

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

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

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

Meeting of the Directors
Thursday

February 20, 2014 – 9:30 a.m.

PROPOSED AGENDA

FOR CONSIDERATION

I. CORPORATE ACTIONS

- A. Approval of Minutes of the January 16, 2014 Directors' Meeting
- B. Officers of the Corporation - Appointment of Officers

II. DISCRETIONARY PROJECTS

CENTRAL NEW YORK REGION

- A. Syracuse (Central New York Region - Onondaga County) – Inns at Armory Square Capital - Urban and Community Development Program – Urban and Community Project Development Assistance (Capital Loan) – Findings and Determinations Pursuant to sections 5 (4), 16-d and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Loan and Take Related Actions; Determination of No Significant Effect on the Environment; Waiver of Labor Peace Agreement

SOUTHERN TIER REGION

- B. Sidney (Southern Tier Region – Delaware County) – Delaware County IDA/Amphenol Capital – Empire State Economic Development Fund - Infrastructure 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; Determination of No Significant Effect on the Environment

DISCRETIONARY PROJECTS - Continued

MID-HUDSON REGION

- C. New Windsor (Mid-Hudson Region – Orange County) – Continental Organics DRF Capital – Downtown Revitalization Fund – Business Investment (Convertible Loan) - Findings and Determinations Pursuant to Sections 16-r and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Loan to Take Related Actions; Determination of No Significant Effect on the Environment
- D. Kingston (Mid-Hudson Region – Ulster County) - Ertel Alsop 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

STATEWIDE - RESTORE NEW YORK COMMUNITIES – CAPITAL GRANT

- E. Statewide – Restore New York 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 Make a Grant and to Take Related Actions; Determination of No Significant Effect on the Environment

Grantee

- A. Buffalo – Restore III – White’s Livery (Erie County) - \$100,000

DISCRETIONARY PROJECTS - Continued

STATEWIDE – THE BRIDGE TO SUCCESS LOAN PROGRAM

- F. Statewide – The Bridge to Success Loan Program – Minority and Women-Owned Business Development and Lending Program (Working Capital) – Findings and Determinations Pursuant to Sections 16-c and 10 (g) of the Act; Authorization to Make a Grant and to Take Related Actions; Determination of No Significant Effect on the Environment
 - A. Mahopac Bank (Mid-Hudson Region) - \$562,500
 - B. Trufund Financial Services, Inc. (Mid-Hudson, Long Island and New York City Regions) - \$562,500
 - C. State Employees Federal Credit Union (Western, Central, Southern Tier, Mohawk Valley and Capital District Regions) - \$562,500
 - D. New York Business Development Corporation (Statewide) - \$562,500

III. **REGIONAL COUNCIL AWARDS**

CENTRAL NEW YORK REGION

- A. Regional Council Award - Priority Project – Central Square (Central New York Region – Oswego County) – Central New York Raceway Park – Regional Council Capital Fund (Capital Grant) – Findings and Determinations Pursuant to Section 10 (g) of the Act; and Authorization to Make a Grant and to Take Related Actions

WESTERN NEW YORK REGION

- B. Regional Council Award - Buffalo (Western New York Region – Erie County) – Buffalo Niagara Medical Campus Tunnel 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; Adoption of Findings Pursuant to the State Environmental Quality Review Act

SOUTHERN TIER REGION

- C. Regional Council Award – Priority Project – Arkville (Southern Tier Region – Delaware County) – MARK Project 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

REGIONAL COUNCIL AWARDS AND NY WORKS – CONNECT NY BROADBAND PROGRAM CONSENT CALENDAR

- D. Regional Council Awards and NY Works – Connect NY Broadband Program Consent Calendar – 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

NY Works

- A. Essex County Broadband Service Expansion (Essex County) - \$557,000
 B. Otsego County Wireless Network (Otsego County) - \$558,940
 C. Time Warner Cable Broadband (Various Counties) - \$5,258,231

Regional Council Capital Fund

- D. North Country Telecommunications Loan Fund (Various Counties) - \$500,000
 E. North Country Public Emergency Network (Various Counties) - \$2,222,000

IV. NON-DISCRETIONARY PROJECTS

NON-DISCRETIONARY PROJECTS CONSENT CALENDAR

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

Capital Projects Fund – Economic Development/Other Senate

- A. City of Yonkers – Saw Mill River Daylighting Property Acquisition Capital (Westchester County) - \$0.00

Local Assistance (Senate)

- B. CenterState CEO – Government Modernization Working Capital (Onondaga County) - \$1,000,000
 C. CenterState CEO – Grants for Growth Working Capital (Onondaga County) - \$1,000,000

LOCAL ASSISTANCE – HURRICANE IRENE – TROPICAL STORM LEE FLOOD MITIGATION

- B. Local Assistance – Hurricane Irene – Tropical Storm Lee Flood Mitigation (Capital Grants) – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make Grants and Take Related Actions

Local Assistance – Hurricane Irene – Tropical Storm Lee Flood Mitigation (Executive)

- A. Columbia County - Hurricane Irene – Tropical Storm Lee Flood Mitigation - \$333,064
 B. Delaware County - Hurricane Irene – Tropical Storm Lee Flood Mitigation - \$673,438

V. ADMINISTRATIVE ACTIONS

- A. Procurement of Planning Services – Authorization to Enter into Contracts for Planning Services; and Authorization to Take Related Actions
- B. Procurement of Legal Services – Authorization to Enter into a Contract for Legal Services in Connection with the Disposition of the Former Arthur Kill Correctional Facility in Staten Island and to Take Related Actions
- C. New York (Kings County) – Atlantic Yards Land Use Improvement and Civic Project (the “Project”) – Authorization to Amend the Contract for Owner’s Representative Technical Services for the Project
- D. Renewal of Corporate Insurance Policies – Authorization to Purchase Corporate Insurance Policies; and to Take Related Actions

V. ADMINISTRATIVE ACTIONS - Continued

- E. StartUp – NY - Authorization to Enter into a Funding Agreement with the Research Foundation for the State University of New York; Authorization to Take Related Actions
- F. New York City (Richmond County) – Disposition of Arthur Kill Correctional Facility for Development – Conditional Designation of Developer; Authorization to Take Related Actions

VI. INFORMATION

- A. Budget Variance Reports through December 31, 2013

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NEW YORK STATE URBAN DEVELOPMENT CORPORATION

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

and

Buffalo Regional Office
95 Perry Street
Buffalo, NY 14203

January 16, 2014

MINUTES

**In Attendance
Directors:**

Kenneth Adams (Acting Chair)
Derrick Cephas
Paul Ciminelli
Joyce Miller
Anthony Albanese, Designee - Superintendent of Department of
Financial Services

Present for ESD:

Maria Cassidy, Deputy General Counsel
Steven Cohen, Deputy Commission and Senior Vice President –
Community Economic Development
Elizabeth R. Fine, General Counsel
Edwin Lee, Assistant Vice President – Discretionary Projects
Eileen McEvoy, Corporate Secretary
Glendon McLeary, Senior Project Manager
Kathleen Mize, Deputy CFO and Controller
Susan Shaffer, Vice President – Loans and Grants

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Also Present: Steve Gawlik, Vice President Capital Projects and Senior Counsel -
Western New York Regional Office
Barry Greenspan, Economic Development – Program
Administrator – Long Island Regional Office
Kevin Hurley, Finger Lakes Regional Office
Christina Orsi, Director – Western New York Regional Office
Kenneth Tompkins, Director – Mohawk Valley Regional Office
David J. Wright, Assistant Commissioner – Albany

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 9:38 a.m. by Acting Chair Adams. It was noted for the record that the time and place of the meeting had been given in compliance with the New York State Open Meetings Law.

Next, Acting Chair Adams set forth the guidelines regarding comments by the public on matters on the Agenda.

Acting Chair Adams then asked the Directors to approve the Minutes of the December 19, 2013 Directors’ meeting. There being no changes or corrections, upon motion duly made and seconded, the following resolution was unanimously adopted:

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE DECEMBER 19,
2013 MEETING OF THE DIRECTORS OF THE NEW YORK STATE URBAN DEVELOPMENT
CORPORATION

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RESOLVED, that the Minutes of the meeting of the Corporation held on December 19, 2013, as presented to this meeting, are hereby approved and all actions taken by the Directors presented at such meeting as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Corporation.

* * *

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

Mr. Lee noted that the Directors will be asked to consider funding for five Discretionary Projects and one Buffalo Billion Initiative project including: three Economic Development Fund grants totaling \$500,000; two Regional Council Fund grants totaling \$5,000,000 and one Buffalo Regional Innovation Cluster grant for \$8,000,000.

Mr. Lee added that these six projects will leverage over \$22 million in additional investments and will assist in retaining 428 jobs and in creating approximately 99 jobs in New York State.

Following Mr. Lee's full report, the Acting Chair asked all of the individuals present at the meeting in the New York City office to introduce themselves.

Acting Chair Adams then asked Mr. Hurley, representing ESD's Finger Lakes Regional

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Office, to present the ORAFOL Precision Technology Center EDF Project.

Among other things, Mr. Hurley explained that the Directors were being asked to authorize ESD to make a \$200,000 grant to the Company. The Company, he noted, produces specialty tooling used to manufacture microstructured optical films and plastic lenses.

Mr. Hurley explained that the funds will be used for a portion of the cost of construction and the purchase of machinery and equipment.

Mr. Hurley explained that ORAFOL has been owned since 2011 by the German-based ORAFOL GmbH. Mr. Hurley further explained that in November of 2011, the new owners sought a location with North American Tooling Manufacturing Center and considered locations in the United States or consolidating its world-wide production at its facilities in Germany.

In order to reduce costs and make the project feasible in New York, Mr. Hurley added, the Company approached ESD for financial assistance.

Mr. Hurley continued and explained that in November of 2011, ESD offered a \$200,000 capital grant to the Company which at that time was still using its former name of Fresnel Optics. Fresnel/ORAFOL accepted and the Company then constructed and equipped a 48,000 square foot addition to its West Henrietta facility.

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As a result of the project, Mr. Hurly explained, the Company will retain 60 jobs, 29 of which were at risk of relocation. The Company, he continued, has already created the seven new jobs to which it committed.

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

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

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

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the ORAFOL Precision Technology Center 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

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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 ORAFOL Precision Technology Center, Inc. a grant for a total amount not to exceed Two Hundred Thousand Dollars (\$200,000) 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.

* * *

West Henrietta (Finger Lakes Region – Monroe County) – ORAFOL Precision Technology Center Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) – Determination of No Significant Effect on the Environment

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

* * *

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Mr. Lee then presented the January Discretionary Projects Consent Calendar for the Directors' consideration.

Mr. Lee explained that there was one item on the consent calendar which involved a \$100,000 grant to INFICON, Inc.

Mr. Lee further explained that the Company is a manufacturer of electronic sensors and devices and that the funds will be used for a portion of the cost of machinery and equipment.

The Company, Mr. Lee added, needed to consolidate some of its operations with the design and manufacture of its analytic mass spectrometer products from various locations worldwide. With ESD's assistance, Mr. Lee stated, the Company completed the project in June, 2013.

Mr. Lee added that as a result of the project, the Company has been able to increase its sales base to strategically significant and growing markets. The Company, he noted, committed to retaining 219 existing jobs and creating 10 new jobs. The Company, Mr. Lee further noted, has already created 13 jobs.

Following the full presentation, the Acting Chair called for questions or comments. Director Cephas asked for clarification as to where the Company was founded and Mr. Lee

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noted that it was founded in Syracuse, New York.

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

Empire State Economic Development Fund – Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Empire State Economic Development Fund Project identified below (the “Project”), the Corporation hereby determines pursuant to Section 16-m of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that

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

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s), that no substantive negative testimony or comment has been received at the public hearings held on the Plan, such Plan shall be effective at the conclusion of such hearings, and that upon such written findings being made, the President and Chief

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Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make a grant to the party and for the amount listed below from the Empire State Economic Development Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

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

Empire State Economic Development Fund

	Project Name	Proj #	Grantee	Assistance up to
	General Development Financing Projects			
A	INFICON Capital	X546	INFICON, Inc.	\$100,000
			TOTAL	\$100,000

and be it further

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

* * *

Next, Ms. Orsi, the Director of the Western New York Regional Office, presented the Buffalo Niagara Medical Office Campus/Smart Pill Building-Buffalo Regional Innovation Cluster item.

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Ms. Orsi explained that the Directors were being asked to authorize ESD to make an \$8 million grant to be used for the costs related to the acquisition and renovation of the former Smart Pill Building.

