

FOR CONSIDERATION

«Approval_Date»

TO: The Directors

FROM: Dennis M. Mullen

SUBJECT: «Project_Town» («Project_County» County) – «Project_Name» –
Downstate Regional Project and Empire State Economic Development Fund
«Fund_Source»– General Development Financing (Capital Grants)

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

General Project Plan

I. Project Summary

Grantee: «Orgn_Name_Client» (“CSHL,” the “Lab” or the “Company”)

ESD* Investment: A \$5,000,000 Downstate Regional Project grant and a \$2,000,000 Empire
State Economic Development Fund grant to be used for a portion of the
cost of the purchase of machinery and equipment.

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

Project Locations: 1 Bungtown Road, «Project_Town», «Project_County» County*
334 Main Street, Cold Spring Harbor, Nassau County
500 Sunnyside Boulevard, Woodbury, Nassau County
Banbury Lane, Huntington, Suffolk County

*Project activity site; others are job-retention sites.

NYS Empire Zone
(or equivalent): N/A

Proposed Project: Purchase of machinery and equipment for recently built laboratory space«Project_Summary»

ESD Incentive Offer Accepted: November 28, 2007 (V870)

Project Completion: June 2009

Number of Employees at Project Locations:

Initial employment at time of ESD Incentive Offer: 800 «Jobs_Initial»

Current employment level: «Jobs_Current»

958

Minimum employment on January 1, 2013: 880

«Jobs_Projected»

Grantee Contact: «Contact_Name_Client», «Contact_Title_Client»

«Street_Address_Client»

«CitySTZip_Client»

Phone: «Phone_Client»

Fax: «Fax_Client»

Anticipated
Appropriation

Sources:

Downstate Regional Project (W229) - \$5,000,000

Empire State Economic Development Fund (V870) - \$2,000,000

«Fund_Source»

ESD Project Nos.: V870, W229

Project Team:

Origination «Originator»

Project Management «Project_Manager» «Attorney»

Affirmative Action Laverne Poole«Affirmative_Action»

Finance Jonevan Hornsby«Financial_Analyst»«DC»

Environmental «Environmental»

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Machinery & Equipment	<u>\$20,000,000</u>

Total Project Costs	<u>\$20,000,000</u>
---------------------	---------------------

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD - Downstate Regional Project Grant (W229)	\$5,000,000	25%
ESD – Empire State Economic Development Fund Grant (V870)	2,000,000	10%
ESD – Economic Development Assistance Program Grant*	1,200,000	6%
Company Equity	<u>11,800,000</u>	<u>59%</u>
Total Project Financing	<u>\$20,000,000</u>	<u>100%</u>

*To be proposed for ESDC Board approval at a future date.

III. Project Description

A. Background

Established in 1890, Cold Spring Harbor Laboratory is a private, non-profit research and educational institution dedicated to exploring molecular biology and genetics in order to advance the understanding and ability to diagnose and treat cancers, neurological diseases and other causes of human suffering. The Lab is world-renowned for its scientific meetings and courses, which more than 8,000 scientists attend each year. CSHL is also committed to educating the next generation as they teach graduate students, undergraduate students, and students in middle and high school at the Lab.

The Lab has a rich history of noteworthy research achievements and has been home to seven Nobel Prize winners. Today, scientists at the Lab conduct cutting-edge research in cancer, neuroscience, plant genetics, and bioinformatics. Several new technologies, which have significant implications for medical research and therapy, have recently been developed at the Lab.

Scientists in CSHL’s extensive neuroscience program are seeking to elucidate the molecular and neurological basis of behavior, memory, learning, attention, and communication. In addition, Lab neuroscientists are conducting research on psychiatric and neurodegenerative disorders with the ultimate goal of developing interventions for autism, schizophrenia, depression, Alzheimer’s disease, and Parkinson’s disease. Cancer scientists at CSHL are researching the genetic basis of cancers including breast, colon, liver, ovarian, pancreatic, and prostate cancer, and leukemia, lymphoma, and melanoma. This research is aimed at developing new diagnostic and prognostic tools, and targeted therapies for these deadly diseases.

