2012	99.999	6,010,939.89	6,011,000.00	6,010,504.09
322S	1000018776	Farmer Mac Discount		3/7/2012	4/4/2012	99.999	2,999,970.00	3,000,000.00	2,999,836.68
424B	1000018523	Farmer Mac Discount		1/4/2012	4/4/2012	99.999	9,565,904.34	9,566,000.00	9,565,274.58

New York State Urban Development Corp. d/b/a ESD  
Investment Position Report  
As of 3/31/12

BAC	DEAL ID	Instrument Type	Rate	Settle Date	Maturity Date	Market Price a/o 3/31/12	Market Value (\$'s)	Par Amount (\$'s)	Cost (Incl Purch Int) (\$'s)
146P	1000018571	Farmer Mac Discount		1/18/2012	4/24/2012	99.995	9,506,524.65	9,507,000.00	9,506,231.52
008C	1000018723	Farmer Mac Discount		3/1/2012	4/25/2012	99.995	7,134,643.25	7,135,000.00	7,134,018.94
010C	1000018621	Farmer Mac Discount		2/3/2012	5/3/2012	99.993	9,999,300.00	10,000,000.00	9,998,000.00
225P	1000018778	Farmer Mac Discount		3/9/2012	6/8/2012	99.982	2,458,557.38	2,459,000.00	2,458,440.58
226P	1000018836	Farmer Mac Discount		3/22/2012	6/22/2012	99.979	1,215,744.64	1,216,000.00	1,215,627.09
474C	1000018909	Farmer Mac Discount		3/28/2012	6/22/2012	99.979	2,492,476.47	2,493,000.00	2,492,404.45
524S	1000018906	Farmer Mac Discount		3/28/2012	6/22/2012	99.979	1,000,789.79	1,001,000.00	1,000,760.87
523S	1000018905	Farmer Mac Discount		3/28/2012	7/3/2012	99.973	1,260,659.53	1,261,000.00	1,260,626.25
010C	1000018622	Farmer Mac Discount		2/3/2012	9/12/2012	99.926	14,988,900.00	15,000,000.00	14,989,825.00
							83,990,266.38	83,005,000.00	82,986,394.98
312P	1000018674	Federal Farm Credit Discount		2/13/2012	4/9/2012	99.999	1,989,980.10	1,990,000.00	1,989,814.27
504S	1000018675	Federal Farm Credit Discount		2/13/2012	4/9/2012	99.999	2,502,974.97	2,503,000.00	2,502,766.39
010C	1000016850	Federal Farm Credit Discount		5/20/2011	5/9/2012	99.994	9,999,400.00	10,000,000.00	9,982,250.00
010C	1000018212	Federal Farm Credit Discount		11/28/2011	9/18/2012	99.924	11,990,880.00	12,000,000.00	11,989,183.33
							26,483,235.07	26,493,000.00	26,464,013.99
218P	1000018696	Federal Home Loan Discount		2/17/2012	4/2/2012	99.999	2,932,970.67	2,933,000.00	2,932,816.69
322S	1000018402	Federal Home Loan Discount		12/22/2011	4/2/2012	99.999	1,999,980.00	2,000,000.00	1,999,943.33
050P	1000018582	Federal Home Loan Discount		1/23/2012	4/16/2012	99.998	1,692,966.14	1,693,000.00	1,692,996.05
143P	1000018702	Federal Home Loan Discount		2/23/2012	4/16/2012	99.998	1,494,970.10	1,495,000.00	1,494,933.97
199P	1000018599	Federal Home Loan Discount		1/26/2012	4/25/2012	99.995	6,000,699.95	6,001,000.00	6,000,474.91
516S	1000018606	Federal Home Loan Discount		2/1/2012	4/25/2012	99.995	8,559,572.00	8,560,000.00	8,559,001.33
504S	1000018543	Federal Home Loan Discount		1/11/2012	5/1/2012	99.994	2,999,820.00	3,000,000.00	2,999,953.74
026C	1000018623	Federal Home Loan Discount		2/6/2012	5/14/2012	99.991	6,509,414.10	6,510,000.00	6,509,113.92
212P	1000018624	Federal Home Loan Discount		2/6/2012	5/14/2012	99.991	4,990,550.81	4,991,000.00	4,990,320.67
008C	1000018684	Federal Home Loan Discount		2/15/2012	5/18/2012	99.990	4,141,585.80	4,142,000.00	4,140,929.98
516S	1000018791	Federal Home Loan Discount		3/15/2012	5/18/2012	99.990	4,010,598.90	4,011,000.00	4,010,393.90
054P	1000018607	Federal Home Loan Discount		2/1/2012	5/21/2012	99.990	1,985,801.40	1,986,000.00	1,985,757.27
520S	1000018703	Federal Home Loan Discount		2/23/2012	5/21/2012	99.990	2,502,749.70	2,503,000.00	2,502,755.26
529S	1000018687	Federal Home Loan Discount		2/15/2012	5/21/2012	99.990	2,028,797.10	2,029,000.00	2,028,458.93
050P	1000018821	Federal Home Loan Discount		3/16/2012	5/22/2012	99.989	3,995,560.44	3,996,000.00	3,995,628.13
085S	1000018686	Federal Home Loan Discount		2/15/2012	5/22/2012	99.989	1,999,780.00	2,000,000.00	1,999,461.11
053S	1000018603	Federal Home Loan Discount		1/31/2012	5/25/2012	99.989	1,999,780.00	2,000,000.00	1,999,872.22
962B	1000018921	Federal Home Loan Discount		3/30/2012	6/6/2012	99.983	5,685,033.38	5,686,000.00	5,685,462.99

New York State Urban Development Corp. d/b/a ESD  
Investment Position Report  
As of 3/31/12

BAC	DEAL ID	Instrument Type	Rate	Settle Date	Maturity Date	Market Price		Par Amount (\$)	Cost (Incl Purch Int (\$))
						a/o 3/31/12	Market Value (\$)		
975B	1000018922	Federal Home Loan Discount		3/30/2012	6/6/2012	99.983	5,507,063.64	5,508,000.00	5,507,479.80
322S	1000018911	Federal Home Loan Discount		3/29/2012	6/13/2012	99.982	1,999,640.00	2,000,000.00	1,999,746.67
026C	1000018832	Federal Home Loan Discount		3/21/2012	6/18/2012	99.982	4,001,279.64	4,002,000.00	4,001,208.49
053S	1000018704	Federal Home Loan Discount		2/23/2012	6/18/2012	99.982	7,514,647.12	7,516,000.00	7,514,789.09
529S	1000018792	Federal Home Loan Discount		3/15/2012	6/18/2012	99.982	2,055,629.92	2,056,000.00	2,055,565.96
424B	1000018506	Federal Home Loan Discount		1/3/2012	6/28/2012	99.977	2,349,459.50	2,350,000.00	2,349,768.92
513P	1000018793	Federal Home Loan Discount		3/15/2012	7/12/2012	99.972	999,720.00	1,000,000.00	999,768.61
025C	1000018685	Federal Home Loan Discount		2/15/2012	7/18/2012	99.969	12,264,196.92	12,268,000.00	12,261,440.03
417P	1000018823	Federal Home Loan Discount		3/16/2012	7/18/2012	99.969	2,756,145.33	2,757,000.00	2,756,335.26
523S	1000018600	Federal Home Loan Discount		1/27/2012	8/1/2012	99.955	5,001,748.20	5,004,000.00	5,002,960.27
010C	1000017580	Federal Home Loan Discount		8/15/2011	8/6/2012	99.953	14,992,950.00	15,000,000.00	14,970,993.75
007C	1000018587	Federal Home Loan Discount		1/24/2012	8/15/2012	99.950	5,014,491.50	5,017,000.00	5,015,862.80
513P	1000018859	Federal Home Loan Discount		3/26/2012	8/15/2012	99.950	7,497,249.50	7,501,000.00	7,498,337.15
010C	1000018857	Federal Home Loan Discount		3/23/2012	8/20/2012	99.948	14,992,200.00	15,000,000.00	14,993,749.95
025C	1000018758	Federal Home Loan Discount		3/2/2012	8/31/2012	99.944	7,995,520.00	8,000,000.00	7,996,764.44
010C	1000018831	Federal Home Loan Discount		3/21/2012	11/1/2012	99.910	12,988,300.00	13,000,000.00	12,988,625.00
007C	1000018716	Federal Home Loan Discount		2/29/2012	11/13/2012	99.905	10,299,206.45	10,309,000.00	10,300,134.26
007C	1000018689	Federal Home Loan Discount		3/5/2012	12/3/2012	99.890	10,974,914.30	10,987,000.00	10,976,168.65
							194,734,992.51	194,811,000.00	194,717,973.50
768B	1000010907	Federal Home Loan	3.750	5/19/2008	6/14/2013	104.139	3,743,797.05	3,595,000.00	3,585,825.27
							3,743,797.05	3,595,000.00	3,585,825.27
794B	1000001310	Fannie Mae	4.125	4/19/2005	4/15/2014	107.556	166,711.80	155,000.00	151,196.04
794B	CNV0000847	Fannie Mae	4.125	4/14/2004	4/15/2014	107.556	7,873,099.20	7,320,000.00	6,947,683.45
							8,039,811.00	7,475,000.00	7,098,879.49
053S	1000018268	Freddie Mac Discount		12/14/2011	4/4/2012	99.999	6,511,934.88	6,512,000.00	6,511,797.40
102S	1000018497	Freddie Mac Discount		12/30/2011	4/5/2012	99.999	6,749,932.50	6,750,000.00	6,749,818.16
523S	1000018269	Freddie Mac Discount		12/14/2011	4/5/2012	99.999	6,283,937.16	6,284,000.00	6,283,802.75
201P	1000018494	Freddie Mac Discount		12/30/2011	4/6/2012	99.999	6,506,934.93	6,507,000.00	6,506,822.88
421B	1000018561	Freddie Mac Discount		1/17/2012	4/13/2012	99.999	501,994.98	502,000.00	501,975.74
511S	1000018574	Freddie Mac Discount		1/20/2012	4/16/2012	99.998	1,114,977.70	1,115,000.00	1,114,919.16
010C	1000016793	Freddie Mac Discount		5/11/2011	4/17/2012	99.998	8,012,839.74	8,013,000.00	7,999,297.77
025C	1000018140	Freddie Mac Discount		11/9/2011	4/17/2012	99.998	10,764,784.70	10,765,000.00	10,762,128.97

New York State Urban Development Corp. d/b/a ESD  
Investment Position Report  
As of 3/31/12