The Project, Ms. Orsi explained, involves the expansion of office, incubation and laboratory space for start-ups and emerging companies on the Campus.

Ms. Orsi also explained that this will also house the start-up operations of ESD’s brand new advanced Manufacturing Institute of Competitiveness.

Ms. Orsi further noted that ESD has selected BWI as the not-for-profit operator of the new institute which is intended to provide shared engineering performance and research and housing support for manufacturers to help them innovate new technology and development.

The project, Ms. Orsi added, is expected to create at least 50 jobs at the location.

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

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

Buffalo Billion Initiative – Buffalo (Western New York Region – Erie County) — Buffalo Niagara Medical Campus/Smart Pill Building – Buffalo Regional Innovation Cluster (Capital Grant) – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to the Buffalo Niagara Medical Campus, Inc., a grant for a total amount not to exceed Eight Million Dollars (\$8,000,000) from the Buffalo Regional Investment Cluster Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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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Buffalo Billion Initiative – Buffalo (Western New York Region – Erie County) — Buffalo Niagara Medical Campus/Smart Pill Building – Buffalo Regional Innovation Cluster (Capital Grant) – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Buffalo Niagara Medical Campus Smart Pill Building Acquisition Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

Ms. Orsi then asked the Directors to authorize ESD to make a \$4,000,000 grant to the Jacobs Institute, Inc. which is a non-profit organization which was created to advance medical research and development.

Ms. Orsi explained that the grant will be used for a portion of the furniture, fixtures and equipment expenditures to furnish the newly established Centers for Innovation and Entrepreneurship.

Ms. Orsi further explained that the project will create 25 new full time permanent jobs by January 1, 2016 and establish the first center for entrepreneurship in the heart of a clinical facility in the United States.

Ms. Orsi further explained that the Jacobs Institute will provide space to tenants critical to its mission so they will have co-located with them, private sector companies to advance technology development. It is expected, she added, that 25 new full-time jobs will be created on this location.

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The ultimate benefit of this, Ms. Orsi stated, is to become a catalyst to commercialize new medical devices and sign off new companies from the Buffalo Niagara Medical Campus.

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

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

Regional Council Award – Priority Project - Buffalo (Western New York – Erie County) – Jacobs Institute Capital – Regional Council Capital Fund (Capital Grant) – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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 Regional Council Award – Priority Project - Buffalo (Western New York – Erie County) – Jacobs Institute Capital – Regional Council Capital Fund (Capital Grant) Project (the “Project”), the Corporation hereby determines pursuant to Section 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that there are no families or individuals to be displaced from the project area; and be it further

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Jacobs Institute 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

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

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

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

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

* * *

Mr. Greenspan then asked the Directors to authorize ESD to make a \$1,000,000 grant to Hofstra University to be used for a portion of the cost of facility renovations and the purchase of machinery and equipment for Hofstra University's School of Engineering building.

Mr. Greenspan went on to explain that the project originated out of the Long island Regional Council workforce and innovation work group. The two groups, he explained, identified the shortage of engineers as one of the regions key challenges. This shortage, he added, results in many technology and engineering businesses seeking production and engineering facilities outside New York State because they cannot invest in production capacity in a region that lacks engineering talent to expand the businesses.

Mr. Greenspan continued and explained that for these reasons, Hofstra University, Long

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Island’s largest private university, teamed up with Stony Brook University, the region’s flagship institution in the SUNY system, and together they developed a plan to add new engineering programs and graduate more engineers locally.

Mr. Greenspan added that as a result of the project, the new laboratory is expected to provide a higher degree of laboratory sophistication at the undergraduate level and to create opportunities for undergraduate students to engage in research experiences.

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

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

Regional Council Award – Priority Project – Hempstead (Long Island– Nassau County) – Hofstra University Capital – Regional Council Capital Fund (Capital Grant) – Findings and Determinations Pursuant to 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 Hofstra University Capital – Regional Council Capital Fund (Capital Grant) Project (the “Project”), the Corporation hereby determines pursuant to Section 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that there are no families or individuals to be displaced from the project area; and be it further

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been

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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 Hofstra University a grant for a total amount not to exceed One Million Dollars (\$1,000,000) from the Regional Council Capital Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

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

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

* * *

Mr. Tompkins, the Director of ESD's Mohawk Valley Regional Office, then asked the Directors to authorize ESD to make a \$200,000 grant to the Gehring Tricot Corporation to be used for a portion of the cost of purchasing and installing machinery and equipment.

Mr. Tompkins explained that the Company was founded 62 years ago in Montgomery County and that it designs and manufactures a variety of knit and woven fabrics for diverse industries including medical, sports and the military. Mr. Tompkins added that the Company operates several facilities in Mohawk Valley and also has a manufacturing facility in Massachusetts.

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Mr. Tompkins further explained that the project involves the repair and renovation of three of the Company’s four facilities in the Region. He added that the Company will retain 149 jobs and create seven new jobs, two of which have already been created.

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

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

Regional Council Award – Priority Project – Dolgeville (Mohawk Valley Region – Herkimer County) – Gehring Tricot Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) Findings and Determinations Pursuant to Sections 16-m and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Gehring Tricot Capital – Empire State Economic Development Fund Project – 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

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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 Gehring Tricot Corporation a grant for a total amount not to exceed Two Hundred Thousand Dollars (\$200,000) 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.

* * *

Dolgeville (Mohawk Valley Region – Herkimer County) – Gehring Tricot Capital – Empire State Economic Development Fund – Determination of No Significant Effect on the Environment

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

* * *

The January Non-Discretionary Projects Consent Calendar was then presented for the Directors' consideration.

First, Mr. Gawlik provided the relevant background information regarding the Richardson Center item on the calendar explaining, in part, that the project involves a \$37,382,039 grant to the Richardson Center Corporation to be used for a cost of renovations to the Richardson Olmstead Complex. Mr. Gawlik explained that this grant was approved by the Directors in 2012.

Mr. Gawlik then explained the historical background of the project, noting that several years back funding in the amount of a \$76 million grant was approved in the State Budget to renovate the former Buffalo Psychiatric Center.

As a result of this funding, the Richardson Center Corporation ("RCC"), a not-for-profit corporation, was formed to stabilize and develop this project.

Mr. Gawlik stated that the \$37,382,039 grant that was approved in 2012 requires certain adjustments as noted in the Directors' materials. Mr. Gawlik noted specifically that the budget has come down. He further noted that there have been some changes in the disbursement that was requested by RCC in that they requested that private equity come in at

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stages during the course of the project so they will not have to get a bridge loan to make up the difference.

Mr. Gawlik further noted that the RCC has identified a developer – Invest Corporation – for a hotel portion of the project. Because of the hotel project, Mr. Gawlik continued, the Public Authorities Law requires that a Labor Peace Agreement (“LPA”) be in place unless the grantee or the developer can show to ESD that moving forward with an LPA would not make financial sense.

Mr. Gawlik stated that ESD staff has reviewed the financial records and the items provided by Invest and RCC and recommends that a waiver of the LPA requirement be recorded.

[Director Miller entered the conference room]

Next, Mr. Tompkins presented the Fort Schuyler Management Corporation project noting that the Directors were being asked to authorize ESD to make a \$20,000,000 grant to be used for a portion of the cost of purchasing and installing new advanced technology semiconductor packaging equipment and the construction of the Computer Chip Commercialization Center (“Quad C”) at the State University of New York Institute of Technology Campus in Marcy, Oneida County.

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Mr. Tompkins further explained that it is a 253,000 square foot building that will have two clear-room spaces of different degrees of intensity and laboratories. He added that it is anticipated that the building will be completed by December 2014.

Following Mr. Tompkins synopsis, Director Miller asked if in addition to the physical facilities and the establishment of the Center, are there any plans to actually support the research and the commercialization of any technologies which are developed at the site.

Mr. Tompkins stated that while he does not have intimate knowledge because they are not actually working on that and will not be until the facility is constructed, the answer is almost certainly yes because they will be very closely affiliated with the College for Nanoscale Engineering and Science and there will be more development along those lines.

Director Miller then stated that she believed that the State's new venture capital fund may play a role in supporting this development.

The Acting Chair stated that that was a great point and that the new venture capital fund may very well play a role as could the Governor's new Start-Up New York initiative.

Lastly, Mr. McLeary provided the relevant background information with regard to the Research Foundation for SUNY and the Canisius College items also included on the calendar.

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With regard to the Research Foundation for SUNY, Mr. McLeary noted that the project involves a \$200,000 grant to be used for operating costs for the Central New York Biotech Accelerator.

Mr. McLeary then noted that the final item on the Consent Calendar involves a \$50,000 grant to Canisius College to be used for the costs of coordinating the volunteer activities, community preparedness and a youth event associated with the National Collegiate Athletic Association’s 2014 Men’s Basketball Tournament at The First Niagara Center.

Following all of the presentations, the Acting Chair called for questions or comments. Hearing none, and upon motion duly made and seconded, the following resolutions were adopted (It was noted for the record that Director Ciminelli recused himself with regard to the vote on any of the following resolutions pertaining to the Richardson Center Corporation.):

SUNY Sub-Allocation - Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Make a Grant; Authorization to Grant a Labor Peace Waiver and to Take Related Actions

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the SUNY Sub-Allocation 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 SUNY Sub-Allocation, 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

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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 Corporation hereby finds, pursuant to New York State Public Authorities Law Section 2879-b, that the project would not be able to go forward if a labor peace agreement were required and hereby waives such requirement in connection with the project; and be it further

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

SUNY Sub-Allocation Project – Executive - Project Summary Table

	Project Name	Proj #	Grantee	Assistance up to
A	Richardson Center – Core Capital	X584	Richardson Center Corporation	37,382,039
			TOTAL	\$37,382,039

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.

* * *

State and Municipal Facilities Program – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions;

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the State and Municipal Facilities 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

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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 a grant to the party and for the amount listed previously from the State and Municipal Facilities 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

State and Municipal Facilities Program – Executive – Project Summary Table

	Project Name	Proj #	Grantee	Assistance up to
B	Fort Schuyler Management Corporation - Quad C Phase 2A Capital	Y728	Fort Schuyler Management Corporation	20,000,000
			TOTAL	\$20,000,000

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

* * *

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

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Authorization to Make a Grant and to Take Related Actions;

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Local Assistance 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 a grant to the party and for the amount listed below from Local Assistance, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

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

Local Assistance – Senate – Project Summary Table

	Project Name	Proj #	Grantee	Assistance up to
C	The Research Foundation – Central New York Biotech Accelerator Working Capital	Y554	The Research Foundation for State University of New York	200,000
D	Canisius College – 2014 NCAA Committee Working Capital	Y695	Canisius College	50,000
			TOTAL	\$250,000

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

* * *

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Next, Mr. McLeary presented the Hurricane Irene-Tropical Storm Lee Flood Mitigation Consent Calendar for the Directors’ consideration noting that there were three grants to be considered.

Before presenting the specifics of the grant to be considered by the Directors, Mr. McLeary provided a brief overview of the status of the program thus far.

Mr. McLeary then noted that the grants being presented today were a \$653,032 grant to Broome County, a \$582,350 grant to Herkimer County and a \$521,445 grant to Schenectady County.

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

Local Assistance – Hurricane Irene - Tropical Storm Lee Flood Mitigation Capital - Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the General Project Plans; Authorization to Make Grants and to Take Related Actions

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Local Assistance – Hurricane Irene - Tropical Storm Lee Flood Mitigation 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(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 Plans (the “Plans”) for the Projects submitted to

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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 finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment have been received at the public hearings held on the Plans, such Plans shall be effective at the conclusion of such hearings, and that upon such written findings being made, 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 – Hurricane Irene - Tropical Storm Lee Flood Mitigation and/or the New York State Division of Homeland Security and Emergency Services, 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 – Hurricane Irene - Tropical Storm Lee Flood Mitigation - Executive – Project Summary Table

	Project Name	Proj #	Grantee	Assistance up to
	Local Assistance – Hurricane Irene-Tropical Storm Lee Flood Mitigation (Executive)			
A	Broome County – Hurricane Irene – Tropical Storm Lee Flood Mitigation Capital	X895 & Y478	Broome County	\$653,032
B	Herkimer County – Hurricane Irene – Tropical Storm Lee Flood Mitigation Capital	X906 & Y482	Herkimer County	\$582,350
C	Schenectady County – Hurricane Irene – Tropical Storm Lee Flood Mitigation Capital	X911 & Y486	Schenectady County	\$521,445

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			TOTAL	\$1,756,827
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RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

* * *

The Directors were then asked by Mr. Gawlik to authorize ESD to enter into agreements regarding the acquisition of real property and to make a determination of no significant effect on the environment in connection with the proposed acquisition of the Outer Harbor Property by the Erie Canal Harbor Development Corporation (“ECHDC”).