The success of the Lab’s research relies on its ability to expand upon recent advancements by fortifying and growing existing areas of research, such as cancer and neuroscience, where there is substantial potential to make a difference in the lives of individuals. CSHL also has started a program in biomathematics and has expanded its program in bioinformatics where scientists use mathematical computer analysis to accelerate the rate of biological research.

To accomplish these goals, the Lab needed to expand its research space by building six new

research buildings, which would provide much needed facilities for the exploration of human cancer genetics; cancer therapy; the neurobiology of the normal human brain; the molecular and cellular basis of brain disorders including Parkinson's, autism and schizophrenia; interdisciplinary studies in human genome research; and bioinformatics. CSHL approached ESDC in summer 2007 for financial assistance. In order to induce this investment, ESD responded with a \$2,000,000 capital grant incentive offer which the Lab accepted in November 2007. In addition, CSHL's expansion was earmarked for a \$5,000,000 Downstate Regional Project grant in the 2008-2009 New York State budget. Without ESD's assistance, it is likely that the scale of the project would have been reduced, which would have negatively impacted the ability of the Lab to attract top researchers and the research that is conducted.

B. The Project

The project consisted of the purchase and installation of machinery and equipment for the approximately 100,000 square feet of new building space in six buildings that was recently constructed on the Lab's campus. A total of approximately \$107 million was spent on the construction and outfitting of the six new laboratory research buildings. Machinery and equipment included state-of-the art microscopes and sophisticated genetic analysis equipment.

The project has strengthened CSHL's ability to carry out research vital to relieving human suffering and improving the quality of life for generations to come. The project began in November 2007 and was completed in June 2009.

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Company shall pay a commitment fee of 1% of the \$2,000,000 Empire State Economic Development Fund grant (\$20,000) and 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 or the Company's shareholders will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Company's written acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
4. Prior to disbursement of the \$2,000,000 Empire State Economic Development Fund grant, the Company must employ at least the number of Full-time Permanent Employees set forth as the Baseline Employment in the table that follows. 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 Locations 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 Locations 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. Disbursement terms:

Empire State Economic Development Fund Grant Disbursement:

Up to \$2,000,000 will be disbursed to the Grantee in three installments as follows:

- a) an Initial Disbursement of an amount equal to 33.3% of the grant (\$666,667) upon documentation of laboratory machinery and equipment project costs totaling \$5,000,000, and documentation of the employment of at least 840 Full-time Permanent Employees at the Project Locations (Employment Increment of 40), assuming that all project approvals have been completed and funds are available;
- b) a Second Disbursement of an amount equal to 33.3% of the grant (\$666,667) will be disbursed upon documentation of laboratory machinery and equipment project costs totaling an additional \$5,000,000 (\$10,000,000 total), and documentation of the employment of at least 860 Full-time Permanent Employees at the Project Locations (Employment Increment of 20), provided Grantee is otherwise in compliance with program requirements;
- c) a Third Disbursement of an amount equal to 33.3% of the grant (\$666,666) will be disbursed upon documentation of laboratory machinery and equipment project costs totaling an additional \$3,000,000 (\$13,000,000 total), and documentation of the employment of at least 880 Full-time Permanent Employees at the Project Locations (Employment Increment of 20), 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 November 28, 2007 to be considered eligible project costs. All disbursements must be requested by April 1, 2011.

Downstate Regional Project Grant Disbursement:

Up to \$5,000,000 will be disbursed to the Grantee upon documentation of laboratory machinery and equipment project costs totaling \$13,000,000, assuming that all project approvals have been completed and funds are available.

Payment will be made upon presentation to ESDC of an invoice and such other documentation as ESDC may reasonably require. Expenses must be incurred on or after April 1, 2008 to be considered eligible project costs. All disbursements must be requested by April 1, 2011.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$7,000,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

7. In consideration for the making of the Empire State Economic Development Fund 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 \$2,000,000 Empire State Economic Development Fund 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	800
---------------------	-----

A	B
Reporting Date	Employment Goals
February 1, 2012	$800+X+Y+Z$
February 1, 2013	$800+X+Y+Z$

X = Grantee's Employment Increment that will be the basis of the First Disbursement of the \$2,000,000 Grant (V870) as described in section C.5 above (i.e. $X=40$, and Employment Goals shall equal $[800 + X = 840]$ 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 \$2,000,000 Grant (V870) as described in section C.5 above (i.e. $Y=20$, and Employment Goals shall equal $[800 + X + Y = 860]$ 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 \$2,000,000 Grant (V870) as described in section C.5 above (i.e. $Z=20$, and Employment Goals shall equal $[800 + X + Y + Z = 880]$ 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

Empire State Economic Development Fund:

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 800 and create 80 new jobs.