BAC	DEAL ID	Instrument Type	Rate	Settle Date	Maturity Date	Market Price		Par Amount (\$s)	Cost (Incl Purch Int) (\$s)
						a/o 3/31/12	Market Value (\$s)		
007C	1000018824	Freddie Mac Discount		10/4/2011	4/18/2012	99.998	3,518,929.62	3,519,000.00	3,517,652.03
529S	1000018218	Freddie Mac Discount		11/30/2011	4/18/2012	99.998	2,635,947.28	2,636,000.00	2,635,487.56
262P	1000018551	Freddie Mac Discount		1/13/2012	4/19/2012	99.998	1,993,960.12	1,994,000.00	1,993,838.82
310P	1000018318	Freddie Mac Discount		12/15/2011	4/19/2012	99.998	4,017,919.64	4,018,000.00	4,017,718.74
460S	1000018780	Freddie Mac Discount		1/11/2012	4/19/2012	99.998	5,134,897.30	5,135,000.00	5,134,717.58
421B	1000018525	Freddie Mac Discount		1/5/2012	4/20/2012	99.997	2,977,910.66	2,978,000.00	2,977,824.63
010C	1000016640	Freddie Mac Discount		4/26/2011	4/25/2012	99.995	14,999,250.00	15,000,000.00	14,965,020.83
417P	1000018264	Freddie Mac Discount		12/9/2011	4/25/2012	99.995	3,313,834.30	3,314,000.00	3,313,618.89
007C	1000018164	Freddie Mac Discount		11/18/2011	5/2/2012	99.993	15,001,949.79	15,003,000.00	14,999,540.98
025C	1000018270	Freddie Mac Discount		12/14/2011	5/9/2012	99.992	12,997,960.08	12,999,000.00	12,996,876.83
513P	1000018327	Freddie Mac Discount		12/16/2011	5/9/2012	99.992	1,529,877.60	1,530,000.00	1,529,753.50
618P	1000018328	Freddie Mac Discount		12/16/2011	5/10/2012	99.992	4,854,611.60	4,855,000.00	4,854,212.42
527S	1000018784	Freddie Mac Discount		3/14/2012	5/17/2012	99.990	1,156,884.30	1,157,000.00	1,156,835.45
010C	1000017230	Freddie Mac Discount		6/29/2011	6/5/2012	99.983	14,997,450.00	15,000,000.00	14,974,350.00
033B	1000018347	Freddie Mac Discount		12/21/2011	6/5/2012	99.983	3,364,427.95	3,365,000.00	3,364,219.52
036B	1000018348	Freddie Mac Discount		12/21/2011	6/5/2012	99.983	11,125,108.41	11,127,000.00	11,124,419.20
040B	1000018349	Freddie Mac Discount		12/21/2011	6/5/2012	99.983	1,427,757.24	1,428,000.00	1,427,668.79
043B	1000018351	Freddie Mac Discount		12/21/2011	6/5/2012	99.983	5,055,140.48	5,056,000.00	5,054,827.31
045B	1000018352	Freddie Mac Discount		12/21/2011	6/5/2012	99.983	3,108,471.47	3,109,000.00	3,108,278.90
046B	1000018353	Freddie Mac Discount		12/21/2011	6/5/2012	99.983	34,556,124.46	34,562,000.00	34,553,983.69
047B	1000018354	Freddie Mac Discount		12/21/2011	6/5/2012	99.983	124,256,872.74	124,278,000.00	124,249,174.96
051B	1000018355	Freddie Mac Discount		12/21/2011	6/5/2012	99.983	3,847,345.84	3,848,000.00	3,847,107.49
052B	1000018356	Freddie Mac Discount		12/21/2011	6/5/2012	99.983	5,000,149.83	5,001,000.00	4,999,840.07
055B	1000018357	Freddie Mac Discount		12/21/2011	6/5/2012	99.983	1,999,660.00	2,000,000.00	1,999,536.12
056B	1000018358	Freddie Mac Discount		12/21/2011	6/5/2012	99.983	6,914,824.28	6,916,000.00	6,914,395.90
057B	1000018359	Freddie Mac Discount		12/21/2011	6/5/2012	99.983	199,966.00	200,000.00	199,953.61
059B	1000018360	Freddie Mac Discount		12/21/2011	6/5/2012	99.983	1,899,677.00	1,900,000.00	1,899,559.31
062B	1000018361	Freddie Mac Discount		12/21/2011	6/5/2012	99.983	5,050,141.33	5,051,000.00	5,049,828.47
063B	1000018362	Freddie Mac Discount		12/21/2011	6/5/2012	99.983	1,919,673.60	1,920,000.00	1,919,554.68
064B	1000018363	Freddie Mac Discount		12/21/2011	6/5/2012	99.983	5,845,006.18	5,846,000.00	5,844,644.08
423E	1000018449	Freddie Mac Discount		12/29/2011	6/11/2012	99.982	2,747,505.36	2,748,000.00	2,747,622.15
007C	1000018320	Freddie Mac Discount		12/15/2011	6/19/2012	99.980	10,006,998.20	10,009,000.00	10,006,400.46
025C	1000018568	Freddie Mac Discount		1/18/2012	6/19/2012	99.980	12,997,400.00	13,000,000.00	12,997,237.50
513P	1000018544	Freddie Mac Discount		1/11/2012	6/19/2012	99.980	6,019,795.80	6,021,000.00	6,019,662.01
010C	1000017810	Freddie Mac Discount		9/15/2011	6/22/2012	99.979	14,996,850.00	15,000,000.00	14,982,437.50

New York State Urban Development Corp. d/b/a ESD  
Investment Position Report  
As of 3/31/12

BAC	DEAL ID	Instrument Type	Rate	Settle Date	Maturity Date	Market Price		Par Amount (\$)	Cost (Incl Purch Int (\$))
						a/o 3/31/12	Market Value (\$)		
634B	1000018498	Freddie Mac Discount		12/30/2011	7/10/2012	99.972	2,652,257.16	2,653,000.00	2,652,288.85
010C	1000018037	Freddie Mac Discount		10/20/2011	7/11/2012	99.972	11,996,640.00	12,000,000.00	11,989,400.00
504S	1000018787	Freddie Mac Discount		3/14/2012	7/17/2012	99.970	2,601,219.40	2,602,000.00	2,601,006.19
010C	1000018130	Freddie Mac Discount		11/7/2011	9/25/2012	99.920	14,988,000.00	15,000,000.00	14,981,158.50
007C	1000018547	Freddie Mac Discount		1/12/2012	10/23/2012	99.908	12,031,920.44	12,043,000.00	12,033,465.92
							442,187,652.05	442,269,000.00	442,065,682.27
625B	1000005016	Maryland State GO	5.000	4/13/2005	8/1/2015	106.275	462,296.25	435,000.00	488,239.65
							462,296.25	435,000.00	488,239.65
432B	1000013378	State and Local	1.030	2/18/2010	8/1/2012		2,697,506.00	2,697,506.00	2,697,506.00
							2,697,506.00	2,697,506.00	2,697,506.00
019B	1000018640	US Treasury Bill		2/9/2012	4/5/2012	99.999	24,999.75	25,000.00	24,999.03
744B	1000018641	US Treasury Bill		2/9/2012	4/5/2012	99.999	1,003,989.96	1,004,000.00	1,003,960.96
744B	1000018760	US Treasury Bill		3/2/2012	4/5/2012	99.999	27,999.72	28,000.00	27,999.47
744B	1000018799	US Treasury Bill		3/15/2012	4/5/2012	99.999	57,999.42	58,000.00	57,999.32
747B	1000018642	US Treasury Bill		2/9/2012	4/5/2012	99.999	369,996.30	370,000.00	369,985.61
755B	1000018643	US Treasury Bill		2/9/2012	4/5/2012	99.999	137,998.62	138,000.00	137,994.63
757B	1000018644	US Treasury Bill		2/9/2012	4/5/2012	99.999	40,999.59	41,000.00	40,998.41
758B	1000018645	US Treasury Bill		2/9/2012	4/5/2012	99.999	73,999.26	74,000.00	73,997.12
759B	1000018646	US Treasury Bill		2/9/2012	4/5/2012	99.999	27,999.72	28,000.00	27,998.91
764B	1000018651	US Treasury Bill		2/9/2012	4/5/2012	99.999	28,999.71	29,000.00	28,998.87
766B	1000018653	US Treasury Bill		2/9/2012	4/5/2012	99.999	40,999.59	41,000.00	40,998.41
768B	1000018267	US Treasury Bill		12/14/2011	4/5/2012	99.999	67,999.32	68,000.00	67,999.57
768B	1000018755	US Treasury Bill		3/1/2012	4/5/2012	99.999	429,995.70	430,000.00	429,986.41
771B	1000018655	US Treasury Bill		2/9/2012	4/5/2012	99.999	100,998.99	101,000.00	100,996.07
772B	1000018656	US Treasury Bill		2/9/2012	4/5/2012	99.999	574,994.25	575,000.00	574,977.64
773B	1000018657	US Treasury Bill		2/9/2012	4/5/2012	99.999	357,996.42	358,000.00	357,986.08
777B	1000018659	US Treasury Bill		2/9/2012	4/5/2012	99.999	142,998.57	143,000.00	142,994.44
812B	1000018660	US Treasury Bill		2/9/2012	4/5/2012	99.999	58,999.41	59,000.00	58,997.71
814B	1000018662	US Treasury Bill		2/9/2012	4/5/2012	99.999	547,994.52	548,000.00	547,978.69
817B	1000018664	US Treasury Bill		2/9/2012	4/5/2012	99.999	477,995.22	478,000.00	477,981.41
821B	1000018665	US Treasury Bill		2/9/2012	4/5/2012	99.999	324,996.75	325,000.00	324,987.46
821B	1000018796	US Treasury Bill		3/15/2012	4/5/2012	99.999	26,999.73	27,000.00	26,999.69

New York State Urban Development Corp. d/b/a ESD  
Investment Position Report  
As of 3/31/12

BAC	DEAL ID	Instrument Type	Rate	Settle Date	Maturity Date	Market Price a/o 3/31/12	Market Value (\$'s)	Par Amount (\$'s)	Cost (Incl Purch Int) (\$'s)
825B	1000018666	US Treasury Bill		2/9/2012	4/5/2012	99.999	47,999.52	48,000.00	47,998.13
836B	1000018668	US Treasury Bill		2/9/2012	4/5/2012	99.999	58,999.41	59,000.00	58,997.71
837B	1000018669	US Treasury Bill		2/9/2012	4/5/2012	99.999	60,999.39	61,000.00	60,997.63
838B	1000018670	US Treasury Bill		2/9/2012	4/5/2012	99.999	50,999.49	51,000.00	50,998.02
910B	1000018828	US Treasury Bill		2/23/2012	4/5/2012	99.999	1,059,989.40	1,060,000.00	1,059,938.17
967B	1000018671	US Treasury Bill		2/9/2012	4/5/2012	99.999	47,999.52	48,000.00	47,998.13
369B	1000018572	US Treasury Bill		12/29/2011	4/12/2012	99.998	10,743,785.12	10,744,000.00	10,743,937.33
369B	1000018573	US Treasury Bill		1/9/2012	4/12/2012	99.998	3,800,923.98	3,801,000.00	3,800,900.75
896B	1000018761	US Treasury Bill		3/5/2012	4/12/2012	99.998	1,790,964.18	1,791,000.00	1,790,962.19
902B	1000018762	US Treasury Bill		3/5/2012	4/12/2012	99.998	4,717,905.64	4,718,000.00	4,717,775.90
966B	1000018763	US Treasury Bill		3/5/2012	4/12/2012	99.998	6,307,873.84	6,308,000.00	6,307,700.37
969B	1000018764	US Treasury Bill		3/5/2012	4/12/2012	99.998	15,119,697.60	15,120,000.00	15,119,281.80
975B	1000018767	US Treasury Bill		3/5/2012	4/12/2012	99.998	3,818,923.62	3,819,000.00	3,818,818.60
979B	1000018768	US Treasury Bill		3/5/2012	4/12/2012	99.998	7,228,855.42	7,229,000.00	7,228,656.62
001B	1000018742	US Treasury Bill		3/1/2012	4/19/2012	99.997	50,998.47	51,000.00	50,996.53
003B	1000018910	US Treasury Bill		3/27/2012	4/19/2012	99.997	631,981.04	632,000.00	631,987.89
004B	1000018894	US Treasury Bill		3/27/2012	4/19/2012	99.997	2,328,930.13	2,329,000.00	2,328,955.36
008B	1000018867	US Treasury Bill		3/27/2012	4/19/2012	99.997	18,432,447.01	18,433,000.00	18,432,381.73
010B	1000018866	US Treasury Bill		3/27/2012	4/19/2012	99.997	24,177,274.66	24,178,000.00	24,177,189.03
011B	1000018865	US Treasury Bill		3/27/2012	4/19/2012	99.997	13,514,594.55	13,515,000.00	13,514,546.68
013B	1000018864	US Treasury Bill		3/27/2012	4/19/2012	99.997	11,514,654.55	11,515,000.00	11,514,613.77
014B	1000018863	US Treasury Bill		3/27/2012	4/19/2012	99.997	7,713,768.58	7,714,000.00	7,713,741.26
015B	1000018913	US Treasury Bill		3/29/2012	4/19/2012	99.997	64,998.05	65,000.00	64,999.62
017B	1000018862	US Treasury Bill		3/27/2012	4/19/2012	99.997	3,000,909.97	3,001,000.00	3,000,899.34
018B	1000018885	US Treasury Bill		3/27/2012	4/19/2012	99.997	10,004,699.85	10,005,000.00	10,004,664.42
022B	1000018743	US Treasury Bill		3/1/2012	4/19/2012	99.997	39,998.80	40,000.00	39,997.28
023B	1000018884	US Treasury Bill		3/27/2012	4/19/2012	99.997	5,107,846.76	5,108,000.00	5,107,828.67
024B	1000018895	US Treasury Bill		3/27/2012	4/19/2012	99.997	5,999.82	6,000.00	5,999.89
029B	1000018868	US Treasury Bill		3/27/2012	4/19/2012	99.997	6,007,819.76	6,008,000.00	6,007,798.48
030B	1000018744	US Treasury Bill		3/1/2012	4/19/2012	99.997	184,994.45	185,000.00	184,987.41
032B	1000018896	US Treasury Bill		3/27/2012	4/19/2012	99.997	1,436,956.89	1,437,000.00	1,436,972.46
035B	1000018897	US Treasury Bill		3/27/2012	4/19/2012	99.997	2,007,939.76	2,008,000.00	2,007,961.51
036B	1000018883	US Treasury Bill		3/27/2012	4/19/2012	99.997	11,125,666.22	11,126,000.00	11,125,626.82
037B	1000018898	US Treasury Bill		3/27/2012	4/19/2012	99.997	1,217,963.46	1,218,000.00	1,217,976.66
038B	1000018899	US Treasury Bill		3/27/2012	4/19/2012	99.997	999,970.00	1,000,000.00	999,980.83