Mr. Gawlik provided a description of the property and noted that ECHDC will acquire it from the National Frontier Transportation Authority (“NFTA”) for \$1.00.

Mr. Gawlik further explained that ECHDC will enter into a long-term operations and maintenance agreement with State Parks to operate the small boat harbor and Gallagher Beach.

The NFTA, Mr. Gawlik added, has agreed to continue operation of those parcels through the 2014 season.

ECHDC, Mr. Gawlik explained, will be responsible for the operations and maintenance of the 150 acres and as promised by Governor Cuomo, is working with the City to put the process

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in place to plan the development of that property. ECHDC, he added, will remain liable for the capital needs of the entire property.

ESD's role, Mr. Gawlik continued, is solely to provide the environmental indemnification, along with the ECHDC, concerning the property. The property, Mr. Gawlik explained, does contain known contaminants.

Mr. Gawlik then provided further background information regarding the property as it relates to the contaminants.

Following the full presentation, the Acting Chair called for questions or comments. First, Director Miller asked for a clarification on the map provided with the Directors' materials and Mr. Gawlik and Acting Chair Adams provided that information.

Next, Director Miller asked if the neighboring usage is compatible with the usage that is planned for this facility. Mr. Gawlik stated that the Corporation will be working with the City to ensure that the plan that is developed is compatible with the neighboring uses.

Director Miller then inquired as to the potential financial liability with regard to the development of this property. Mr. Gawlik stated that the potential liability will depend on what the development of the property entails and the associated cost will be part of the development planning. If it is turned into a park, he continued, it is quite possible that the

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clean up would only involve putting a cover of clean soil over the area. If buildings or residential is decided upon, he further stated, then of course it will require a more detailed type of clean up to remove and remediate the soil.

Mr. Chan then provided further detailed information regarding various facets of the proposed project including transportation and the potential financial liability of cleaning up the site as well as possible funding sources available to do so. A discussion ensued regarding the potential liability as well as the possible funding sources for same.

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

City of Buffalo (Erie County)- Authorization to Enter into Agreements Regarding the Acquisition of Real Property, Determination of No Significant Effect on the Environment and Authorization to Take Related Actions.

RESOLVED, that based on the materials presented to this meeting and ordered filed with the records of the New York State Urban Development Corporation d/b/a Empire State Development (the "Corporation") relating to the City of Buffalo's Outer Harbor, the Corporation be and hereby is authorized to: (i) to enter the necessary agreements to effectuate the transfer of the Property as stated in these Board materials; and (ii) take all related actions, and be it further

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

RESEOLVED, that on the basis of the materials submitted to the Directors, the Corporation hereby finds that because there are no specific future plans for the subject property, the environmental review of the proposed disposition is not being "segmented" from the review of any such plan and that to the extent the requested authorization may be deemed to be "segmented", that such "segmentation" is permissible pursuant to 6 NYCRR Part 617.3(g) due

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to the relevant circumstances of the project, specifically: (i) that it is not possible to consider future plans for project site in the absence of a plan; (ii) that any such future plan(s) will be subject to review under SEQRA; and (iii) that the review of the requested authorization to acquire the site is no less protective of the environment than any present review of any future plan, and be it further

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

* * *

Mr. Beyer then asked the Directors to authorize the proposed transfer to and the disposition by the Office of General Services of the State of New York of the Lyon Mountain Correctional Facility.

Mr. Beyer explained that this facility is a former minimum security correctional facility occupied and operated by the Department of Corrections. He explained that the Corporation acquired legal title of this facility, as well as most of the facilities in the State for a nominal price in order to provide security for the issuance of various correctional facility bonds.

Mr. Beyer added that rental payments on the leases for these facilities paid the debt service on the bonds.

Mr. Beyer further explained that all of the Correctional Facilities Bonds have been paid or defeased and the related leases or sub leases have expired.

Mr. Beyer added that the Corporation, therefore, has now unencumbered legal title to

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this and all other correctional facilities that it acquired relating to this financing.

Mr. Beyer further stated that because refunding bonds are still outstanding, an opinion by tax counsel will be obtained to ensure that any refunding bonds remain in compliance with federal tax laws.

Among other things, Mr. Beyer explained that in compliance with the Public Authorities Law and the Corporation's Real Property Disposition Guidelines, ESD will prepare and convey to the Office of General Services ("OGS"), a deed for the correctional facility and OGS will re-convey the facility to 2825902 Canada, Inc. for \$140,000.

Mr. Beyer added that the purchaser will use the facility for its trucking operations and facilities located near the U.S./Canadian border.

The transaction, Mr. Beyer further explained, is advantageous because it is in furtherance of the State's efforts to dispose of underutilized State facilities for their re-use in the private sector.

Following the full presentation, the Acting Chair called for questions or comments. Director Cephas asked if it was correct that some of the bonds that financed this originally are still outstanding and Mr. Beyer stated that there was a lease structure for certain correctional facilities bonds where the Corporation owned the property and this is one of the facilities

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where ESD owned the property.

Those specific bonds that require that security, Mr. Beyer noted, have all been redeemed. He continued and noted that because those funds were refunded by subsequent bonds that are not secured by property but are actually secured by service contracts with the State, there is no ownership required.

Mr. Beyer further explained that federal tax law requires that any facility financed by bonds still has to be used for public purposes that are eligible for tax exemption treatment.

Director Cephas then asked if the size of the original offering was known. The information, it was noted, was not immediately available but would be provided to Director Cephas as soon as possible.

Director Cephas noted that the selling price of \$140,000 appears to be low and asked if it was correct that there was an appraisal. Mr. Beyer stated that one appraisal came in at \$140,000 while another one was higher.

Mr. Beyer added that a buyer was needed and the \$140,000 became the selling price.

Director Miller then asked what the remaining obligation with the State is regarding the bonds once the property is sold.

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Mr. Beyer explained that the proceeds must continue to be used for public purpose so the State has the option to redeem and parallel exactly that amount or to recycle the proceeds into other eligible tax exempt projects.

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

TOWN OF DANMORA (CLINTON COUNTY) – LYON MOUNTAIN CORRECTIONAL FACILITY – Authorization for Transfer to, and Disposition by, the Office of General Services in accordance with Applicable Provisions of the Public Authorities Law, Determination of No Significant Effect on the Environment and Take Related Actions

WHEREAS, the Corporation holds title to a certain correctional facility known as the Lyon Mountain Correctional Facility and to certain other lands and the buildings and improvements thereon (collectively, the “Correctional Facilities”) all as identified in Exhibit A of the Agreement of Lease between the New York State Urban Development Corporation, Landlord, and The People of the State of New York (the “State”), acting by and through the Commissioner of General Services (“OGS”), Tenant, dated as of August 15, 1985 as amended and supplemented (the “Lease”);

WHEREAS, the Corporation acquired legal title to the Lyon Mountain Correctional Facility and the other Correctional Facilities from OGS for nominal consideration in order to provide security for bonds (“Correctional Facilities Revenue Bonds”) issued by the Corporation from time to time pursuant to its Correctional Facilities Revenue Bond Resolution, adopted July 18, 1985, as amended and supplemented and various related resolutions (collectively, the “Resolution”), in order to finance the acquisition and construction of the Correctional Facilities, including the Lyon Mountain Correctional Facility;

WHEREAS, pursuant to the Lease, the Corporation leased the Correctional Facilities, including the Lyon Mountain Correctional Facility, to OGS for rental payments which were sufficient to pay when due all debt service on the Correctional Facilities Revenue Bonds;

WHEREAS, pursuant to an Agreement of Sublease (the “Sublease”), dated as of March 1, 1994, as amended and supplemented by and between the State acting through OGS, Landlord, and the New York State Department of Correctional Services, now named the New York State

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Department of Corrections and Community Supervision (the “DOCCS”), Tenant, OGS subleased the Correctional Facilities, including the Lyon Mountain Correctional Facility, to DOCCS for rental payments equal to the rental payments due under the Lease;

WHEREAS, all of the Correctional Facilities Revenue Bonds have been paid or defeased such that no Correctional Facilities Revenue Bonds are outstanding under the Resolution and the Lease and the Sublease have expired by their terms;

WHEREAS, as a result of the expiration of the Lease and Sublease and the expiration of an option (“Purchase Option”) included in the Lease granting OGS the right to purchase all of the Correctional Facilities for a nominal price upon payment or provision for payment of all of the Correctional Facilities Revenue Bonds, the Corporation holds title to the Correctional Facilities, including the Lyon Mountain Correctional Facility, unencumbered by the Lease, Sublease and Purchase Option;

WHEREAS, neither the Lyon Mountain Correctional Facility, nor any of the other Correctional Facilities secure any obligations of the Corporation;

WHEREAS, OGS has requested that the Corporation enter into a Memorandum of Agreement (the “Agreement”) with OGS pursuant to which the Corporation shall transfer the Lyon Mountain Correctional Facility to OGS for the sale by OGS of such facility, on terms and conditions agreed to by the Corporation and OGS;

WHEREAS, the Corporation has adopted Guidelines Regarding Disposition of Property (the “Guidelines”) implementing provisions of the Public Authorities Law applicable to the disposition of property by public authorities (the “Applicable Law”). Such Guidelines provide, in conformity with the Applicable Law, that when it shall be deemed advantageous to the State, the Corporation may enter into an agreement with OGS for the disposition of property of the Corporation under terms and conditions agreed to by the Corporation and OGS and that in disposing of any such property of the Corporation, OGS shall be bound by the Applicable Law;

WHEREAS, in compliance with the Applicable Law, OGS has obtained two independent appraisals of the Lyon Mountain Correctional Facility and the terms and conditions for OGS’ disposition of such facility include a cash sale price of \$140,000 to 2825902 Canada, Inc. (the “Purchaser”), a price which is equal to the value stated in one of the two independent appraisals and less than the value stated in the other appraisal, and which is the highest bid in a publicly advertised competitive bidding process conducted in accordance with Applicable Law; and

WHEREAS, the transfer to, and disposition by, OGS of the Lyon Mountain Correctional Facility pursuant to the Agreement is consistent with of the State’s plan to dispose of underutilized State facilities for reuse by the private sector;

NOW THEREFORE, IT IS HEREBY RESOLVED that based on the materials so presented to the

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Corporation, the Directors hereby find that it is advantageous to the State for the Corporation to enter into the Agreement with OGS;

RESOLVED, that the Corporation be and hereby is authorized to (i) enter into the Agreement with OGS and to transfer the Lyon Mountain Correctional Facility and convey title to the same by quitclaim deed to OGS for the price of one dollar (\$1.00);

RESOLVED, that the Corporation hereby (i) approves and agrees to the terms and conditions of the sale by OGS of the Lyon Mountain Correctional Facility to the Purchaser (ii) authorizes the Corporation to take all actions deemed necessary to accomplish such sale, including the execution of all forms necessary for the recording of the deed to the Lyon Mountain Correctional Facility and (iii) authorizes utilizing bond tax counsel to confirm compliance with applicable federal tax law; and be it further

RESOLVED, that based on the materials submitted to the Directors with respect to the proposed transfer to, and disposition by, the Office of General Services of the State of New York of the Lyon Mountain Correctional Facility, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

RESOLVED, that the Officers of the Corporation, be and each of them hereby is, authorized and directed to take any and all action necessary (i) to carry out the foregoing resolutions and to carry out any authority or delegation granted to the Corporation in conjunction with such authorizations and (ii) in connection with the disposition of Lyon Mountain Correctional Facility, to preserve the exclusion from gross income for federal income tax purposes of interest on any bonds of the Corporation that refunded the Correctional Facilities Revenue Bonds, including, but not limited to, the preparation and execution of any agreements, deeds, instrumentation and/or documents as such authorized officers may deem reasonably necessary or appropriate.

* * *

Mr. Beyer then asked the Directors to authorize ESD to acquire the State owned portion of the Fulton Correctional Facility and to dispose of the Fulton Correctional Facility to the Thomas Mott Osborne Memorial Fund, Inc. in accordance with the Part B of Chapter 55 of the Laws of 2013 and to take related actions.