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

Without ESD assistance to lower costs, it is likely that the scale of the project would have been reduced, which would have negatively impacted the ability of the Lab to attract top researchers and the research that is conducted.

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 \$3,042,415;
- Fiscal cost to NYS government is estimated at \$7,000,000;
- Project cost to NYS government per direct job is \$133,674;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$87,843;
- Ratio of project fiscal benefits to costs to NYS government is 0.43:1;
- Fiscal benefits to all governments (state and local) are estimated at \$5,538,884;
- Fiscal cost to all governments is \$7,000,000;
- All government cost per direct job is \$133,674;
- All government cost per total job is \$87,843;
- The fiscal benefit to cost ratio for all governments is 0.79:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$32,000,754, or \$401,575 per job (direct and indirect);
- The economic benefit to cost ratio is 4.57:1;
- There is no construction-related activity in this project;
- For every permanent direct job generated by this project, an additional 0.54 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is 1 year.

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

4. The requirements of Section 10(g) of the Act are satisfied.
No residential relocation is required because there are no families or individuals residing on the site.

Downstate Regional Project:

The project was authorized in the 2008-2009 New York State budget and reappropriated in the 2010-2011 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 purchase of machinery and equipment 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.

Since the project involves newly constructed buildings at the Cold Spring Harbor Laboratory, ESD staff has confirmed that the Board of Trustees of the Village of Laurel Hollow, as lead agency, has completed an environmental review of the Cold Spring Harbor Laboratory project, pursuant to the requirements of SEQRA and the implementing regulations of the New York State Department of Environmental Conservation (6 NYCRR Part 617). A Final Environmental Impact Statement and Findings Statement have been issued by the lead agency. The lead agency determined that the action avoids or minimizes adverse environmental impacts to the maximum extent practicable. ESD however, was not an involved agency and therefore did not participate in the environmental review process for the project. The present request for ESD funding constitutes a Type II action, as stated above, and does not constitute an action beyond those actions already considered by the lead agency in the FEIS. Therefore, no further environmental review is required in connection with this authorization.

VI. Affirmative Action

ESD’s Non-discrimination and Affirmative Action policy will apply. The Company is encouraged to include minorities and women in any job opportunities created by the project, and to solicit and utilize Minority and Women-owned Business Enterprises 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

«Project_Town» («Project_County» County) – «Project_Name» – Downstate Regional Project and Empire State Economic Development Fund – General Development Financing (Capital Grants) «Fund_Source»– Findings and Determinations Pursuant to Sections 16-m and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the «Project_Name» - Downstate Regional Project and Empire State Economic Development Fund – «Fund_Source»General Development Financing (Capital Grants) Project (the “Project”), the Corporation hereby determines pursuant to Sections 16-m and 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms;
2. The project would be unlikely to take place in New York State without the requested assistance;
3. The project is reasonably likely to accomplish its stated objectives and that the likely benefits of the project exceed costs;
4. There are no families or individuals to be displaced from the project area; and be it further

RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plan (the “Plan”) for the Project submitted to this meeting, together with such changes therein as the 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 records of the Corporation; and be it further

RESOLVED, that upon written finding of the Chairman 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 Chairman and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to «Orgn_Name_Client» two grants for a total amount not to exceed Seven Million Dollars (\$7,000,000), Five Million Dollars (\$5,000,000) from the Downstate Regional Project and Two Million Dollars (\$2,000,000) from the Empire State Economic Development Fund«Fund_Source», for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the Chairman 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 Chairman 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

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 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.

* * *

«Approval_Date»

«Project_Town» («Project_County» County) – «Project_Name» –«Fund_Source»
Downstate Regional Project and Empire State Economic Development Fund – General
Development Financing (Capital Grants) – Determination of No Significant Effect on the
Environment

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

* * *