New York State Urban Development Corp. d/b/a ESD  
Investment Position Report  
As of 3/31/12

BAC	DEAL ID	Instrument Type	Rate	Settle Date	Maturity Date	Market Price		Par Amount (\$)	Cost (Incl Purch Int) (\$)
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039B	1000018900	US Treasury Bill		3/27/2012	4/19/2012	99.997	1,876,943.69	1,877,000.00	1,876,964.02
041B	1000018926	US Treasury Bill		3/27/2012	4/19/2012	99.997	15,688,529.33	15,689,000.00	15,688,473.76
042B	1000018901	US Treasury Bill		3/27/2012	4/19/2012	99.997	336,989.89	337,000.00	336,993.54
043B	1000018891	US Treasury Bill		3/27/2012	4/19/2012	99.997	9,736,707.89	9,737,000.00	9,736,673.40
044B	1000018890	US Treasury Bill		3/27/2012	4/19/2012	99.997	29,916,102.49	29,917,000.00	29,915,996.53
044R	1000018040	US Treasury Bill		10/20/2011	4/19/2012	99.997	896,973.09	897,000.00	896,773.26
046B	1000018889	US Treasury Bill		3/27/2012	4/19/2012	99.997	36,001,919.91	36,003,000.00	36,001,792.40
047B	1000018888	US Treasury Bill		3/27/2012	4/19/2012	99.997	120,004,399.76	120,008,000.00	120,003,974.73
048B	1000018886	US Treasury Bill		3/27/2012	4/19/2012	99.997	9,453,716.38	9,454,000.00	9,453,682.90
049B	1000018887	US Treasury Bill		3/27/2012	4/19/2012	99.997	17,122,486.31	17,123,000.00	17,122,425.67
051B	1000018881	US Treasury Bill		3/27/2012	4/19/2012	99.997	3,816,885.49	3,817,000.00	3,816,871.97
052B	1000018902	US Treasury Bill		3/27/2012	4/19/2012	99.997	1,498,955.03	1,499,000.00	1,498,971.27
058B	1000018903	US Treasury Bill		3/27/2012	4/19/2012	99.997	599,982.00	600,000.00	599,988.50
432B	1000018741	US Treasury Bill		3/1/2012	4/19/2012	99.997	122,996.31	123,000.00	122,991.63
618B	1000018877	US Treasury Bill		3/27/2012	4/19/2012	99.997	10,296,691.09	10,297,000.00	10,296,654.62
750B	1000018731	US Treasury Bill		3/1/2012	4/19/2012	99.997	50,998.47	51,000.00	50,996.53
770B	1000018733	US Treasury Bill		3/1/2012	4/19/2012	99.997	35,998.92	36,000.00	35,997.55
779B	1000018734	US Treasury Bill		3/1/2012	4/19/2012	99.997	96,997.09	97,000.00	96,993.40
808B	1000018732	US Treasury Bill		3/1/2012	4/19/2012	99.997	148,995.53	149,000.00	148,989.86
821B	1000018690	US Treasury Bill		12/15/2011	4/19/2012	99.997	10,999.67	11,000.00	10,999.94
821B	1000018692	US Treasury Bill		2/15/2012	4/19/2012	99.997	22,999.31	23,000.00	22,997.55
821B	1000018693	US Treasury Bill		2/15/2012	4/19/2012	99.997	11,999.64	12,000.00	11,998.72
821B	1000018826	US Treasury Bill		3/19/2012	4/19/2012	99.997	451,986.44	452,000.00	451,986.38
823B	1000018878	US Treasury Bill		3/27/2012	4/19/2012	99.997	7,270,781.87	7,271,000.00	7,270,756.12
847B	1000018879	US Treasury Bill		3/27/2012	4/19/2012	99.997	9,933,701.98	9,934,000.00	9,933,666.80
886B	1000018835	US Treasury Bill		3/21/2012	4/19/2012	99.997	484,985.45	485,000.00	484,976.56
886B	1000018880	US Treasury Bill		3/27/2012	4/19/2012	99.997	5,040,848.77	5,041,000.00	5,040,830.92
898B	1000018871	US Treasury Bill		3/27/2012	4/19/2012	99.997	2,600,921.97	2,601,000.00	2,600,912.76
921B	1000018892	US Treasury Bill		3/27/2012	4/19/2012	99.997	1,574,952.75	1,575,000.00	1,574,969.81
924B	1000018735	US Treasury Bill		3/1/2012	4/19/2012	99.997	32,999.01	33,000.00	32,997.75
927B	1000018736	US Treasury Bill		3/1/2012	4/19/2012	99.997	24,999.25	25,000.00	24,998.30
930B	1000018738	US Treasury Bill		3/1/2012	4/19/2012	99.997	20,999.37	21,000.00	20,998.57
939B	1000018872	US Treasury Bill		3/27/2012	4/19/2012	99.997	7,093,787.18	7,094,000.00	7,093,762.06
949B	1000018325	US Treasury Bill		12/15/2011	4/19/2012	99.997	199,994.00	200,000.00	199,998.95
949B	1000018745	US Treasury Bill		3/1/2012	4/19/2012	99.997	1,675,949.72	1,676,000.00	1,675,885.94

New York State Urban Development Corp. d/b/a ESD  
Investment Position Report  
As of 3/31/12

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950B	1000018873	US Treasury Bill		3/27/2012	4/19/2012	99.997	14,748,557.53	14,749,000.00	14,748,505.29
951B	1000018874	US Treasury Bill		3/27/2012	4/19/2012	99.997	7,627,771.16	7,628,000.00	7,627,744.14
952B	1000018875	US Treasury Bill		3/27/2012	4/19/2012	99.997	8,349,749.50	8,350,000.00	8,349,719.93
954B	1000018876	US Treasury Bill		3/27/2012	4/19/2012	99.997	3,503,894.88	3,504,000.00	3,503,882.47
957B	1000018748	US Treasury Bill		3/1/2012	4/19/2012	99.997	1,895,943.12	1,896,000.00	1,895,870.97
958B	1000018869	US Treasury Bill		3/27/2012	4/19/2012	99.997	3,352,899.41	3,353,000.00	3,352,887.53
961B	1000018749	US Treasury Bill		3/1/2012	4/19/2012	99.997	39,998.80	40,000.00	39,997.28
965B	1000018750	US Treasury Bill		3/1/2012	4/19/2012	99.997	22,999.31	23,000.00	22,998.43
972B	1000018752	US Treasury Bill		3/1/2012	4/19/2012	99.997	467,985.96	468,000.00	467,968.15
972B	1000018781	US Treasury Bill		3/1/2012	4/19/2012	99.997	2,999.91	3,000.00	2,999.94
973B	1000018904	US Treasury Bill		3/27/2012	4/19/2012	99.997	33,998.98	34,000.00	33,999.35
974B	1000018870	US Treasury Bill		3/27/2012	4/19/2012	99.997	10,083,697.48	10,084,000.00	10,083,661.77
978B	1000018753	US Treasury Bill		3/1/2012	4/19/2012	99.997	606,981.79	607,000.00	606,958.69
987B	1000018754	US Treasury Bill		3/1/2012	4/19/2012	99.997	4,999.85	5,000.00	4,999.66
994B	1000018729	US Treasury Bill		3/1/2012	4/19/2012	99.997	30,999.07	31,000.00	30,996.84
010B	1000018924	US Treasury Bill		3/16/2012	4/26/2012	99.997	52,767,416.93	52,769,000.00	52,765,694.61
504S	1000018319	US Treasury Bill		12/15/2011	4/26/2012	99.997	2,125,936.22	2,126,000.00	2,125,921.47
932B	1000018837	US Treasury Bill		3/22/2012	4/26/2012	99.997	1,672,949.81	1,673,000.00	1,672,926.81
996B	1000018709	US Treasury Bill		2/1/2012	4/26/2012	99.997	56,998.29	57,000.00	56,993.94
312P	1000018777	US Treasury Bill		3/8/2012	5/17/2012	99.994	491,970.48	492,000.00	491,949.78
609B	1000018797	US Treasury Bill		3/15/2012	5/17/2012	99.994	880,947.14	881,000.00	880,969.17
625B	1000018798	US Treasury Bill		3/15/2012	5/17/2012	99.994	81,995.08	82,000.00	81,997.13
847B	1000018800	US Treasury Bill		3/15/2012	5/17/2012	99.994	89,994.60	90,000.00	89,996.85
848B	1000018801	US Treasury Bill		3/15/2012	5/17/2012	99.994	87,994.72	88,000.00	87,996.92
849B	1000018802	US Treasury Bill		3/15/2012	5/17/2012	99.994	64,996.10	65,000.00	64,997.73
850B	1000018803	US Treasury Bill		3/15/2012	5/17/2012	99.994	35,997.84	36,000.00	35,998.74
862B	1000018804	US Treasury Bill		3/15/2012	5/17/2012	99.994	180,989.14	181,000.00	180,993.67
866B	1000018805	US Treasury Bill		3/15/2012	5/17/2012	99.994	886,946.78	887,000.00	886,968.96
868B	1000018806	US Treasury Bill		3/15/2012	5/17/2012	99.994	1,162,930.22	1,163,000.00	1,162,959.30
871B	1000018807	US Treasury Bill		3/15/2012	5/17/2012	99.994	157,990.52	158,000.00	157,994.47
872B	1000018808	US Treasury Bill		3/15/2012	5/17/2012	99.994	32,998.02	33,000.00	32,998.85
873B	1000018809	US Treasury Bill		3/15/2012	5/17/2012	99.994	22,998.62	23,000.00	22,999.20
875B	1000018810	US Treasury Bill		3/15/2012	5/17/2012	99.994	38,997.66	39,000.00	38,998.64
877B	1000018811	US Treasury Bill		3/15/2012	5/17/2012	99.994	32,998.02	33,000.00	32,998.85
880B	1000018812	US Treasury Bill		3/15/2012	5/17/2012	99.994	122,992.62	123,000.00	122,995.70

New York State Urban Development Corp. d/b/a ESD  
Investment Position Report  
As of 3/31/12