Mr. Beyer explained that this facility was closed in October of 2011. Mr. Beyer further explained that the parcel on which the building is situated was conveyed to the Corporation in

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1994 to provide security for certain bonds of the Corporation. The balance of the parcel, he added, is still owned by the State.

Mr. Beyer outlined the specifics of this transaction as mandated by the Legislation drafted for this purpose.

Among other things, Mr. Beyer explained that the only consideration will be relief from the cost of operating and maintaining the facility and that the uses of the facility will comply with all of the purposes required by the Laws of 2013 as referenced above.

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

BOROUGH AND COUNTY OF THE BRONX (THE CITY OF NEW YORK)-PROPOSED DISPOSITION OF THE FULTON CORRECTIONAL FACILITY—AUTHORIZATION TO ACQUIRE AND DISPOSE OF REAL PROPERTY TO THE THOMAS MOTT OSBORNE MEMORIAL FUND, INC. IN ACCORDANCE WITH PART B OF CHAPTER 55 OF THE LAWS OF 2013; AND AUTHORIZATION TO TAKE RELATED ACTIONS

RESOLVED, that based on the materials presented to this meeting and ordered filed with the records of the New York State Urban Development Corporation d/b/a Empire State Development (the “Corporation”) relating to the former Fulton Correctional Facility, the Corporation be and hereby is authorized to: (i) acquire real property from the State of New York consisting of a portion of the Fulton Correctional Facility in the Borough and County of the Bronx in The City of New York; (ii) to dispose of and convey title to the entire Fulton Correctional Facility (i.e., both the portion now to be acquired from the State and the portion currently owned by the Corporation) to the Thomas Mott Osborne Memorial Fund, Inc. in accordance with Part B of Chapter 55 of the Laws of 2013, (iii) take all related actions deemed necessary or appropriate to accomplish such disposition and conveyance, including the

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execution of all forms necessary for the recording of the deed to the Fulton Correctional Facility and (iv) utilize bond counsel to confirm compliance with applicable provisions of the Act and of federal tax law; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designees be, and each of them hereby is, authorized to take any and all actions necessary or appropriate to (i) carry out the foregoing resolutions and to carry out any authority or delegation granted to the Corporation in conjunction with such authorizations and (ii) in connection with the disposition of the Fulton Correctional Facility, to preserve the exclusion from gross income for federal income tax purposes of interest on any outstanding bonds of the Corporation that refinanced the Fulton Correctional Facility, including, but not limited to, the preparation and execution of any agreements, instrumentation and/or documents as such authorized officer or designees may deem necessary or appropriate.

* * *

There being no further business, the meeting was adjourned at 10:55 a.m.

Respectfully submitted,

Eileen McEvoy
Corporate Secretary



FOR CONSIDERATION

February 20 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Officers of the Corporation

REQUEST FOR: Appointment of Officers

BACKGROUND

It is proposed that the new employees named and described below be appointed to the offices indicated.

Elizabeth R. Fine

Executive Vice President, Legal & General Counsel, ESD

As Executive Vice President, Legal and General Counsel, ESD, Ms. Fine's area of responsibility will be the delivery of all legal services to the Corporation, its subsidiaries and affiliated entities, including the Department of Economic Development and the Job Development Authority and its affiliated LDCs. Ms. Fine brings over two decades of legal expertise and was most recently General Counsel for the New York City Council since 2006. During that period, she was responsible for all aspects of legal representation for the Council, Council Speaker, Council Members and Council divisions, including federal and state litigation, external and internal investigations, legal screening of proposed legislation, compliance, and crisis management and strategy in response to media and public inquiries. Before that, Liz was Legal Counsel at Spence-Chapin Services to Families and Children (New York) and Principal Deputy Assistant Attorney General, at the U.S. Department of Justice where she served as senior policy advisor under AG Janet Reno. She also held various counsel positions at the U.S. Citizenship and Immigration Services, The White House and the Georgetown University Law Center. Her appointment as Executive Vice President, Legal & General Counsel, ESD is requested effective as of January 6, 2014.

John Gilstrap

Executive Vice President, Business Attraction & Expansion

As Executive Vice President, Business Attraction & Expansion, Mr. Gilstrap will lead ESD's efforts to support new private sector investment and job creation in NYS, as well as expand and attract companies to NY both nationally and globally. In this role, John will also oversee various divisions and initiatives including Strategic Business; Film, TV & New Media; Loans & Grants; Regional Offices and Regional Economic Development Councils; and Start-Up NY. Most recently, John was a consultant for Unthinkable Media Co. Prior to that, he was President of UBM Inc. Earlier in his career, he was General Manager at CCR, a division of Wolters Kluwer VV; Senior Vice President at JP Morgan Chase Bank and Assistant Vice President at Irving Trust – Bank of New York Mellon. He is a Board Member at Moor Center Food Pantry and is Founder of Urban Code Academy. Mr. Gilstrap's appointment as Executive Vice President, Business Attraction & Expansion is requested effective as of December 16, 2013.

Charles Imohiosen

Chief Operating Officer

As Chief Operating Officer, Mr. Imohiosen will focus on the day-to-day operations for ESD, and will provide oversight and support to various divisions, including Real Estate Development & Subsidiaries; Public Affairs & Strategic Initiatives; Public Policy, Planning & Incentives; Business Attraction & Expansion; State Marketing Strategy; and Small Business Services. Most recently, Charles was Senior Policy Advisor for the U.S. President's Hurricane Sandy Rebuilding Task Force in Washington, DC where he advised the Executive Director on various issues related to post-storm rebuilding, served as Policy Lead on infrastructure finance and energy issues, and as liaison between State and Federal agencies on funding issues. Prior to that, he was Counselor to the Deputy Administrator for the U.S. Environmental Protection Agency where he advised on a range of cross-office and multi-agency policy matters. He also was Associate at Paul, Weiss, Rifkind, Wharton & Garrison LLP from 2002-2009 and worked at the US District Court – Southern District of NY, Wachtell, Lipton and the Office of the Manhattan Borough President. Mr. Imohiosen's appointment as Chief Operating Officer is requested effective as of January 6, 2014.

Richard Newman

Executive Vice President, State Marketing Strategy

As Executive Vice President of State Marketing Strategy, Mr. Newman will oversee all marketing initiatives including the launch of the largest tourism campaign in decades, Start-Up NY and the Taste-NY marketing efforts. Rich brings extensive marketing expertise with over 30 years experience developing fully integrated campaigns for a wide array of companies including American Express, Coca Cola, Campbell's Soups, Procter & Gamble and Unilever. Mr. Newman's appointment as Executive Vice President, State Marketing Strategy is requested effective as of July 15, 2013.

Katherine (Kay) Sarlin Wright Executive Vice President, Public Affairs & Strategic Initiatives

As Executive Vice President of Public Affairs and Strategic Initiatives, Ms. Sarlin Wright will oversee ESD's Public Affairs and International teams, as well as assist in launching various initiatives including START-UP NY and other tourism marketing projects for NYS. Prior to ESD, Kay was Associate Commissioner at NYC Department of Consumer Affairs where she served as the Commissioner's senior advisor for marketing, communications and policy matters on City, State and federal levels. She also held Vice President and Director positions at The Glover Park Group where she was lead communications advisor to major corporations and political campaigns. She also served as Chief of Staff to Congressman Anthony Weiner, Director of Communications at NYC DOT, Blair Maclnnes for Senate and the Union Square Partnership. Ms. Sarlin Wright's appointment as Executive Vice President, Public Affairs & Strategic Initiatives is requested effective as of September 16, 2013.

Margaret Tobin Chief Financial Officer

As Chief Financial Officer, Ms. Tobin will direct and manage all financial operations for the Corporation, its subsidiaries and affiliated entities, including the Department of Economic Development and the Job Development Authority and its affiliated LDCs. Most recently, Ms. Tobin served as Executive Director of the NY Works Task Force, a Task Force created by Governor Cuomo and legislative leaders in early 2012 to more effectively and strategically allocate New York's capital investment funding to grow the State's economy, create jobs, and ensure a sound, long-term infrastructure system. Prior to that, she served at the NYC Mayor's Office of Finance and Economic Development where she oversaw major redevelopment projects including the Brooklyn Navy Yard, Staten Island Homeport, and Renaissance Marriott Hotel. She was also EVP & CFO for the Hudson River Park Conservancy where she led the successful development of Hudson River Park, and was a senior real estate executive at Vornado Realty Trust and Thor Equities where she developed more than 60 projects in office, hotel, retail, and mixed use developments. Ms. Tobin's appointment as Chief Financial Officer is requested effective as of February 3, 2014.

It is further proposed that the following current ESD employees be appointed to the offices indicated:

Joseph F. Chan	Executive Vice President, Real Estate & Public/Private Initiatives
Steven Cohen	Executive Vice President, Small Business Services & Community Economic Development
Susan Shaffer	Senior Vice President, Loans & Grants
Kevin Younis	Executive Vice President, Public Policy, Planning & Incentives

Joseph F. Chan joined the Corporation in October 2011 and is currently serving in the position of Executive Vice President, Business Development. He is requested to be appointed to the position of Executive Vice President, Real Estate & Public/Private Initiatives, effective January 1, 2014.

Steven Cohen joined the Corporation in July 2009 and is currently serving in the position of Senior Vice President, Community Economic Development. He is requested to be appointed to the position of Executive Vice President, Small Business Services & Community Economic Development, effective December 5, 2013.

Susan Shaffer joined the Corporation in April 2006 and is currently serving in the position of Vice President, Loans & Grants. She is requested to be appointed to the position of Senior Vice President, Loans & Grants, effective December 5, 2013.

Kevin Younis joined the Corporation in March 2007, and is currently serving in the position of Senior Vice President, Government Affairs. He is requested to be appointed to the position of Executive Vice President, Public Policy, Planning & Incentives, effective December 5, 2013.

REQUESTED ACTION

The Directors are requested to approve the appointment of the individuals identified above to the offices indicated as of the dates indicated, to confirm that each such individual is an officer of the Corporation within the meaning of the indemnification provisions of the Corporation's bylaws and to ratify any and all actions taken by any of them since their nomination to these positions.

RECOMMENDATION

Based upon the foregoing, I recommend approval of the above-named requested actions.

ATTACHMENT

Resolutions

February 20, 2014

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT
– Appointment of Officers

BE IT RESOLVED, that the following individuals be, and they hereby are, appointed to the offices which appear opposite their respective names, effective as of the respective dates indicated in the materials presented to this meeting and ordered filed with the records of the Corporation, until their earlier resignation or removal:

<u>NAME</u>	<u>OFFICE</u>
Joseph F. Chan	Executive Vice President, Real Estate & Public/Private Initiatives
Steven Cohen	Executive Vice President, Small Business Services & Community Economic Development
Elizabeth R. Fine	Executive Vice President, Legal & General Counsel, ESD
John Gilstrap	Executive Vice President, Business Attraction & Expansion
Charles Imohiosen	Chief Operating Officer
Richard Newman	Executive Vice President, State Marketing Strategy
Katherine Sarlin Wright	Executive Vice President, Public Affairs & Strategic Initiatives
Margaret Tobin	Chief Financial Officer
Susan Shaffer	Senior Vice President, Loans & Grants
Kevin Younis	Executive Vice President, Public Policy, Planning & Incentives

and be it further

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

RESOLVED, that any and all actions taken by each of the foregoing individuals since their nomination to the offices identified herein be and hereby are ratified as the acts and deeds of the Corporation.

* * *



FOR CONSIDERATION

February 20, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Syracuse (Central New York Region – Onondaga County) – Inns at Armory Square Capital – Urban and Community Development Program – Urban and Community Project Development Assistance (Capital Loan)

REQUEST FOR: Findings and Determinations Pursuant to Sections 5(4), 16-d, and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Loan and to Take Related Actions; Determination of No Significant Effect on the Environment; Waiver of Labor Peace Agreement

General Project Plan

I. Project Summary

Borrower: The Inns at Armory Square, LLC

ESD* Investment: A loan of up to \$2,000,000 to be used for a portion of the cost of real estate acquisition, construction and the purchase of furniture, fixtures and equipment.

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

Project Location: 300 West Fayette Street, Syracuse, Onondaga County

Proposed Project: Construction of the the Inns at Armory Square, a \$29 million, 100-room Courtyard by Marriott hotel and a 75-room Marriott Residence Inn located in the Armory Square section of Syracuse, NY.