BAC	DEAL ID	Instrument Type	Rate	Settle Date	Maturity Date	Market Price		Par Amount (\$'s)	Cost (Incl Purch Int (\$'s))
						a/o 3/31/12	Market Value (\$'s)		
923B	1000018813	US Treasury Bill		3/15/2012	5/17/2012	99.994	19,998.80	20,000.00	19,999.30
925B	1000018814	US Treasury Bill		3/15/2012	5/17/2012	99.994	44,997.30	45,000.00	44,998.43
937B	1000018815	US Treasury Bill		3/15/2012	5/17/2012	99.994	85,994.84	86,000.00	85,996.99
942B	1000018816	US Treasury Bill		3/15/2012	5/17/2012	99.994	66,995.98	67,000.00	66,997.66
944B	1000018817	US Treasury Bill		3/15/2012	5/17/2012	99.994	28,998.26	29,000.00	28,998.99
952B	1000018818	US Treasury Bill		3/15/2012	5/17/2012	99.994	64,996.10	65,000.00	64,997.73
226P	1000018590	US Treasury Bill		1/25/2012	5/24/2012	99.992	988,920.88	989,000.00	988,868.14
249S	1000018785	US Treasury Bill		3/14/2012	5/24/2012	99.992	914,926.80	915,000.00	914,882.71
417P	1000018591	US Treasury Bill		1/25/2012	5/24/2012	99.992	1,099,912.00	1,100,000.00	1,099,853.34
951B	1000018680	US Treasury Bill		1/6/2012	5/24/2012	99.992	6,999.44	7,000.00	6,999.53
951B	1000018712	US Treasury Bill		2/27/2012	5/24/2012	99.992	49,996.00	50,000.00	49,992.75
951B	1000018830	US Treasury Bill		3/20/2012	5/24/2012	99.992	9,999.20	10,000.00	9,999.28
020B	1000018923	US Treasury Bill		3/30/2012	5/31/2012	99.990	25,124,487.30	25,127,000.00	25,125,593.59
025B	1000018912	US Treasury Bill		3/29/2012	5/31/2012	99.990	9,999.00	10,000.00	9,999.48
053B	1000018919	US Treasury Bill		3/29/2012	5/31/2012	99.990	2,023,797.60	2,024,000.00	2,023,936.24
823B	1000018914	US Treasury Bill		3/29/2012	5/31/2012	99.990	449,955.00	450,000.00	449,985.83
886B	1000018918	US Treasury Bill		3/29/2012	5/31/2012	99.990	482,951.70	483,000.00	482,984.79
960B	1000018915	US Treasury Bill		3/29/2012	5/31/2012	99.990	1,796,820.30	1,797,000.00	1,796,943.39
969B	1000018917	US Treasury Bill		3/29/2012	5/31/2012	99.990	373,962.60	374,000.00	373,988.22
977B	1000018916	US Treasury Bill		3/29/2012	5/31/2012	99.990	1,600,839.90	1,601,000.00	1,600,949.57
889B	1000018844	US Treasury Bill		3/22/2012	6/21/2012	99.985	2,999.55	3,000.00	2,999.49
891B	1000018845	US Treasury Bill		3/22/2012	6/21/2012	99.985	167,974.80	168,000.00	167,971.55
895B	1000018846	US Treasury Bill		3/22/2012	6/21/2012	99.985	80,987.85	81,000.00	80,986.28
896B	1000018847	US Treasury Bill		3/22/2012	6/21/2012	99.985	22,996.55	23,000.00	22,996.10
897B	1000018848	US Treasury Bill		3/22/2012	6/21/2012	99.985	62,990.55	63,000.00	62,989.33
899B	1000018849	US Treasury Bill		3/22/2012	6/21/2012	99.985	840,873.85	841,000.00	840,857.57
900B	1000018850	US Treasury Bill		3/22/2012	6/21/2012	99.985	56,991.45	57,000.00	56,990.35
901B	1000018851	US Treasury Bill		3/22/2012	6/21/2012	99.985	235,964.60	236,000.00	235,960.03
902B	1000018852	US Treasury Bill		3/22/2012	6/21/2012	99.985	64,990.25	65,000.00	64,988.99
903B	1000018853	US Treasury Bill		3/22/2012	6/21/2012	99.985	760,885.85	761,000.00	760,871.12
904B	1000018854	US Treasury Bill		3/22/2012	6/21/2012	99.985	331,950.20	332,000.00	331,943.77
905B	1000018855	US Treasury Bill		3/22/2012	6/21/2012	99.985	220,966.85	221,000.00	220,962.57
907B	1000018856	US Treasury Bill		3/22/2012	6/21/2012	99.985	439,934.00	440,000.00	439,925.48
968B	1000018843	US Treasury Bill		3/22/2012	6/21/2012	99.985	27,995.80	28,000.00	27,995.26
982B	1000018838	US Treasury Bill		3/22/2012	6/21/2012	99.985	207,968.80	208,000.00	207,964.77

New York State Urban Development Corp. d/b/a ESD  
Investment Position Report  
As of 3/31/12

BAC	DEAL ID	Instrument Type	Rate	Settle Date	Maturity Date	Market Price a/o 3/31/12	Market Value (\$'s)	Par Amount (\$'s)	Cost (Incl Purch Int) (\$'s)
983B	1000018839	US Treasury Bill		3/22/2012	6/21/2012	99.985	51,992.20	52,000.00	51,991.19
984B	1000018840	US Treasury Bill		3/22/2012	6/21/2012	99.985	3,999.40	4,000.00	3,999.32
985B	1000018841	US Treasury Bill		3/22/2012	6/21/2012	99.985	8,998.65	9,000.00	8,998.48
988B	1000018842	US Treasury Bill		3/22/2012	6/21/2012	99.985	4,999.25	5,000.00	4,999.15
380B	1000018771	US Treasury Bill		3/6/2012	6/28/2012	99.983	126,978.41	127,000.00	126,967.83
416B	1000018505	US Treasury Bill		1/3/2012	6/28/2012	99.983	292,950.19	293,000.00	292,971.19
416B	1000018527	US Treasury Bill		1/5/2012	6/28/2012	99.983	294,949.85	295,000.00	294,971.32
416B	1000018615	US Treasury Bill		2/1/2012	6/28/2012	99.983	293,950.02	294,000.00	293,951.65
416B	1000018727	US Treasury Bill		3/1/2012	6/28/2012	99.983	293,950.02	294,000.00	293,961.13
417B	1000018504	US Treasury Bill		1/3/2012	6/28/2012	99.983	624,893.75	625,000.00	624,938.54
417B	1000018526	US Treasury Bill		1/5/2012	6/28/2012	99.983	201,965.66	202,000.00	201,980.36
417B	1000018614	US Treasury Bill		2/1/2012	6/28/2012	99.983	624,893.75	625,000.00	624,897.22
417B	1000018726	US Treasury Bill		3/1/2012	6/28/2012	99.983	624,893.75	625,000.00	624,917.36
423E	1000018503	US Treasury Bill		1/3/2012	6/28/2012	99.983	47,991.84	48,000.00	47,995.28
423E	1000018616	US Treasury Bill		2/1/2012	6/28/2012	99.983	46,992.01	47,000.00	46,992.27
423E	1000018728	US Treasury Bill		3/1/2012	6/28/2012	99.983	47,991.84	48,000.00	47,993.65
415B	1000018983	US Treasury Bill		3/1/2012	6/28/2012	99.983	910,845.13	911,000.00	910,744.04
636B	1000018446	US Treasury Bill		12/29/2011	6/28/2012	99.983	4,209,284.30	4,210,000.00	4,209,127.36
378B	1000018447	US Treasury Bill		12/29/2011	12/13/2012	99.901	142,858.43	143,000.00	142,854.02
378B	1000018538	US Treasury Bill		1/9/2012	12/13/2012	99.901	4,814,229.19	4,819,000.00	4,814,689.00
381B	1000018448	US Treasury Bill		12/29/2011	12/13/2012	99.901	19,980.20	20,000.00	19,979.58
381B	1000018539	US Treasury Bill		1/9/2012	12/13/2012	99.901	679,326.80	680,000.00	679,391.68
							638,441,904.63	638,470,000.00	638,439,047.04
<b>Grand Totals</b>							<b>1,650,955,344.43</b>	<b>1,650,465,035.00</b>	<b>1,649,711,828.96</b>

**FOR CONSIDERATION**

**July 18, 2012**

**TO:** The Directors

**FROM:** Kenneth Adams

**SUBJECT:** Roosevelt Island, (New York County)  
Island House Residential Project (UDC Loan No. 53)

**REQUEST**

**FOR:** Authorization to (i) Consent to Second Amendment to the Ground Lease, (ii) Revise Tax Equivalent Payment (“TEP”) Terms Upon Implementation of Affordability Plan for Preservation of Affordable Housing and the Project’s Withdrawal from Mitchell-Lama Program (“Affordability Plan” or “Plan”), Which is Incorporated and Made Part of Second Amendment to the Ground Lease, (iii) Assign Mortgage to the New Lender, and (iv) Take All Related Actions.

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**PROJECT SUMMARY**

Location: Roosevelt Island, County of New York

ESD is the leasehold mortgagee of the Island House Residential Project (“Island House” or the “Project”), a 400-unit Mitchell-Lama rental housing development and one of four housing projects on Roosevelt Island that UDC originally financed in the mid 1970’s with leasehold mortgage loans. ESD is entitled to an annual TEP from the Project which is further described below.

**BACKGROUND**

Legal title to the Island House Residential Project is held by North Town Phase II Houses, Inc. (the “Housing Company”). The Housing Company has vested the beneficial ownership of the Project in North Town Phase II Associates, LP, a limited partnership organized under New York law (the “Owner”). The Managing General Partner is Sovereign Construction Company, Ltd., a wholly owned subsidiary of the Titan Group, Inc. The General Partner of North Town Phase II Associates, LP is Island House, Inc., a New York corporation owned and controlled by Charles Lucido and David Hirschhorn.

Lease Structure: In 1969, the City of New York entered into a 99-year ground lease with UDC for Roosevelt Island (the “Master Lease”) through 2068. To foster affordable housing as part of the new Roosevelt Island community, UDC executed subleases with the owners of the four Roosevelt Island projects in the 1970’s. Island House was provided a sublease set to expire in 2028. In 1984, New York State created the Roosevelt Island Operating Corporation (“RIOC”), a public benefit corporation and political subdivision of the State, to develop and operate Roosevelt Island. RIOC was to assume the role of UDC under the 99-year Master Lease. As such, in 1988, UDC assigned to RIOC its interests in the Master Lease (inclusive of the sublease to Island House).

Tax Equivalency Payments: ESD is entitled to receive an annual TEP payment from Island House based upon the formula of 10% of Annual Shelter Rent (“Shelter Rent TEP”). Annual Shelter Rent is derived from total rents received from the Project’s occupants less the cost of providing to such occupants electricity, gas, heat, and other utilities.

The Ground Lease also provides for an increase in TEP based on the tax rate for conventionally financed housing (“Market Rate TEP”) on the 30<sup>th</sup> anniversary of initial occupancy, which was in 2005 for Island House. Market Rate TEP is calculated by multiplying the applicable NYC real estate tax rate by the taxable assessment as determined by the City of New York.

ESD did not exercise its right to increase TEP to Market Rate TEP in 2005. Instead, in keeping with the State’s commitment to maintain and expand affordable housing, ESD responded to residents’ and local elected officials’ concerns by entering into a 2008 letter agreement with the Owner to allow the project to continue to pay Shelter Rate TEP, currently \$530,000 per year, as long as the Project remained a Mitchell-Lama development. Upon exit from the Mitchell-Lama program, the Project would be responsible for payment of Market Based TEP, currently estimated at approximately \$3.8 million annually.

## **PROPOSED MODIFICATIONS**

At this time, the Project is entitled to opt out of the Mitchell-Lama Program and convert to a market rate apartment building. However, to preserve the Project as an affordable resource, New York State Housing and Community Renewal (“HCR”), RIOC, and ESD have collaborated in negotiations with the Owner and the Island House Tenants Association to permit the Owner to undertake a non-eviction cooperative conversion plan that will present homeownership opportunities at below market values and provide rent protections to existing tenants.

In connection with the Affordability Plan:

- ESD will receive modified TEP Payments as described below.
- ESD will assign the mortgage to the new lender.
- ESD will be paid the balance of its mortgage indebtedness, approximately \$18.5 million, on the effective date of the Second Amendment to Ground Lease.
- RIOC will extend the Ground Lease from 2028 to 2068.
- The Project will be removed from Mitchell-Lama supervision.
- The Project will convert into a privately held cooperative that allows current tenants to purchase their apartment at below market prices (approximately 35% of FMV) while being subject to resale and income limitations or to maintain their existing rental status under new rent protections.

Tax Equivalency Payment Collection Modification: Subject to approval of the Second Amendment to the Ground Lease by the RIOC Board of Directors and subsequent implementation of the Affordability Plan, ESD will continue to collect Shelter Rent TEP for units that are sold or rented in accordance with the affordability parameters and restrictions set forth in the Plan. For those units that are sold or rented free of the affordable resale or affordable rental restrictions, Market Rate TEP will be phased-in over a five year period. Under the Affordability Plan, TEP payments over the remaining term of the amended ground lease are estimated to total \$144.7 million, an increase of \$115.0 million over the estimated

\$29.7 million of Shelter Rent TEP payments that ESD would have expected to receive for the same period. The Affordability Plan will become operative and effective upon execution of the Second Amendment to the Ground Lease.