Project Type: Land acquisition and construction including job creation

Regional Council: The Central New York Regional Council has been made aware of this item. The Incentive Proposal was accepted in July 2008 predating the Regional Council Initiative. The project is consistent with the Regional Plan to continue supporting Syracuse's Downtown revitalization.

Employment: Initial employment at time of ESD Incentive Proposal: 0
 Current employment level: 60
 Minimum employment on January 1, 2014: 125

Loan Financing: The loan will provide permanent financing for a 10 year term at an annual interest rate of 3% for the term of the loan with a 20 year amortization subject to appraisal.

Security: Subordinated lien on real estate behind bank and SBA 504 program debt.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction/Contingency	\$18,204,000
Furniture, Fixtures & Equipment	2,800,000
Land Acquisition	4,313,000
Soft Costs	<u>3,430,000</u>
Total Project Costs	<u>\$28,747,000</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD – Loan	\$2,000,000	7%	3%/10 yrs/*
ESD – Grant (X306)**	500,000	2%	
M&T Bank – Loan	18,500,000	64%	4%/10 yrs/ 1 st lien on RE
SBA Loan	4,867,000	17%	*** /20 yrs/2 nd lien on RE
Company Equity	<u>2,880,000</u>	<u>10%</u>	
Total Project Financing	<u>\$28,747,000</u>	<u>100%</u>	

* Subordinated lien on real estate behind bank and SBA 504 program debt.

**Previously approved by the ESD Board in December 2010.

***Interest rate is pegged to an increment above the current market rate for 5-year and 10-year U.S. Treasury issues based on debenture pricing at the time of closing

III. Project Description

A. Company

Industry: The Inns at Armory Square, LLC is a real estate development and property

management company located in Syracuse, NY.

Company History: The Inns at Armory Square, LLC is a privately held company formed in 2008 by RHS Holdings, LLC, a Syracuse based developer specializing in local urban restoration, property management and real estate brokerage. The Inns at Armory Square's primary function is the ownership and operations of the hotel.

Ownership: The Company is privately owned.

Size: All facilities located in Syracuse, NY.

Market: The Inns at Armory Square is the first new hotel in Downtown Syracuse and Syracuse's historic Armory Square District in more than 25 years. Armory Square is a six-block planned city center boasting office and residential buildings and a thriving commercial/entertainment district with more than two dozen bars and restaurants, the Museum of Science and Technology, the historic Landmark Theater and more than 20 stores, salons and boutiques. Syracuse University's College of Visual and Performing Arts is also located in Armory Square. This hotel will serve the needs of family and alumni visiting Syracuse University and other area colleges, and extended stay guests such as the performers playing at the nearby theater and visiting professors and professionals working with the surrounding offices.

ESD Involvement: The \$2 million loan was requested to help close a funding gap and move forward an important tourism destination project which is related to the City's plan to develop a Convention District linking the downtown OnCenter with the Armory Square entertainment district. The Convention Center at OnCenter, which is located approximately five blocks from the proposed hotel location at Armory Square, has 99,000 square feet of exhibition space to accommodate major national conferences, but is not supported by sufficient downtown lodging and related conference amenities to accommodate the scope of events it is seeking to attract. Most of the area's conference amenities with lodging are outside Syracuse in a seven-mile suburban radius, with no public transportation. The project helps anchor a larger revitalization strategy for the City of Syracuse which links the City Center Core project, the Convention District, and the Near West Side redevelopment. The \$2,000,000 loan helped close the financing gap for the project, enabling the Company to close on permanent financing and raise the remaining capital required to move forward.

Competition: N/A

Past ESD Support: This is the Company's first project with ESD. However in December 2010 the Syracuse Industrial Development Agency was reallocated a \$500,000 grant (X306) from the Empire Opportunity Fund to be used for a portion of a cost of land acquisition associated with the Inns at Armory Square project.

B. The Project

Completion: July 2013

Activity: The \$29 million project has resulted in the creation of a 140,000-square-foot, seven-story, commercial complex, located on a prime site in historic Armory Square at the corner of West Fayette and Franklin Streets. Included in the project is on-site parking. The architectural work and site design was completed by Schopfer Architects of Syracuse. The project Engineer was William Fuegel Engineering of Syracuse, and the construction manager was LeChase Construction Services of Rochester. The project will be managed by New Castle Hotels and Resorts, based in Shelton, CT, an independent owner, operator, third-party manager and turnaround specialist which owns and operates more than 25 hotels and resorts in the US and Canada.

Results: The project will create 125 new jobs in Downtown Syracuse and Central New York. The complex will accommodate more than 90,000 guests per year. A 102-room Courtyard by Marriott will accommodate business travelers and other overnight guests while a Marriott Residence Inn will have 78 rooms and target families, tourists and business travelers staying for longer visits. The hotel started operations in July 2013 and the average occupancy from August through December 2013 was 62%.

Business Investment

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

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

- Fiscal benefits to NYS government from the project are estimated at \$5,276,815;
- Fiscal cost to NYS government is estimated at \$2,636,800;
- Project cost to NYS government per direct job is \$35,771;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$28,089;
- Ratio of project fiscal benefits to costs to NYS government is 2.00:1;
- Fiscal benefits to all governments (state and local) are estimated at \$7,677,157;
- Fiscal cost to all governments is \$2,636,800;
- All government cost per direct job is \$35,771;
- All government cost per total job is \$28,089;
- The fiscal benefit to cost ratio for all governments is 2.91:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$30,138,957, or \$321,057 per job (direct and indirect);
- The economic benefit to cost ratio is 11.43:1;
- Project construction cost is \$21,634,000, which is expected to generate 201 direct job years and 130 indirect job years of employment;
- For every permanent direct job generated by this project, an additional 0.27 indirect job is 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.)

Borrower Contact: Richard H. Sykes, Jr., Managing Member
 202 Walton Street, Ste. 204
 Syracuse, NY 13202
 Phone: (315) 442-5947

ESD Project No.: W340

Project Team:	Origination	James Fayle
	Project Management	Jessica Hughes
	Legal	Maria Cassidy
	Contractor & Supplier Diversity	Diane Kinnicutt
	Finance	Jonevan Hornsby
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. The Borrower shall pay a commitment fee of 1% of the \$2,000,000 loan (\$20,000). In

addition, at the time of closing, the Borrower will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.

2. The Borrower will demonstrate no materially adverse changes in its financial condition prior to closing.
3. Guarantees: Personal Guarantees are required from any individual or family members together owning 20% or more of the Borrower, including Richard H. Sykes.
4. The Borrower will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Borrower's written acceptance of ESD's Incentive Proposal. Equity is defined as cash injected into the project by the Borrower or by investors, and should be auditable through Borrower financial statements or Borrower accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
5. Up to \$2,000,000 will be disbursed to the Borrower subject to loan to value requirements, not to exceed 90% (for all debt) and ESD approval of appraisal, upon completion of the project substantially as described in these materials including documentation of \$28 million in building acquisition, construction, furniture, fixtures and equipment and soft costs, as evidenced by a Certificate of Occupancy, and documentation of the employment of at least 60 Full-time Permanent Employees at the Project Location, assuming that all project approvals have been completed and funds are available. Expenses must be incurred on or after August 12, 2008, to be considered eligible project costs. Disbursement of the loan must be requested by June 1, 2014.
6. The Borrower will be required to document by no later than February 1, 2015, the employment of an additional 65 Full-time Permanent Employees (125 total employees) at the Project Location as of December 31, 2014.
7. Prior to disbursement, the Borrower 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 Borrower'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 Borrower to other employees with comparable rank and duties; or (b) two part-time, permanent, private-sector employees on Borrower'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 Borrower to other employees with comparable rank and duties.

8. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$2,000,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.
9. Rate: Fixed at 3% for the term of the loan, subject to the documentation of at least 125 Full-time Permanent Employees by December 31, 2014. ESD reserves the right to raise the interest rate on the loan to prime plus 2% if the Borrower fails to meet or ensure that required job targets are met at the Project Location.
10. Term: 10 (ten) years with a 20 (twenty) year amortization subject to appraisal. ESD will consider a longer amortization if cash flows projected by the appraisal suggest inability to amortize the loan over 10 (ten) years. Term to commence upon achievement of a 1.0 debt service coverage ratio for 3 months.
11. Repayment Term: One Hundred Twenty (120) monthly payments of \$11,091.95 beginning after disbursement of the loan, with a balloon payment of \$1,142,518 due at the end of the 120th month.
12. Prepayment: Loan can be prepaid in full at any time without penalty.
13. Job Commitments:

Baseline Employment	60
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A	B
Reporting Date	Employment Goals
Anniversary Date of Loan Closing 2015	125
Anniversary Date of Loan Closing 2016	125
Anniversary Date of Loan Closing 2017	125
Anniversary Date of Loan Closing 2018	125

14. The Borrower will submit to ESD annual reviewed financial statements and quarterly internal financial statements certified by an officer of the Borrower.
15. Financial Disclosure: Updated financial disclosure on Borrower and all guarantors acceptable to ESD must be provided prior to closing.
16. Lien/Collateral: Subordinate lien on real estate behind bank and SBA 504 Program debt.
17. Due Diligence: Appraisals, and engineering and environmental reviews acceptable to

ESD must be provided prior to closing, if applicable.

D. Labor Peace

Public Authorities Law Section 2879-b prohibits public authorities from providing financing for any project that includes, as one of the principal functions, a hotel with more than fifteen employees unless a labor peace agreement (“LPA”) is entered into with a labor organization representing hotel or convention center employees in the State, for a period of at least five years. An LPA is an agreement between the project developer (or its contractors) and a labor organization prohibiting the labor organization and its members from engaging in labor activities that disrupt the hotel’s operations.

The statute also provides that the LPA requirement can be waived if the authority determines that the project would not be able to go forward with an LPA or the costs of the project to the authority would be substantially increased by such a requirement. The Borrower has requested a waiver from the LPA requirement because the increased costs associated with an LPA would make the project infeasible.

Review of the developer’s operations and financial statements indicates that the effect of an LPA on the project would be an increase in wage labor and benefits by approximately 10%-30%.

The Borrower has advised ESD that, absent a waiver, the project will not proceed. Staff has reviewed the developer’s financial analysis and operating proformas and agrees that the project would be rendered infeasible if an LPA were to be required due to the increased costs associated with its implementation. Staff, therefore, recommends that ESD waive the LPA requirement for this project.

IV. Statutory Basis

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 loan 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.

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 a Type I Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on July 26, 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.

Due to the project site's location adjacent to the Armory Square Historic District, which is listed on the New York State and National Registers of Historic Places, ESD has confirmed that the project sponsor consulted with the New York State Office of Parks, Recreation and Historic Preservation pursuant to the requirements of Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law. No further consultation is required.

Due to ESD's mortgage position on the loan, a Phase I Environmental Site Assessment must be submitted to ESD for review and approval prior to closing on the loan.

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 loan, however, goals will not be established due to the lack of subcontracting opportunities to minority- and women-owned businesses for the performance of this loan.

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.

X. Additional Submissions to Directors

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

February 20, 2014

Syracuse (Central New York Region – Onondaga County) – Inns at Armory Square Capital – Urban and Community Development Program – Urban and Community Project Development Assistance (Capital Loan) – Findings and Determinations Pursuant to Sections 5(4), 16-d, and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Loan and to Take Related Actions

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

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to the Inns at Armory Square, LLC a loan for a total amount not to exceed Two Million Dollars (\$2,000,000) from the Urban and Community Development 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 or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

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

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

* * *

February 20, 2014

Syracuse (Central New York Region – Onondaga County) – Inns at Armory Square Capital – Urban and Community Development Program – Urban and Community Project Development Assistance (Capital Loan) – Determination of No Significant Effect on the Environment

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

* * *

February 20, 2014

Syracuse (Central New York Region – Onondaga County) – Inns at Armory Square
Capital – Urban and Community Development Program – Urban and Community
Project Development Assistance (Capital Loan) – Waiver of Labor Peace Agreement

RESOLVED, that on the basis of the materials presented at this meeting, the Corporation hereby finds, pursuant to New York State Public Authorities Law Section 2879-b, that the project would not be able to go forward if a labor peace agreement were required and hereby waives such requirement in connection with the project.

* * *



FOR CONSIDERATION

February 20, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Sidney (Southern Tier Region – Delaware County) – Delaware County IDA / Amphenol Capital – Empire State Economic Development Fund – Infrastructure Development Financing (Capital Grant)

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

General Project Plan

I. Project Summary

Grantee: Delaware County Industrial Development Agency (the “IDA”)

Beneficiary Company: Amphenol Corporation (“Amphenol” or the “Company”)

ESD* Investment: A grant of up to \$750,000 to be used for a portion of the cost to construct a natural gas distribution line to assist in the retention of Amphenol Corporation.