These TEP terms are set forth in the Affordability Plan as following:

- **Affordable Apartments:** For those apartments that continue to be subject to the Affordable Resale Restrictions and the Affordable Rental Restrictions, Shelter Rent TEP will continue to be computed for the 30-year period commencing from the later of: (i) the effective date of the Second Amendment to Ground Lease or (ii) the date of the Master Cooperative Closing (provided that the Master Cooperative Closing shall occur within three years of the effective date of the Second Amendment to Ground Lease). Shelter Rent TEP will continue until the day prior to the commencement of the fiscal year immediately following the end of the 30-year period (the “Shelter Rent Expiration Date”).
- **Market Rate Apartments:** When an apartment is vacated by the original tenant and sold or rented free of the Affordable Resale Restrictions (i.e., designated by the Owner as a Market Apartment), then commencing on the first day of the Project’s fiscal year immediately following the date of such sale or rental, Market Rate TEP will be phased in over a 5 year period, provided that the phase-in period does not extend beyond the Shelter Rent Expiration Date, at which time the Project shall convert to 100% Market Rate TEP. The phase-in period shall commence on the later of: (i) the effective date of the Second Amendment to Ground Lease or (ii) the date of the Master Cooperative Closing (provided that the Master Cooperative Closing shall occur within three years of the effective date of the Second Amendment to Ground Lease).

#### **NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY**

ESD’s Non-Discrimination and Contractor & Supplier Diversity policies will apply. Purchaser and every successor in interest to the Property shall not discriminate upon the basis of race, creed, color, sex or national origin in the sale, lease or rental, or in the use or occupancy of the Property or improvements erected or to be erected thereon or any part thereof. This covenant shall run with the land in perpetuity.

#### **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.

#### **REQUESTED ACTION**

The Directors are requested to authorize (i) consent to Second Amendment to the Ground Lease, (ii) revision of Tax Equivalent Payment (“TEP”) Terms upon implementation of Affordability Plan for Preservation of Affordable Housing and the Project’s Withdrawal from Mitchell-Lama Program (“Affordability Plan” or “Plan”), which is incorporated and made part of Second Amendment to the Ground Lease, (iii) assignment of Mortgage to the new lender, and (iv) taking all related actions.

**ATTACHMENT**

Resolution

July 18, 2012

ROOSEVELT ISLAND – (NEW YORK COUNTY) ISLAND HOUSE RESIDENTIAL PROJECT (UDC LOAN NO. 53) AUTHORIZATION TO (I) CONSENT TO SECOND AMENDMENT TO THE GROUND LEASE, (II) REVISE TAX EQUIVALENT PAYMENT (“TEP”) TERMS UPON IMPLEMENTATION OF AFFORDABILITY PLAN FOR PRESERVATION OF AFFORDABLE HOUSING AND WITHDRAWAL FROM MITCHELL-LAMA PROGRAM (“AFFORDABILITY PLAN” OR “PLAN”), WHICH IS INCORPORATED AND MADE PART OF SECOND AMENDMENT TO THE GROUND LEASE, (III) ASSIGN MORTGAGE TO THE NEW LENDER, AND (IV) TAKE ALL RELATED ACTIONS.

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**RESOLVED**, that based on the materials presented to this meeting and ordered filed with the records of the New York State Urban Development Corporation, relating to the Island House Residential Project (UDC Loan No. 53) the Corporation be and hereby is authorized to (i) Consent to Second Amendment to the Ground Lease, (ii) Revise Tax Equivalent Payment (“TEP”) Terms Upon Implementation of Affordability Plan for Preservation of Affordable Housing and Withdrawal from Mitchell-Lama Program (“Affordability Plan” or “Plan”), Which Is Incorporated and Made Part of Second Amendment to the Ground Lease, (III) Assign Mortgage to the New Lender, and (iv) Take All Related Actions, and be it further

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

July 18, 2012

TO: The Directors  
FROM: Kenneth Adams  
SUBJECT: Brooklyn, New York (Kings County)  
Vernon Avenue Houses - UDC Loan No. 237

REQUEST

FOR: Authorization to (i) Accept a Partial Prepayment in Satisfaction of the Outstanding Mortgage, (ii) Allow an Assumption of the Remaining Balance of the Outstanding Mortgage, (iii) Allow an Assumption of a Tenant Repair and Improvement Loan, and (iv) Take All Related Actions.

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PROJECT SUMMARY

Location: Brooklyn, NY, (Kings County)

Improvements: Vernon Avenue Houses (the “Project” or “Property”) contains 97 one-bedroom, 118 two-bedroom, 32 three-bedroom, and 20 four-bedroom units for a total of 267 units in one 9-story elevator building, one 8-story elevator building and two 3-story walk up buildings.

BACKGROUND

Legal title to the Project is held by Vernon Avenue Houses, Inc. (the “Housing Company”), and 735 Willoughby Avenue Company (the “Partnership”) is the beneficial owner. The Project is managed by Shinda Management Corporation.

FINANCIAL

The Project was originally financed by UDC as a Mitchell-Lama project with a mortgage loan in the amount of \$12,970,000, of which \$7,699,239.27 will remain outstanding as of August 31, 2012 (“Outstanding Mortgage”). The project does not receive HUD Section 236 Interest Reduction Payments, and the apartments are unsubsidized, however, tenants benefit from a multi-year HUD Housing Assistance Payment contract which enables the Project to maintain its affordability.

The Project received a Tenant Repair and Improvement Loan (“TRAIL”) of \$3.4 million in July 2010, of which \$2.0 million has been disbursed to date. Completion of improvements financed by TRAIL is ongoing and it is expected that the remaining \$1.4 million TRAIL funds will be utilized prior to closing.

## CURRENT STATUS

The Project was constructed in 1976 in the Bedford Stuyvesant neighborhood of Brooklyn. Owing to the Project's age and physical and financial condition, the Project is in need of an overall rehabilitation and financial restructuring.

## REDEVELOPMENT PLAN

Under the refinancing proposal presented by Phoenix Realty Group (the "Purchaser"), the full 267 units in the Project would continue to be affordable to households at or below 60% of the Area Median Income ("AMI") for a minimum of 20 years. The proposed plan calls for the revitalization of the Project to be renamed Willoughby Court Apartments. The proposed new owner will be Willoughby Court Apartments L.P. or another single-purpose entity to be controlled by the Purchaser and Shinda Management. Shinda Management will continue to be the property manager.

The proposed scope of rehabilitative work includes full replacement of the existing electric heating system with a gas-fired boiler and hot water heating system, sub-metering electric service to all apartments, repair and/or replacement of the roofs and façade, replacement of all exterior doors and windows, and full renovation of all kitchens and bathrooms. In addition, the community room, courtyard and the parking lot will be upgraded. Total rehabilitation hard costs are estimated at \$17.7 million.

## PROPOSED FINANCING PLAN

The Project's Total Development Cost is projected to be approximately \$51.5 million. The primary sources of funding are anticipated to include a total first mortgage loan from New York State Homes & Community & Renewal ("HCR") estimated at \$23.0 million, 4% "as of right" Low Income Housing Tax Credit ("LIHTC") proceeds estimated at \$16.8 million, a \$2.5 million New York City Capital Allocation Loan from the Brooklyn Borough President's Office, and various other funding sources.

In furtherance of New York State's commitment to the preservation of quality affordable housing, ESD has negotiated a settlement of the Outstanding Mortgage which will allow the new owner to undertake the needed rehabilitation and revitalization of the Project. In partial satisfaction of the Outstanding Mortgage, ESD has agreed to accept a cash payment in the amount of \$6,700,000 at closing. In addition, ESD will receive a cash payment of \$152,925 representing interest accrued on the TRAIL loan and one mortgage payment, for a total cash payment to ESD of \$6,852,925 at closing. The new owner will assume the remaining balance of the Outstanding Mortgage of \$999,237 and also the TRAIL loan of \$3.4 million.

The proposed LIHTC acquisition and issuance of tax exempt bonds for rehabilitation ensures that the Project will continue to provide affordable housing to the residents of Brooklyn for an additional 30 years.

## NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply. Purchaser and every successor in interest to the Property shall not discriminate upon the basis of race, creed, color, sex or national origin in the sale, lease or rental, or in the use or occupancy of the Property or improvements

erected or to be erected thereon or any part thereof. This covenant shall run with the land in perpetuity.

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. No further environmental review is required in connection with the project.

REQUESTED ACTION

The Directors are requested to authorize: (i) acceptance of a partial prepayment in satisfaction of the outstanding mortgage, (ii) allowance of an assumption of the remaining balance of the outstanding mortgage, (iii) allowance of an assumption of a Tenant Repair and Improvement Loan, and (iv) the taking of all related actions.

RECOMMENDATION

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

ATTACHMENT

Resolution

July 18, 2012

KINGS COUNTY – VERNON AVENUE HOUSES (UDC LOAN NO. 237) – REQUEST FOR AUTHORIZATION TO (I) ACCEPT A PARTIAL PREPAYMENT IN SATISFACTION OF THE OUTSTANDING MORTGAGE, (II) ALLOW AN ASSUMPTION OF THE REMAINING BALANCE OF THE OUTSTANDING MORTGAGE, (III) ALLOW AN ASSUMPTION OF A TENANT REPAIR AND IMPROVEMENT LOAN, AND (IV) TAKE ALL RELATED ACTIONS.

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RESOLVED, that, based on the materials submitted to this meeting and ordered filed with the records of the New York State Urban Development Corporation (“Corporation”) relating to the Vernon Avenue Houses (UDC Loan No. 237), the Corporation be and hereby is authorized to: (i) Accept a Partial Prepayment in Satisfaction of the Outstanding Mortgage, (ii) Allow an Assumption of the Remaining Balance of the Outstanding Mortgage, (iii) Allow an Assumption of a Tenant Repair and Improvement Loan, and (iv) Take All Related Actions, and be it further.

RESOLVED, that the Officers of the Corporation, be, and each of them hereby is authorized and directed to take any and all actions necessary to carry out the foregoing resolutions and to carry out any authority or delegation granted to the Corporation or in conjunction with such authorizations, including, but not limited to, the preparation and execution of any agreements, instrumentation and/or documents as such authorized officer may deem necessary or appropriate.

**UDC Loan No. 237 - LOAN FACT SHEET**

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**Property Name:** Vernon Avenue Houses, Inc.  
**Mortgagor:** Vernon Avenue Houses, Inc.  
**Property Location:** 721 Willoughby Avenue Brooklyn, NY 11216  
**Mortgagee:** New York State Urban Development Corporation

**Original Loan Amounts**

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FMD Note \$ 12,790,000.00  
Tenant Repair and Improvement Loan (TRAIL) \$ 3,400,000.00

**Outstanding Indebtedness as of August 31, 2012**

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FMD Note (Principal Balance) \$ 7,581,236.33  
Debt Service Interest Arrears\* \$ 118,002.94  
*Outstanding Mortgage Balance* \$ 7,699,239.27  
  
TRAIL Note (Principal Balance) \$ 1,927,385.99  
TRAIL Interest Arrears \$ 56,126.17  
  
*Total Outstanding Indebtedness* \$ 9,682,751.43

**Debt Service**

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Housing Company's Annual Debt Service \$ 1,146,314.61

**HUD Section 236 Subsidy**

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*None*

**Proposed Transaction Details**

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Partial Pre-Payment to ESD of Outstanding Mortgage \$ 6,700,000.00  
Payment to ESD for TRAIL Interest Arrears \$ 56,126.17  
Payment to ESD at Closing \$ 96,798.75  
*Total Payment to ESD* \$ 6,852,924.92  
  
Pre-Payment as a percent of FMD 87%  
Assignment of Outstanding Mortgage to Purchaser \$ 999,239.27  
Subordinated TRAIL Loan to HCR Financing \$ 3,400,000.00

**Miscellaneous**

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Operating Escrow Fund Balance as of 07/31/12 \$ 167,497.23  
Occupancy as of 03/31/12 (267 units) 96%  
Housing Assistance Payment (HAP) Contract \$ 2,148,864.00  
Number of Units Receiving HAP 80  
HAP Units as a % of Total Units 30.0%

*\*Includes one debt service payment received in May 2012.*





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# MOYNIHAN MOVING FORWARD

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The Foundation for New York's New Train Station