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

Project Locations: 171 Delaware Avenue, Sidney, Delaware County
40 – 60 Delaware Avenue, Sidney, Delaware County

Proposed Project: The Delaware County Industrial Development Agency or an Assignee will construct a natural gas distribution line from the Constitution Pipeline to Amphenol’s existing facility at 40-60 Delaware Avenue as well as the new manufacturing facility to be constructed at 171 Delaware Avenue.

Project Type: Infrastructure investment to facilitate job retention

Regional Council: The Southern Tier Regional Council has been made aware of this item. The Incentive Proposal was accepted in June 2012. The project is consistent with the Regional Plan by supporting existing manufacturing businesses and retaining jobs.

Employment: Initial employment at time of ESD Incentive Proposal: 950
 Current employment level: 950
 Minimum employment through January 1, 2018: 950

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>	
Natural Gas Distribution Line	<u>\$1,500,000</u>	
Total Project Costs	<u>\$1,500,000</u>	
<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD – Grant	\$750,000	50%
Leatherstocking Gas Company	<u>750,000</u>	<u>50%</u>
Total Project Financing	<u>\$1,500,000</u>	<u>100%</u>

III. Project Description

A. Grantee Background

Industry: The Delaware County Industrial Development Agency, located in the Village of Delhi (the “Village”), is a public benefit corporation under Article 18-A of the New York State General Municipal Law for the benefit of Delaware County (the “County”) and its residents. The IDA is empowered to provide financial assistance to private entities through tax incentives to promote economic welfare, prosperity and recreational opportunities with the ability to purchase, sell, lease and/or mortgage real property and borrow and lend money for projects. The IDA is an integral component of the County’s economic development initiatives efforts to attract new businesses and private investment resulting in the creation of new job opportunities for residents. The IDA’s current economic development priorities include community revitalization, economic diversification through technology, redevelopment of the tourism industry, promotion of agricultural industries, and creation of shovel ready sites for new manufacturing and commercial enterprises.

Grantee History: The IDA was founded in 1971.

Administration: The IDA is administered by a Chair, Vice-Chair, Treasurer, Secretary, and is comprised of a seven-member board appointed by the Chairman of the Delaware County Board of Supervisors. Board members serve terms of three years.

Market: Delaware County

ESD Involvement: The IDA came to ESD for assistance in securing the retention of Amphenol Corporation which was devastated during the floods from Hurricane Irene and Tropical Storm Lee in 2011. ESD offered the IDA a \$750,000 grant to assist with establishing a natural gas pipeline to the facility in an effort to keep Amphenol in Delaware County. The Incentive Proposal was signed in June 2012 and Amphenol agreed to stay and rebuild in a nearby location.

Past ESD Support: This is the first ESD project with the IDA

B. Beneficiary Background

Industry: Amphenol is a world leader in the production of electronic and fiber optic connectors, cable and interconnect systems. It manufactures electrical cables and connectors for military aerospace and the general industrial sector. Amphenol operates out of a 675,000-square-foot facility.

Company History: Amphenol's manufacturing location in Sidney was established in 1925.

Ownership: Amphenol is publicly held and governed by a board of directors

Size: Amphenol has 121 locations around the world and is headquartered in Wallingford, CT, with annual sales at \$4 billion.

Market: Amphenol supplies products to military aerospace and the general industrial sector in the Americas, Europe and Asia with major customers including Boeing, Raytheon, BAB, Caterpillar, Federal Defense Procurement and General Electric. Amphenol's major competitor is Litton, located in Watertown, CT.

ESD Involvement: As a result of the devastating floods of 2011, Amphenol needed to decide whether to stay and rebuild in the region or close operations completely. ESD offered the IDA a \$750,000 grant to assist the company in establishing a natural gas line to improve operation and retain 950

jobs. The company decided to rebuild in a new location in Delaware County. Additionally in 2011, ESD offered up to \$32,195,000 in refundable tax credits directly to the Company through the Empire State Jobs Retention Program.

Competition: N/A

Past ESD Support: In 2006, ESD approved a flood assistance grant totaling \$2,000,000 to assist the company in rebuilding its operations after the June flood of that year. Total recovery costs were \$41,500,000 and the grant was fully disbursed in May 2008 when the project was completed.

B. The Project

Completion: December 2015

Activity: As a result of the 2011 floods, and in an effort to retain a major employer and 950 jobs, the IDA will contract with Leatherstocking Gas Company, (the "Assignee") located in Sidney, to establish a new distribution line from the Constitution Pipeline to supply natural gas to Amphenol. The Company is expected to build a new manufacturing facility above the flood area with an investment of approximately \$49.8M.

Results: The project will result in the retention of 950 existing jobs.

Grantee Contact: Glenn Nealis, Executive Director
One Court House Square, Suite 4
Delhi, New York 13753
Phone: (607) 746-8595

Beneficiary Contact: Gary Anderson, Sr. Vice President Group General Manager
40-60 Delaware Ave
Sidney, New York 13838
Phone: (607) 768-2171

ESD Project No.: X598

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 Grantee shall pay a commitment fee of 1% of the \$750,000 capital grant (\$7,500) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee/Beneficiary will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. Amphenol will guarantee the grant repayment obligation in the event of an Employment Shortfall or other default, as defined in these materials or the Grant Disbursement Agreement.
4. The Grantee will ensure that the Beneficiary/Assignee contributes a minimum of 10% of the total project cost in the form of equity contributed. Equity is defined as cash injected into the project by the Grantee or by investors, and should be auditable through Grantee financial statements or Grantee accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
5. Prior to disbursement, the Beneficiary 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 Beneficiary'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 Beneficiary'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 Beneficiary to other employees with comparable rank and duties.
6. Up to \$750,000 will be disbursed to Grantee upon completion of the project substantially as described in these materials, documentation of infrastructure project costs totaling \$1,500,000, and documentation of the employment of at least 950 Full-time Permanent Employees at the Project Location, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after June 4, 2012, to be considered eligible project costs. All disbursements must be requested by December 31, 2015.
7. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$750,000, 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.

8. In consideration for the making of the Grant, the Beneficiary 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 Beneficiary'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	950
A	B
Reporting Date	Employment Goals
February 1, 2015	950
February 1, 2016	950
February 1, 2017	950
February 1, 2018	950

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 infrastructure project, a severely impacted large rural Company will be able to continue their operations in New York, and retain its workforce of 950 full-time permanent employees for a period of at least 5 years.

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

The loss incurred by Amphenol in 2011 was extensive, and the Company does not have the working capital on hand to fully fund all flood-related costs, especially since they invested \$41,500,000 into the present location after the 2006 flood. This assistance will partially fill the current funding gap to ensure that the Company will have sufficient capital to recover to an extent and within a timeframe necessary to avoid closing, relocation or downsizing of the workforce.

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

For a relatively modest investment by the State, this Economic Development Fund infrastructure improvement grant is expected to prevent Amphenol from shutting down entirely, relocating or downsizing in the face of extensive losses, and the benefit of maintaining 950 full-time employees will greatly exceed Program 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 \$83,927;
- Fiscal cost to NYS government is estimated at \$750,000;
- Ratio of project fiscal benefits to costs to NYS government is 0.12:1;
- Fiscal benefits to all governments (state and local) are estimated at \$141,776;
- Fiscal cost to all governments is \$750,000;
- The fiscal benefit to cost ratio for all governments is 0.19:1;
- Economic benefits (fiscal plus total net resident disposable income from project construction employment) are estimated at \$739,692;
- The economic benefit to cost ratio is 1.02:1;
- Project construction cost is \$1,500,000, which is expected to generate 15 direct job years and seven indirect job years of employment.

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

1. The benefits reported above reflect only the impact of construction-related activity. Unlike typical ESD projects, infrastructure 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.

2. Also, note that there are 950 permanent jobs retained at Amphenol, but these jobs are already tied to another award so are not counted for this project.

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

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

V. Environmental Review

The Delaware County Industrial Development Agency, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. This review, 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 March 16, 2012. 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. Smart Growth Public Infrastructure Review

Pursuant to the requirements of the State Smart Growth Public Infrastructure Policy Act (the "SG Act"), ESD's Smart Growth Advisory Committee has reviewed a Smart Growth Impact Statement for the project and found that the project is consistent with the State Smart Growth Public Infrastructure Criteria ("Smart Growth Criteria"). The designee of the Chief Executive Officer of the Corporation has attested that the project, to the extent practicable, meets the relevant Smart Growth Criteria set forth in the SG Act.

VII. Non-Discrimination and Contractor & 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 a Minority Business Enterprise ("MBE") Participation goal of 10% 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 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

February 20, 2014

Sidney (Southern Tier Region – Delaware County) – Delaware County IDA / Amphenol Capital – Empire State Economic Development Fund – Infrastructure Development Financing (Capital Grant) – Findings and Determinations Pursuant to Sections 16-m and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Delaware County IDA / Amphenol Capital – Empire State Economic Development Fund – Infrastructure Development Financing (Capital Grant) Project (the “Project”), the Corporation hereby determines pursuant to Sections 16-m and 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that

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

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Delaware County Industrial Development Agency a grant for a total amount not to exceed Seven Hundred Fifty Thousand Dollars (\$750,000) 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 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.

* * *

February 20, 2014

Sidney (Southern Tier Region – Delaware County) – Delaware County IDA / Amphenol Capital – Empire State Economic Development Fund – Infrastructure Development Financing (Capital Grant) – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Delaware County IDA / Amphenol Capital Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

**Project Summary
Benefit-Cost Evaluation ¹**

**Infrastructure Project
Delaware County IDA/Amphenol**

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): 15

Construction Job Years (Indirect): 7

Evaluation Statistics	Project Result NYS Govt.	NYS Govt. Benchmarks for ESD Projects²	Project Results State & Local Governments	State & Local Government Benchmarks for ESD Projects
Fiscal Costs³	\$750,000	\$794,250	\$750,000	\$1,020,500
Fiscal Benefits⁴	\$83,927	\$2,085,600	\$141,776	\$4,271,980
Fiscal B/C Ratio	0.12	3.00	0.19	10.60
	Project Results	Benchmarks for ESD Projects		
Economic Benefits⁵	\$739,692	\$119,468,000		
Economic B/C Ratio	1.02	20.00		

Also, note that there are 950 permanent jobs retained at Amphenol, but these jobs are already tied to another award so are not counted for this project.

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

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

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

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

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



FOR CONSIDERATION

February 20, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: New Windsor (Mid-Hudson Region – Orange County) – Continental Organics DRF Capital – Downstate Revitalization Fund – Business Investment (Convertible Loan)

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

General Project Plan

I. Project Summary

Borrower: Continental Organics, LLC (the “Company”)

ESD* Investment: A convertible loan of up to \$750,000 to be used for a portion of the cost of the acquisition of real estate and construction associated with a new business facility (the “Loan”).

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

Project Locations: 350 Mt. Airy Road, New Windsor, Orange County

Proposed Project: Develop a 900,000-square-foot aquaponics and fertilizer production facility over a five-year, five phase period

Project Type: Business creation involving job creation

Regional Council: The Mid-Hudson Regional Council has been made aware of this item. The Incentive Proposal was accepted in July 2011, predating the Regional Council Initiative. The project is consistent with the Regional Plan. The project addresses the need for investment in job-creation in the region’s developing technology-based industries such high-tech manufacturing.

Employment: Initial employment at time of ESD Incentive Proposal: 0
 Current employment level: 45
 Minimum employment on anniversary of loan closing in 2015: 121

Loan Financing: The Loan will provide permanent financing for a 5 year term at an annual interest rate of 3%, convertible to a grant over that term if required job levels are maintained.