34th Street

7th Avenue

31st Street

30th Street

9th Avenue

8th Avenue

**Western Annex**

**FARLEY**

**PENN & MSG**

12 - USPS

11 - LIRR

10 - LIRR

9 - LIRR

8 - LIRR

7 - LIRR

6 - Amtrak

5 - Amtrak

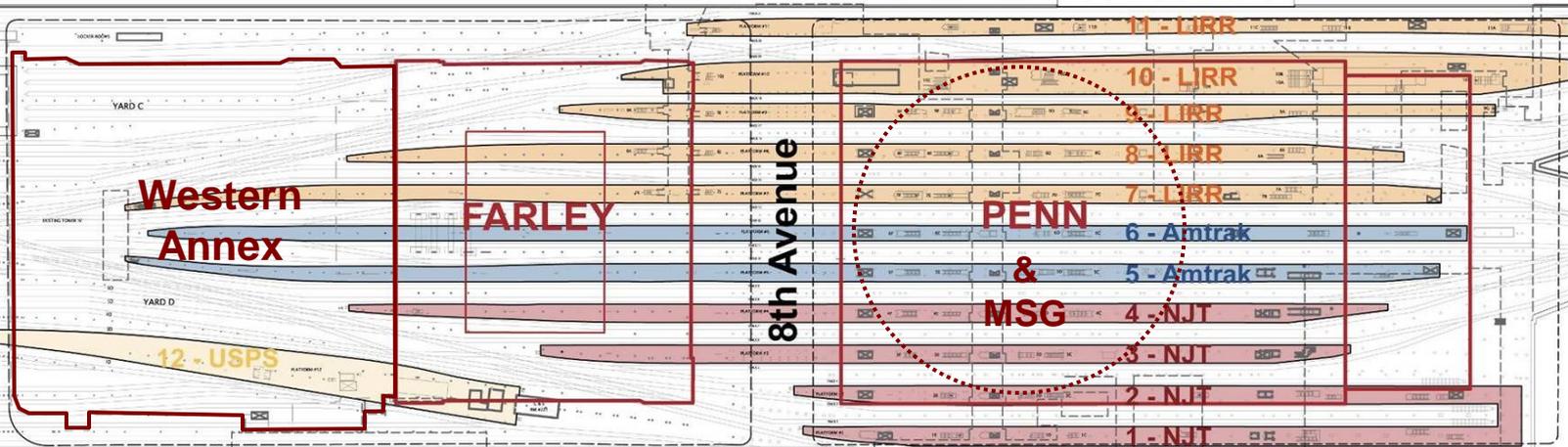
4 - NJT

3 - NJT

2 - NJT

1 - NJT

AMTRAK SERVICE BUILDING



## **General Overview**

### **Phase 1: Scope of Work & Design**

Project Budget \$267 million

First Contract

Expanded West End Concourse, New 8<sup>th</sup> Avenue Entrances

Subsequent Contracts awaiting funding

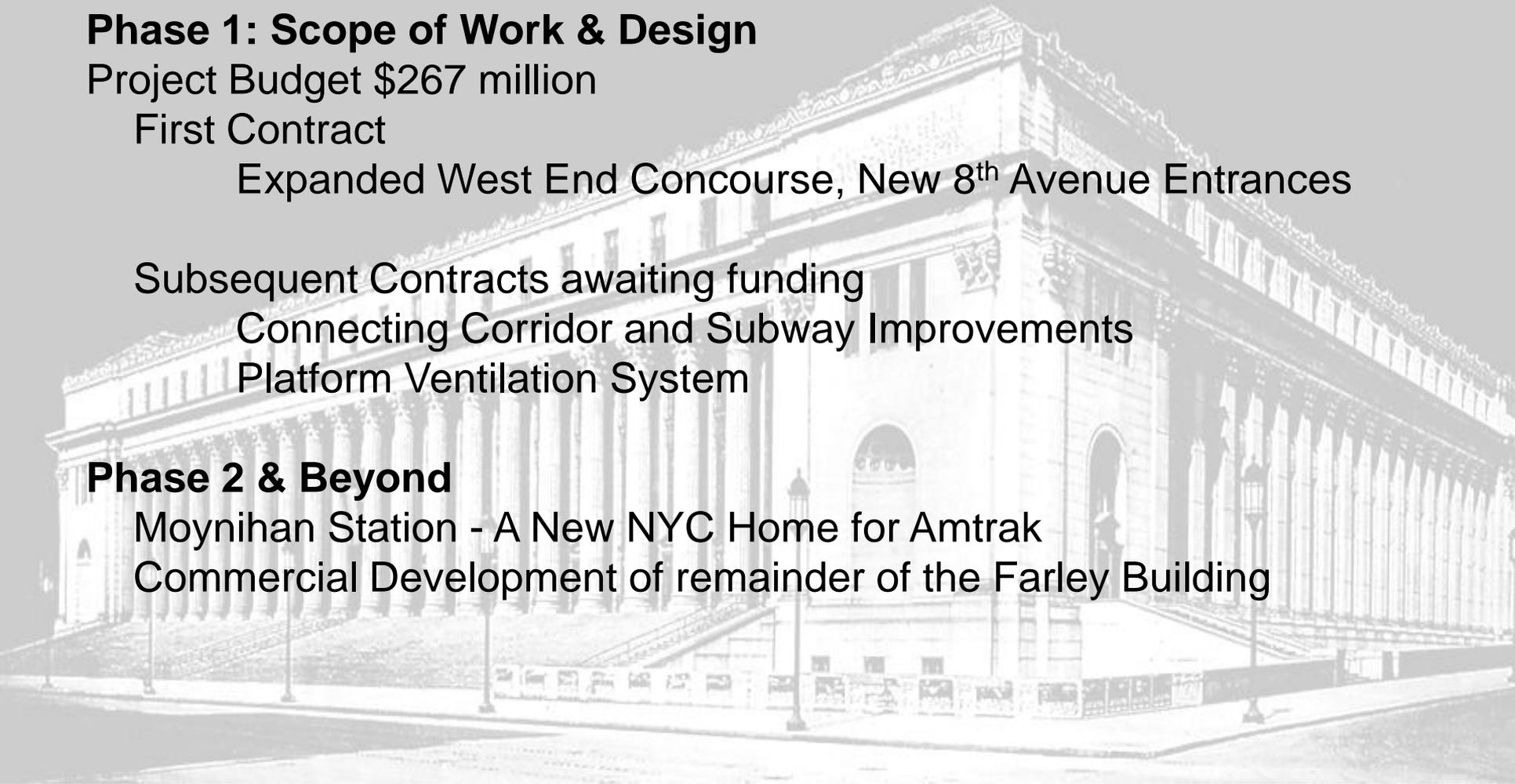
Connecting Corridor and Subway Improvements

Platform Ventilation System

### **Phase 2 & Beyond**

Moynihan Station - A New NYC Home for Amtrak

Commercial Development of remainder of the Farley Building



# Phase 1 Schedule

## West End Concourse & 8<sup>th</sup> Avenue Entrances

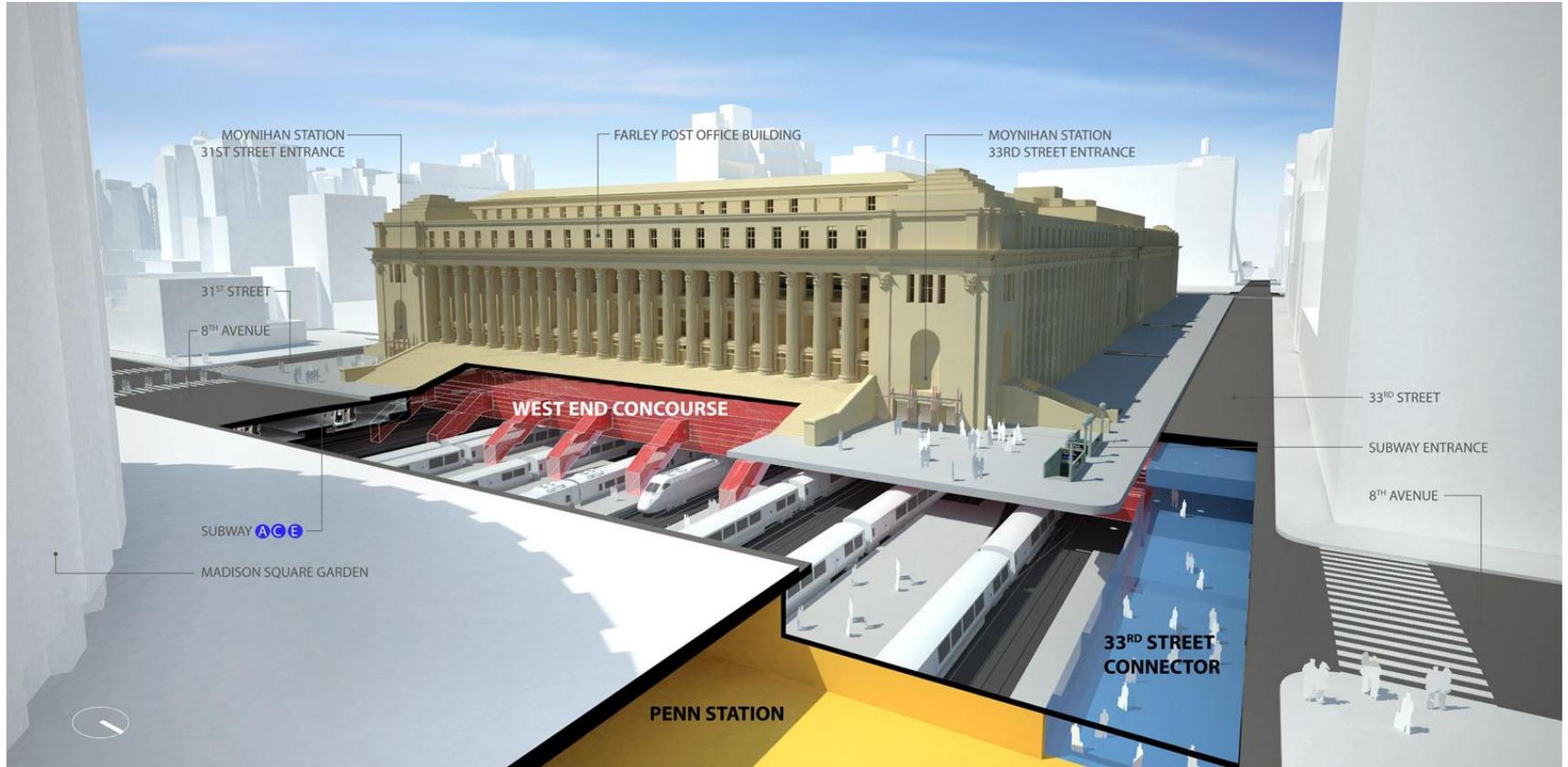
- Skanska Awarded Construction Contract - \$147,750,000
- Contract Signed June 13, 2012
- Amtrak Force Account \$30,000,000
- Construction Starts Summer 2012
- All night and weekend work, 32 weekends per year
- Completion Summer 2016

## Platform Ventilation & Connecting Corridor

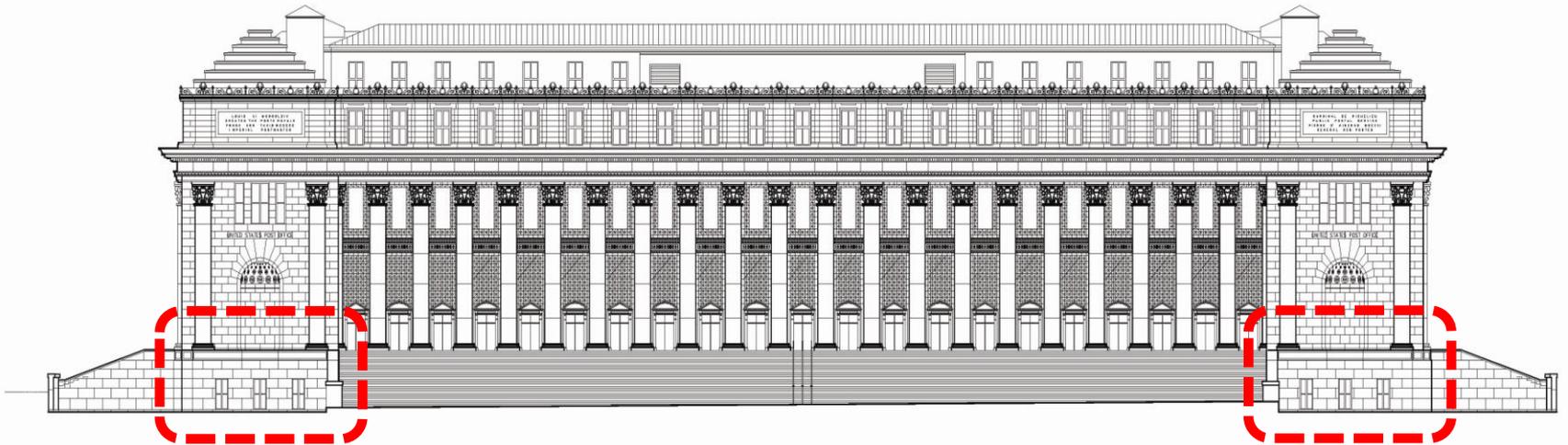
- Design Complete
- Shorter Construction Duration
- Award Contracts as funds become available
- Not required until Train Hall opens
- Have independent utility ahead of Train Hall