Security: N/A

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction	\$7,100,000
Land Acquisition	1,552,000
Machinery & Equipment	37,821,000
Furniture, Fixtures, Equipment and Soft Costs	<u>3,347,000</u>

Total Project Costs \$49,820,000

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD – Loan	\$750,000	2%	3%/5 yrs/N/A
Orange County Trust – Loan	4,100,000	8%	Prime+2.25%/20yrs/1 st on RE
Ulster County Savings – Loan	470,000	1%	Prime+2.5%/10yrs/2 nd on RE
NYSERDA – Grant	127,550	.1%	
Central Hudson – Grant	200,000	.9%	
SBA – Loan	1,280,000	3%	2.2%/20yrs/1 st on M&E
Provident Bank – Loan	2,084,000	4%	Prime + 1%/10yrs/1 st on RE
Orange County IDA – Bond*	10,025,000	19%	
Bank Loans – Future Phases 2-5	19,908,450	40%	Terms to be determined
Private Investors	875,000	2%	
Company Equity	<u>10,000,000</u>	<u>20%</u>	
Total Project Financing	<u>\$49,820,000</u>	<u>100%</u>	

* Anticipated issuance of bonds. If the bond sale does not occur, the Company will obtain additional loans to finance the future phases of the project.

III. Project Description

A. Company

Industry: Natural and organic food production and fertilizer manufacturing.

Company History: Established in March 2010, Continental Organics is a sustainable agriculture company located on a 44 acre former dairy farm in New Windsor, New York. The Company created an aquaponic facility that provides sustainable ways of raising fish and growing produce in a closed-loop facility. The facility includes a recirculating aquaponics system, indoor and outdoor vegetable cultivation, and compost manufacturing. An aquaculture system continually circulates water and nutrients through the climate-controlled facilities while converting system inputs into beneficial outputs. All of the Company's products are organic and free of chemical pesticide, growth hormone, fertilizers antibiotics and genetically modified organism (GMO).

Ownership: The Company is a privately held for-profit certified 8-A Service Disabled Veteran Owned Small Business.

Size: The facility is located in New Windsor, NY.

Market: Continental Organics provides natural and organic food products to Hunts Point Market, West Point, and the United States Department of Defense. The Company's major competitors are Blue Ridge Farm and Sweetwater Organics and during summer months, large organic farms throughout the North America.

The United States Department of Agriculture (USDA) reported that fresh produce is the top-selling organic category, followed by nondairy beverages, breads and grains, packaged foods (frozen and dried prepared foods, baby food, soups, and desserts), and dairy products.

In addition, New York State imports nearly all the seafood consumed within the state. This demand for seafood creates a major economic development opportunity in New York for aquaculture production. To capitalize on this opportunity, Continental Organics vision is was to develop a new indoor aquaponics farm.

ESD Involvement: In an effort to determine an appropriate location for the new aquaponics production facility, the Company identified several locations in Burlington and Ocean Counties in New Jersey and Orange County in New York. In order to facilitate construction of a new facility, the Company sought assistance in financing the project through the competitive Downstate Revitalization Fund Request for Proposal process. The application was reviewed and recommended for funding. In July 2011, Continental Organics accepted an offer of a \$750,000 Downstate Revitalization convertible loan.

Last year, the Company broke ground on a new 100,000-square-foot expansion which was completed in 2013. The Company is preparing to build an additional 275,000-square-foot facility to be completed in 2015. In order to fund this new expansion the Company applied for additional funding for the project during the third round of Regional Council Awards. As a result of its application, the Company has been awarded an estimated amount of up to \$750,000 in ESD Grant Funds. This additional phase of the project will be presented to the ESD Directors at a later date.

Continental Organics, LLC is Empire Zone certified effective June 22, 2010, but did not report using any benefits on their 2010 and 2011 Business Annual Reports.

Competition: Burlington and Ocean Counties, New Jersey

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

B. The Project

Completion: December 2016

Activity: The project involves building a 900,000-square-foot indoor organic farm in Orange County to grow vegetables and fish using hydroponic and aquaculture technology. The multi-phase project involves renovating an existing catering hall and former conventional dairy farm into 10 greenhouses, a laboratory, fish nursery, fertilizer facilities, corporate offices and packaging and distribution facilities. The core of the new system is a recirculation aquaponics system and computer monitoring technology which will keep the facility in production through the year. In order to reduce energy costs, the Company designed and constructed a new geo-thermal greenhouse cooling system.

Results: As a result of the project, the new facility will produce three principal organic products: fish (tilapia, trout and striped bass), hydroponic vegetables (lettuces, tomatoes, specialty greens, cucumbers and peppers), and fertilizer (liquid and granular N-P-K). The project will employ the Company's newly designed technology to recycle carbon monoxide gas, in its greenhouse to promote faster growing plants. Once the project is complete, Continental Organics will become the first commercial-scale indoor farm with a wholesale market orientation in the United States. The Company will create 121 jobs within five years after the closing of ESD's loan. Sixty percent of the Company's employees are United States Veterans. The Company's innovative business concept has received attention from companies and governments within the Persian Gulf region.

Business Investment

Project:

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

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

- Fiscal benefits to NYS government from the project are estimated at \$4,179,588;
- Fiscal cost to NYS government is estimated at \$687,383;
- Project cost to NYS government per direct job is \$11,097;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$5,484;
- Ratio of project fiscal benefits to costs to NYS government is 6.08:1;
- Fiscal benefits to all governments (state and local) are estimated at \$7,340,577;
- Fiscal cost to all governments is \$687,383;
- All government cost per direct job is \$11,097;
- All government cost per total job is \$5,484;
- The fiscal benefit to cost ratio for all governments is 10.68:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$40,638,585, or \$324,245 per job (direct and indirect);
- The economic benefit to cost ratio is 59.12:1;
- Project construction cost is \$7,100,000, which is expected to generate 50 direct job years and 25 indirect job years of employment;
- For every permanent direct job generated by this project, an additional 1.04 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is two years.

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

Borrower Contact:

Thomas Endres, President
4 London Avenue, Suite 1000

New Windsor, NY 12553
Phone: (845) 220-1101

ESD Project No.: X205

Project Team:	Origination	Paul Taxter
	Project Management	Beverly Bobb
	Legal	Antovk Pidedjian
	Contractor & Supplier Diversity	Denise Ross
	Finance	John Bozek
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. The Borrower shall pay a commitment fee of 1% of the \$750,000 loan (\$7,500). In addition, at the time of closing, the borrowers will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Borrower will demonstrate no materially adverse changes in its financial condition prior to closing.
3. Guarantees: Corporate Guarantees are required from any entity or commonly controlled entities together owning 50% or more of the Borrower. Personal Guarantees are required from any individual or family member together owning 50% or more of the Borrower
4. The Borrower will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Borrower's acceptance of ESD's offer. Equity is defined as cash injected into the project by the Borrower or by investors, and should be auditable through Borrower financial statements or Borrower accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
5. Up to \$750,000 will be disbursed to the Borrower upon submission of documentation verifying project expenditures of at least \$6,800,000, assuming that all project approvals have been completed and funds are available. Expenditures reimbursed by ESD's loan must be incurred on or after July 1, 2011, to be considered eligible project costs. Disbursement of the loan must be requested by July 1, 2014.

Total debt on the project shall not exceed 90% of the total cost as determined in an appraisal acceptable to ESD.

6. 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.

7. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$750,000 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.
8. Rate/Terms: 3% interest rate over 5 years (sixty months).
9. Repayment Terms: Sixty (60) monthly interest only payments beginning after disbursement of the convertible loan, with outstanding principal due in full on the 60th month, subject to any incremental reductions in principal based upon Borrower's achievement of Job Commitments and Loan Compliance (see Conversion Terms below)
10. Conversion Terms: The loan principal may be subject to incremental reductions of 20% annually (\$150,000 per year) over the five-year term of the loan. Upon timely submissions by Borrower (subject to approval by ESD) of an annual Principal Reduction Request Form, verifying Job Commitments, documentation of required project expenditures and Loan Compliance, the principal balance of the loan shall be reduced for such year by (\$150,000). Each such approved reduction shall be deemed a prepayment of the Borrower's Promissory Note to ESD, pursuant to the terms contained therein. (See Job Commitments Below) If during the terms of the loan, job Commitments and/or Loan Compliance are not submitted and approved for any particular year, principal reduction will not occur for that year and the corresponding amount of principal, when added to any other unconverted principal, shall remain payable upon maturity. After each annual principal reduction is submitted and approved by ESD, the interest-only payments shall apply only to the new reduced principal amount.
11. Job Commitments and Investment Milestone Schedule:

The Borrower must commit to the following Employment and Investment Milestones:

Baseline Employment	0	
Reporting Date	Employment Goals	Investment Milestone (Cumulative)
Anniversary Date of Loan Closing 2015	20	\$8,800,000
Anniversary Date of Loan Closing 2016	44	\$12,500,000
Anniversary Date of Loan Closing 2017	68	\$19,600,000
Anniversary Date of Loan Closing 2018	92	\$32,600,000
Anniversary Date of Loan Closing 2019	121	\$49,820,000

12. The Borrower will submit to ESD annual reviewed financial statements and quarterly internal financial statements certified by an officer of the Borrower.
13. Financial Disclosure: Update financial disclosure on Borrower and all corporate and personal guarantors acceptable to ESD must be provided prior to closing.
14. Lien/Collateral: N/A
15. Due Dilligence: Appraisals and engineering and environmental reviews acceptable to ESD must be provided prior to closing, if applicable.

IV. Statutory Basis

This project is authorized under Section 16-r of the New York State Urban Development Corporation Act (the "Act") and satisfies the eligibility criteria in the Act and the rules and regulations for the Downstate Revitalization Fund Program. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

The Town of New Windsor Planning Board, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project to be an Unlisted Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on October 27, 2010. 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 Diversity policy will apply to the Project. Continental

Organics shall be required to use good faith efforts to achieve an overall Minority and Women Business Enterprise (“MWBE”) Participation goal of 25%, 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.

VII. ESD Financial Assistance Subject to Availability of Funds and Additional Approval

The provision of ESD financial assistance is contingent upon the availability of funds and the approval of the State Division of the Budget.

VIII. Additional Submissions to Directors

Resolutions

New York State Map

Project photographs

Project Finance Memorandum

Benefit-Cost Analysis

February 20, 2014

New Windsor (Mid-Hudson Region – Orange County) – Continental Organics DRF Capital – Downstate Revitalization Fund – Business Investment (Convertible Loan) – Findings and Determinations Pursuant to Sections 16-r and 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Loan and to Take Related Actions

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

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Continental Organics, LLC a loan for a total amount not to exceed Seven Hundred Fifty Thousand Dollars (\$750,000) from the Downstate Revitalization Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

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

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

them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

* * *

February 20, 2014

New Windsor (Mid-Hudson Region – Orange County) – Continental Organics DRF
Capital – Downstate Revitalization Fund – Business Investment (Convertible Loan) –
Determination of No Significant Effect on the Environment

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

* * *

FOR CONSIDERATION

February 20, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Kingston (Mid-Hudson Region – Ulster County) – Ertel Alsop 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: Stavo Industries, Inc. d/b/a Ertel Alsop (“Stavo” or the “Company”)

ESD* Investment: A grant of up to \$200,000 to be used for a portion of the cost to purchase of machinery and equipment.

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

Project Location: 132 Flatbush Avenue, Kingston, Ulster County

Proposed Project: Acquire, renovate, and equip a 86,000-square-foot facility to expand the production of filter presses used in wastewater treatment

Project Type: Business expansion including job creation

Regional Council: The Mid-Hudson Regional Council has been made aware of this item. The Incentive Proposal was accepted in December 2010 predating the Regional Council Initiative. The project is consistent with the Regional Plan to target job creation investments in the Region’s developing manufacturing industries.

633 Third Avenue | New York, NY 10017 | (212) 803-3100

www.esd.ny.gov

Employment: Initial employment at time of ESD Incentive Offer: 47

Current employment level:	56
Minimum employment through January 1, 2016:	62

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Renovation	\$1,100,000
Real Estate Acquisition	1,600,000
Soft Costs	725,000
Machinery & Equipment	<u>3,175,000</u>
 Total Project Costs	 <u>\$6,600,000</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD – Grant	\$200,000	3%	
M&T Bank – Loan	3,100,000	46%	4.75%/20 yrs/1st lien on RE
New York Business			
Development Corporation – Loan	2,400,000	37%	4.16%/20 yrs/ 2nd lien on RE
Company Equity	<u>900,000</u>	<u>14%</u>	
 Total Project Financing	 <u>\$6,600,000</u>	 <u>100%</u>	

III. Project Description

A. Company

Industry: Stavo Industries manufactures equipment for processing and filtering liquids.