# Phase 1 - Axonometric View



# Farley Building – Existing East Elevation



**8th Ave and  
31st Street  
Entrance**

**8th Ave and  
33rd Street  
Entrance**

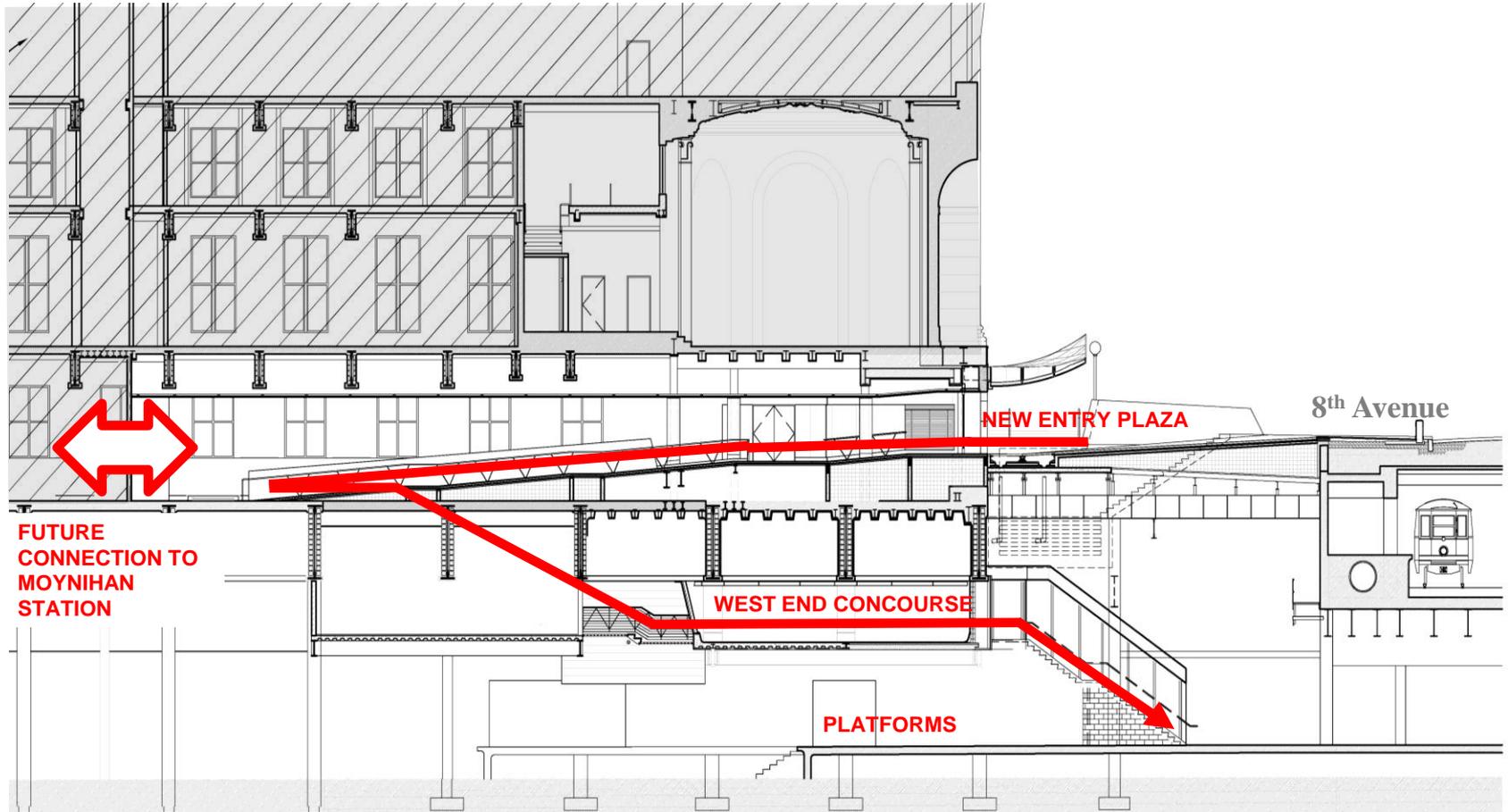
# Farley Building – Existing 8<sup>th</sup> Ave & 31<sup>st</sup> Street Entrance





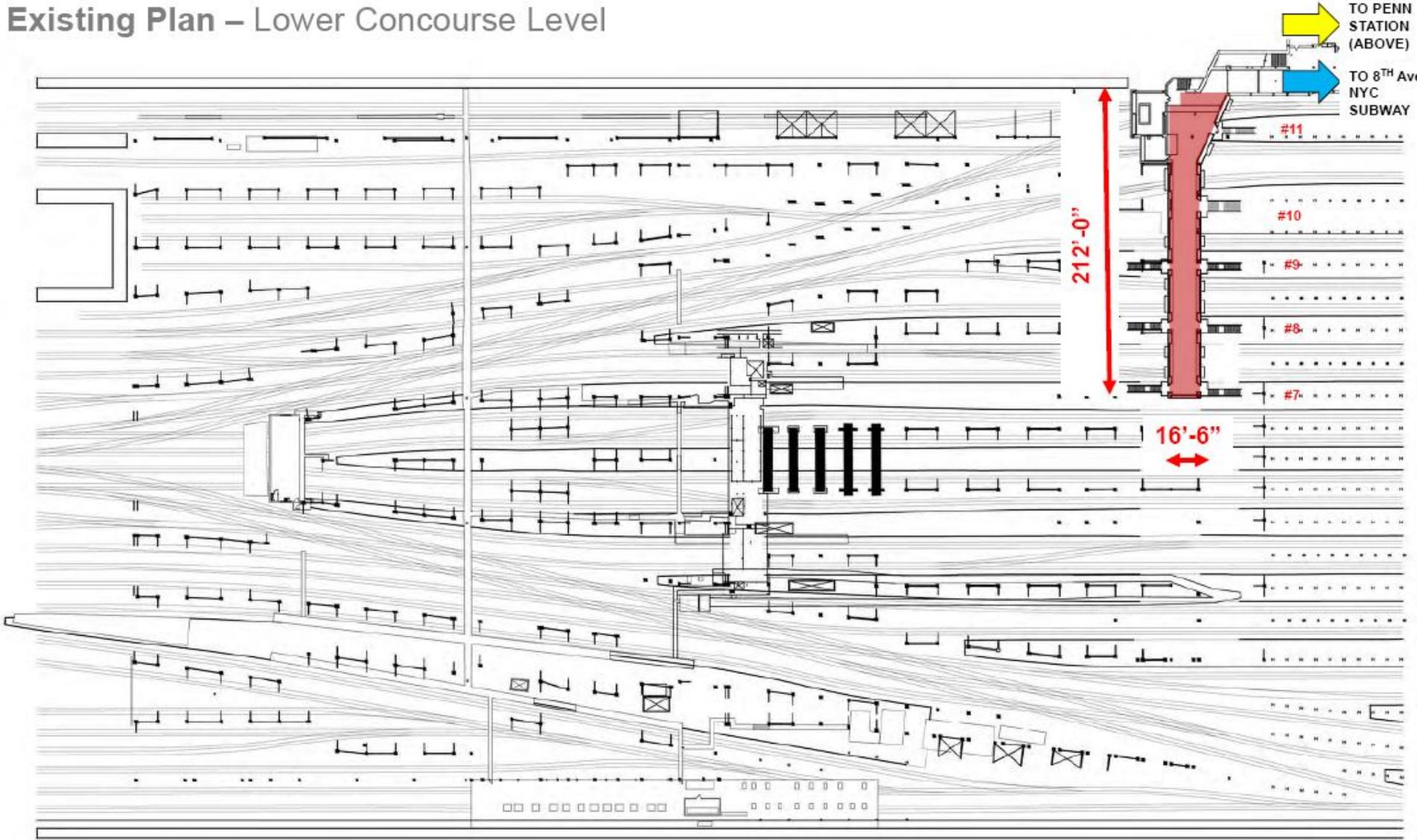


# West End Concourse Access

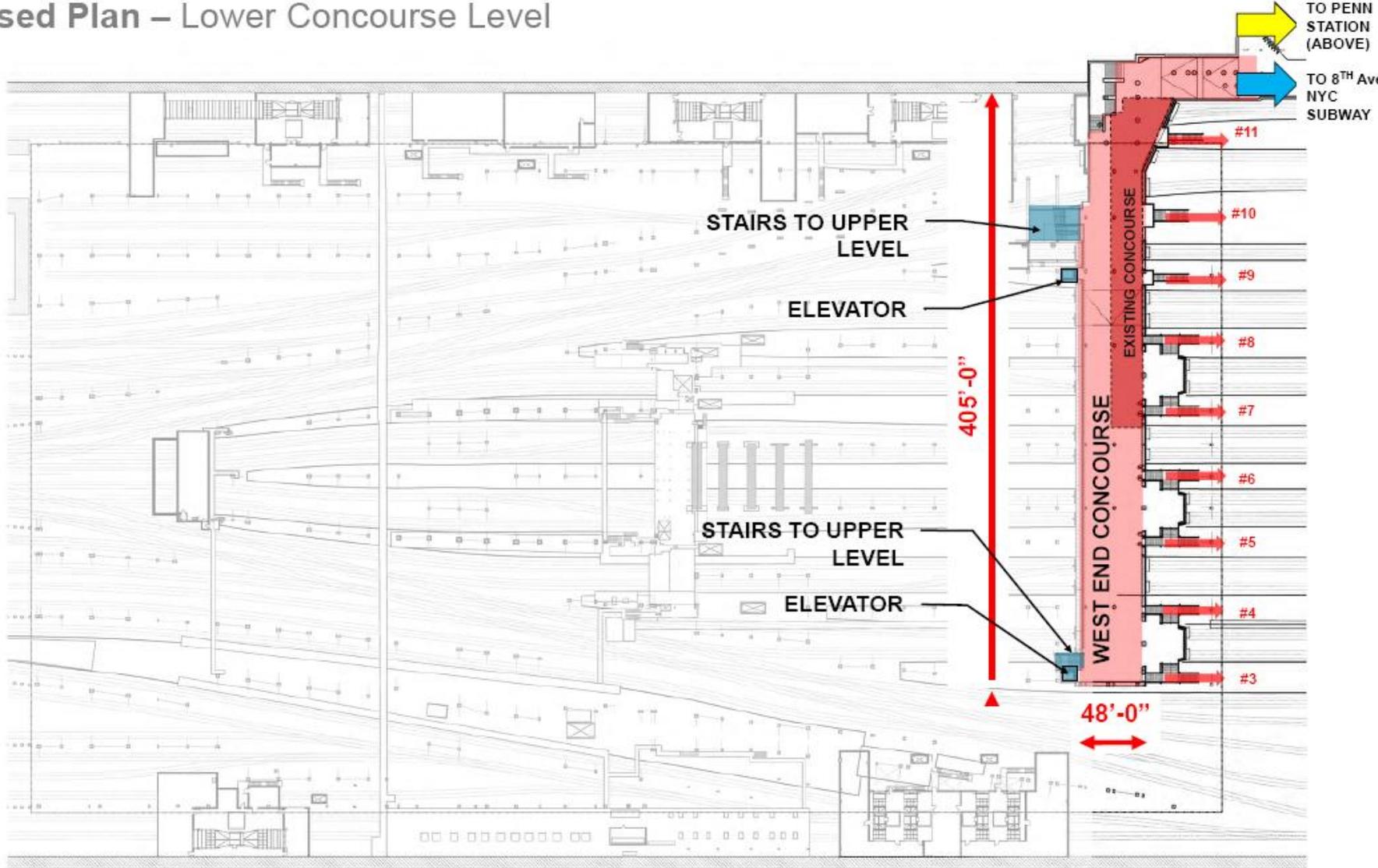


**8th Ave and 33<sup>rd</sup> Street Entrance - Partial Section**

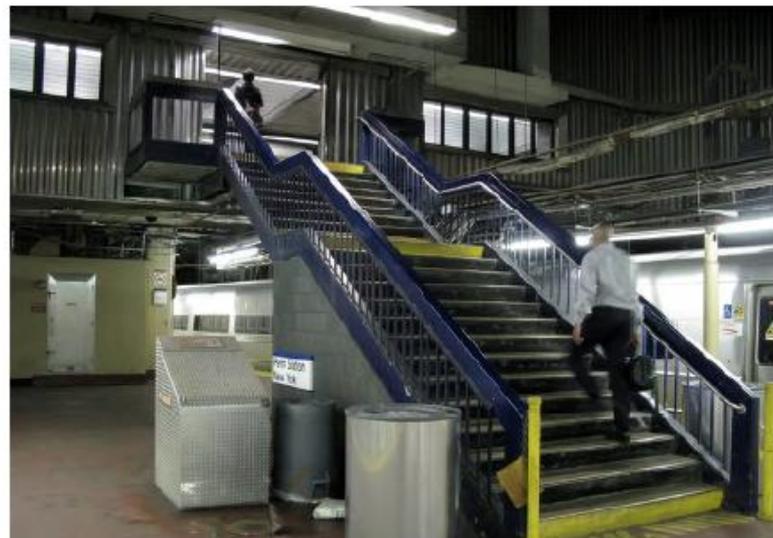
# Existing Plan – Lower Concourse Level



# Proposed Plan – Lower Concourse Level



# Existing Condition - West End Concourse

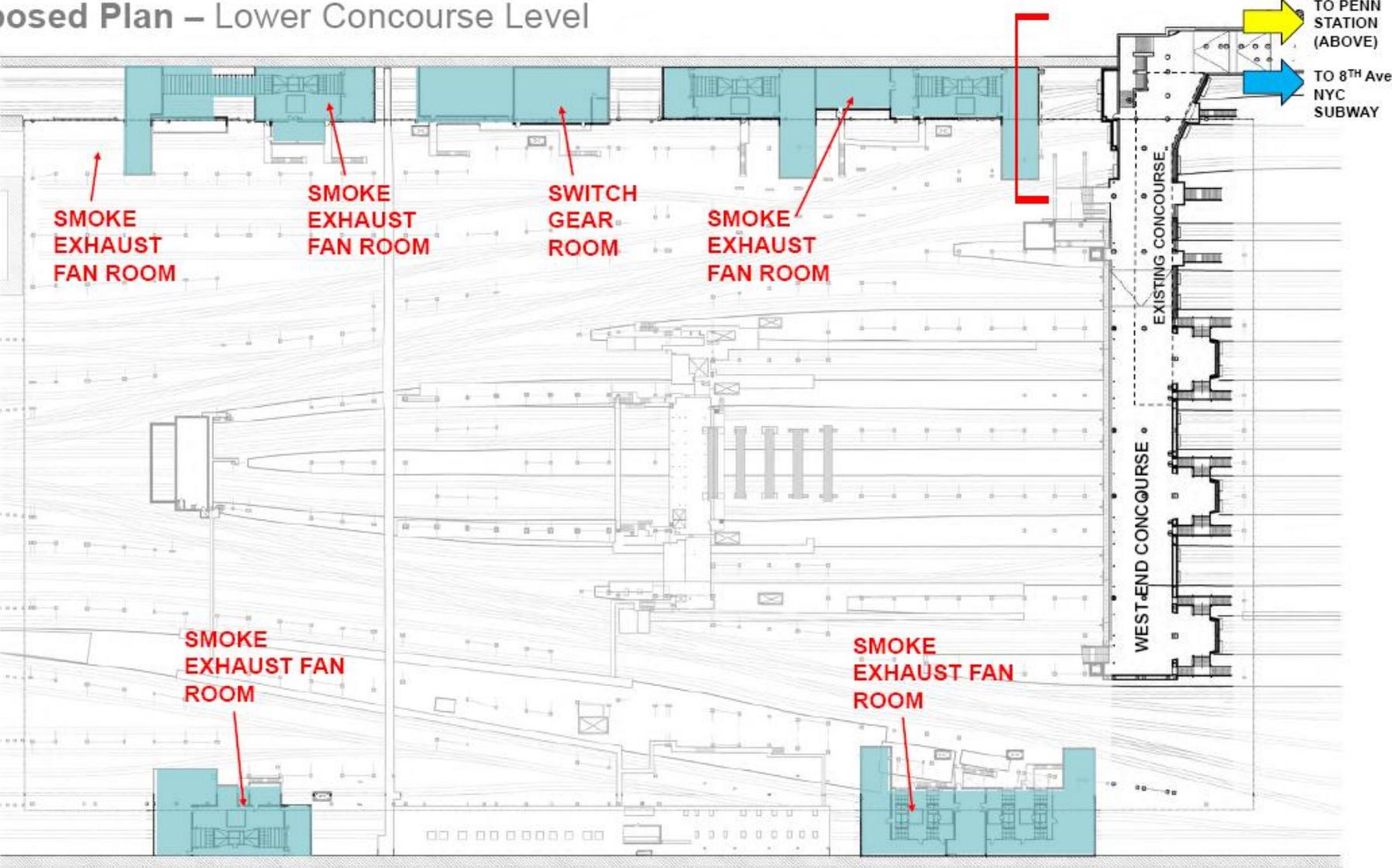


# TRAIN DEPARTURE INFORMATION

TRAIN NUMBER	CLASS	STATION	STATUS	STAND BY	BOARDING
7857	NE CORR SEC EWR	TRENTON	ON TIME	15	17
140	REGIONAL	SPRINGFIELD	ON TIME		
7889	LIRR	ROCKY HONOLUA	ON TIME		
194	REGIONAL	BOSTON	ON TIME		
7661	LIRR	FAR ROCKAWAY	ON TIME		
159	REGIONAL	WASHINGTON	ON TIME		
7261	NJ COAST SEC EWR	BAYHEAD	ON TIME		
6993	MID DIRECT SEC	DOVER	ON TIME		
88	REGIONAL	BOSTON	ON TIME		
88	LIRR	MONTAUK	ON TIME		



# Proposed Plan – Lower Concourse Level



# Phase 2 & Beyond

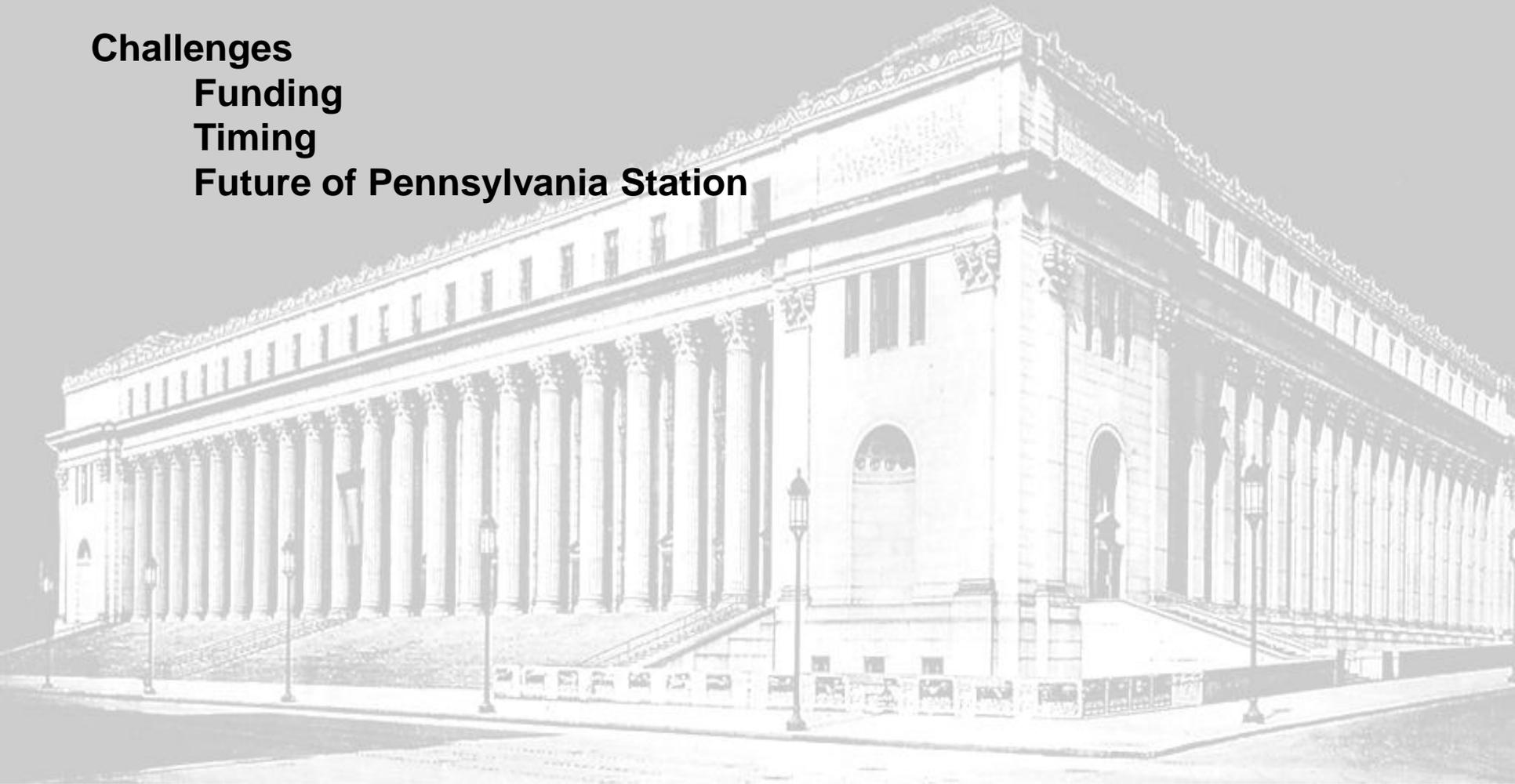
## A New NYC Home for Amtrak

### Challenges

Funding

Timing

Future of Pennsylvania Station





TRAIN INFORMATION											
Time	Number	Train	To	From	Status	Gate	Time	Number	Train	To	From
11:15	2208	ACELA EXPRESS	WASHINGTON	NEW YORK	ON TIME	1	11:15	3252	ACELA EXPRESS	WASHINGTON	NEW YORK
11:34	2252	ACELA EXPRESS	GOSSON	WASHINGTON	ON TIME	1	11:34	3252	ACELA EXPRESS	GOSSON	WASHINGTON
11:36	135	REGIONAL - R	WASHINGTON	NEW YORK	ON TIME	1	11:36	135	REGIONAL - R	WASHINGTON	NEW YORK
12:09	85	REGIONAL - R	ROCKY	WASHINGTON	ON TIME	1	12:09	85	REGIONAL - R	ROCKY	WASHINGTON
12:34	2212	ACELA EXPRESS	WASHINGTON	NEW YORK	ON TIME	1	12:34	2212	ACELA EXPRESS	WASHINGTON	NEW YORK
12:38	143	REGIONAL - R	WASHINGTON	SPRINGFIELD	ON TIME	1	12:38	143	REGIONAL - R	WASHINGTON	SPRINGFIELD
1:09	140	REGIONAL - R	WASHINGTON	SPRINGFIELD	ON TIME	1	1:09	140	REGIONAL - R	WASHINGTON	SPRINGFIELD

NEW MARC SCHEDULES EFFECTIVE FEBRUARY 11TH

# Timeline

- 2012-13 Funding remainder of Phase 1
- 2012-13 Complete Venture Negotiations
- February 2013 Farley Mortgage Due
- Fiscal 2013-14 Budget for Farley Operations



Questions?