Company History: Stavo Industries, Inc. d/b/a Ertel Alsop was created through the merger of Ertel Engineering and Alsop Engineering in 1976. Ertel Engineering was founded by Frederick Ertel in 1932 in New York City to sell depth filter media for the pharmaceutical industry. Depth filters use a porous filtration medium to retain particles in the processing of liquids. Alsop Engineering was founded in 1920 by Samuel Alsop. Over time, the Company relocated operations to New York, ultimately incorporating under the name Stavo Industries, Inc. in 2004. Today, the Company operates out of three facilities, one for machinery production and administrative offices, one for filter media manufacture, and one for manufacturing support. Stavo serves the pharmaceutical industry, the flavor and fragrance industries, and the electrical utility and beverage industries. In addition, the Company sells its products to over 25 foreign countries which make up approximately 35-40% of total sales.

Ownership: The Company is privately owned.

Size: All facilities are located in Kingston, NY.

Market: Stavo serves a global clientele that spans several industries including distilled beverages, pharmaceuticals, soft drinks, and cosmetics. Some of the Company's main competitors are 3M, Eaton, Pall, Clarcor, and Merck Millipore.

ESD Involvement: In 2010, Stavo recognized a need to grow within the industry, however, it lacked room to expand in its existing facility. The Company sought to relocate to a larger facility and install a new, more efficient manufacturing line in order to stay competitive. In addition, the Company faced the loss of 47 jobs if it could not increase profit margins and reduce manufacturing costs. Consolidation of the Company's operations under one roof would allow the Company to improve operating efficiency, eliminate redundant tasks, and improve company-wide collaboration. In July 2010, Stavo identified a vacant facility in Kingston to purchase and renovate that would fulfill its relocation and consolidation plan. The Company wished to remain in New York although it had encountered high taxes, and considered the benefit of moving to North Carolina, Pennsylvania or Virginia to reduce its costs.

In August 2010, the Company sought ESD's assistance to finance the purchase and renovation of a new Kingston facility when it encountered a funding gap in its budget. In October 2010, ESD made an offer of financial assistance which Stavo accepted in December of that year. ESD's grant was necessary in order to make New York State competitive with the Company's consideration to relocate to other states.

Stavo Industries is Empire Zone certified effective October 5, 2001. According to their Business Annual Reports, they have only reported using \$3,000 in 2003.

Competition: The Company considered relocating to North Carolina, Pennsylvania, or Virginia.

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

B. The Project

Completion: February 2014

Activity: Stavo Industries' expansion project involves the purchase of an 86,000-square-foot building to consolidate its operations into a single facility. The Company has modified the building layout to accommodate

manufacturing operations and office space. In addition, Stavo will install new manufacturing equipment such as pulpers, tanks, agitators, and drying ovens that are used to manufacture its products.

Results: The Company will retain 47 jobs and create 15 jobs. The Company has already created 9 jobs.

Grantee Contact: George Quigley, President
8 North Front Street
Kingston, NY 12401
Phone: (845) 331-5389

ESD Project No.: X252

Project Team:	Origination	Paul Taxter
	Project Management	Simone Bethune
	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 \$200,000 capital grant (\$2,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
3. The Company will be required to contribute a minimum of 10% of the total project 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 \$200,000 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$100,000) upon completion of the project and documentation of real estate acquisition, renovation, and machinery and equipment project costs totaling \$6,600,000, and documentation of the employment of at least 50 Full-time Permanent Employees at the Project Location (Employment Increment of 3), 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 (\$50,000) will be disbursed upon documentation of the employment of at least 55 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 (\$50,000) will be disbursed upon documentation of the employment of at least 62 Full-time Permanent Employees at the Project Location (Employment Increment of 7), provided Grantee is otherwise in compliance with program requirements.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses reimbursed by ESD's grant must be incurred on or after December 13, 2010, to be considered eligible project costs. All disbursements must be requested by April 1, 2016.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$200,000, 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	47
A	B
Reporting Date	Employment Goals
February 1, 2015	47+X+Y+Z
February 1, 2016	47+X+Y+Z
February 1, 2017	47+X+Y+Z
February 1, 2018	47+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=3, and Employment Goals shall equal $[47 + X = 50]$ 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=5, and Employment Goals shall equal $[47 + X + Y = 55]$ 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=7, and Employment Goals shall equal $[47 + X + Y + Z = 62]$ 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 47 and create 15 new jobs.

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

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

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

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

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

- Fiscal benefits to NYS government from the project are estimated at \$2,552,635;
- Fiscal cost to NYS government is estimated at \$293,480;
- Project cost to NYS government per direct job is \$6,311;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$3,285;
- Ratio of project fiscal benefits to costs to NYS government is 8.70:1;
- Fiscal benefits to all governments (state and local) are estimated at \$4,471,666;
- Fiscal cost to all governments is \$1,171,405;
- All government cost per direct job is \$25,192;
- All government cost per total job is \$13,112;
- The fiscal benefit to cost ratio for all governments is 3.82:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$23,849,499, or \$266,955 per job (direct and indirect);
- The economic benefit to cost ratio is 20.36:1;
- Project construction cost is \$1,825,000, which is expected to generate 13 direct job years and six indirect job years of employment;
- For every permanent direct job generated by this project, an additional 0.93 indirect job is anticipated in the state's economy;
- The payback period for NYS costs is one year.

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

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

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

V. Environmental Review

ESD staff has determined that the project constitutes a Type II action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required in connection with the project.

VI. Non-Discrimination and Contractor & Supplier Diversity

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority and women-owned business in the performance of ESD projects. For purposes of this Project, however goals will not be established due to the unavailability of minority and women-owned businesses for performance of this 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
Benefit-Cost Analysis

February 20, 2014

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

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Ertel Alsop 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 Stavo Industries, Inc. a grant for a total amount not to exceed Two Hundred Thousand Dollars (\$200,000) 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.

* * *

Project Summary Benefit-Cost Evaluation¹

Ertel Alsop (Stavo Industries) – Business Investment

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

Initial Jobs:	47	Construction Job Years (Direct):	13
New Jobs:	15	Construction Job Years (Indirect):	6

Evaluation Statistics	Project Results NYS Gov't.	NYS Gov't. Benchmarks ²	Project Results State & Local Government	State & Local Government Benchmarks
Fiscal Costs³	\$293,480	\$794,250	\$1,171,405	\$1,020,500
Fiscal Benefits⁴	\$2,552,635	\$2,085,600	\$4,471,666	\$4,271,980
Fiscal Cost /Direct Job	\$6,311	\$3,000	\$25,192	\$4,110
Fiscal Cost/Total Jobs	\$3,285	\$1,424	\$13,112	\$1,964
Fiscal B/C Ratio	8.70	7.00	3.82	10.60
	Project Results	Benchmarks		
Economic Benefits⁵	\$23,849,499	\$119,468,000		
Econ. Benefits/Total Jobs	\$266,955	\$147,600		
Economic B/C Ratio	20.36	50.00		

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

² The current project evaluation results (both fiscal and economic) are compared to performance measure benchmarks based on results of a sample of ESD non-retail projects. Business Investment project benchmarks are 7.00 (Fiscal) and 50.00 (Economic). Infrastructure Investment (or Economic Growth Investment) project benchmarks are 3.00 (Fiscal) and 20.00 (Economic).

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

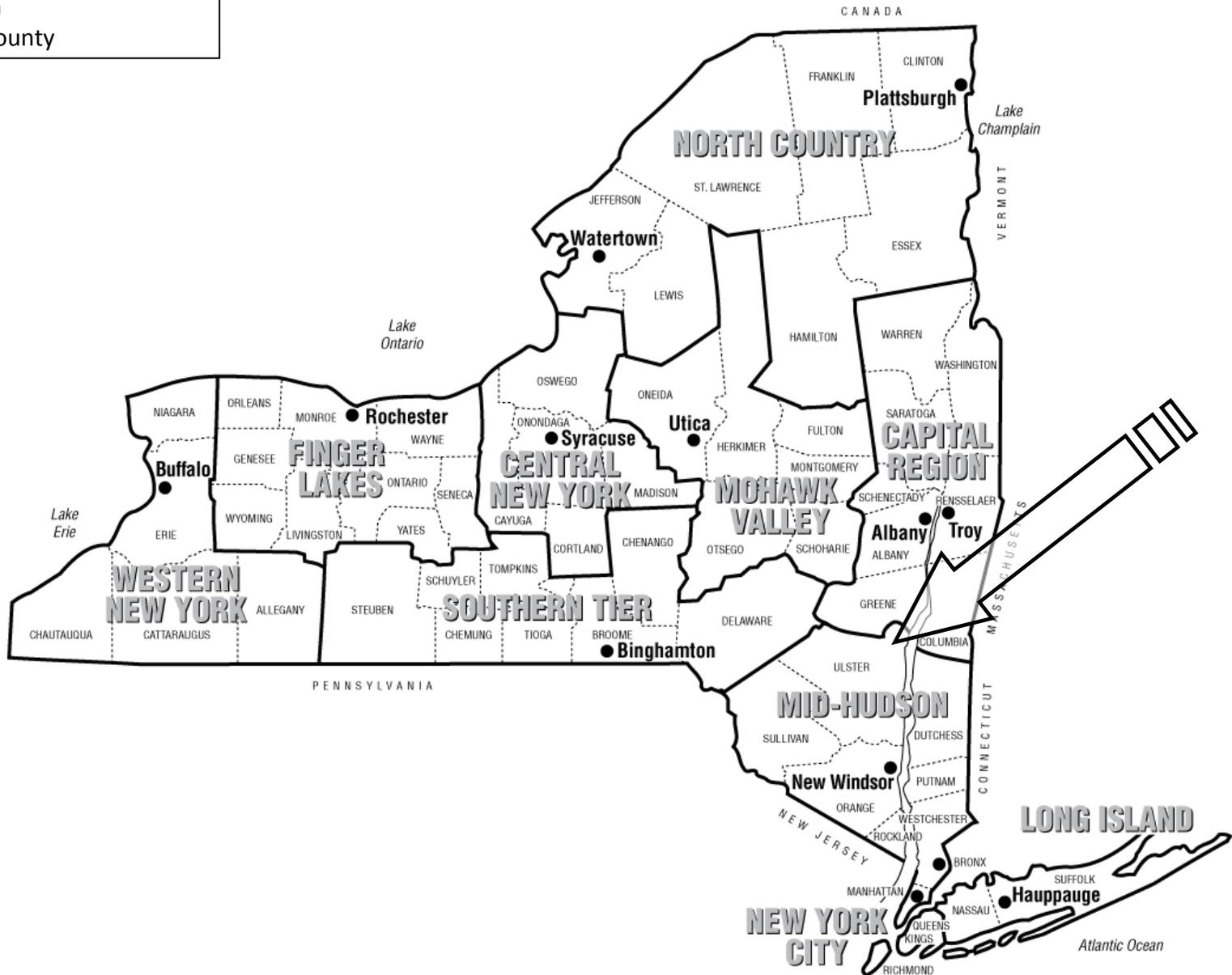
⁴ Fiscal benefits are the loan repayments and tax revenues to New York State and Local governments generated by project activity. This includes estimated taxes on personal incomes from project direct and indirect employment, corporate and business incomes, excise and user taxes, property taxes, and other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

⁵ Economic benefits are estimated project benefits measuring fiscal flows to government plus net resident disposable income from project direct and indirect employment net of transfers, without adjusting for individual income earners' opportunity cost of employment.

Ertel Alsop Capital

Kingston

Ulster County





FOR CONSIDERATION

February 20, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Statewide – Restore New York Communities – Capital Grant

REQUEST FOR: 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; Determination of No Significant Effect on the Environment

General Project Plan

I. Project Summary

	Grantee	Project Name	Proj #	Grant	Village, Town, City	County
A	City of Buffalo	Buffalo – RESTORE III – White’s Livery	W895	\$100,000	Buffalo	Erie
		TOTAL		\$100,000		

II. Program Description

A. Background

In the 2006-07 and 2007-08 enacted New York State Budgets, ESD received a \$300 million appropriation for the Restore New York’s Communities initiative (“Restore NY” or the “Program”), which was allocated as follows: up to \$50 million in FY 06-07, \$100 million in FY 07-08, and \$150 million in FY 08-09. The purpose of the Program is to revitalize urban areas and stabilize neighborhoods as a means to attract residents and businesses. Restore NY funds municipally sponsored projects for the demolition, deconstruction, rehabilitation, or reconstruction of vacant, obsolete or surplus structures.

On October 27, 2006, the successful Restore NY Round 1 award winners were announced, and included 79 different projects in 55 localities. The range of selected projects is large and diverse; and to the extent possible, funding was awarded in a geographically proportionate manner.

Special consideration was given to projects located in Brownfield Opportunity Areas and Empire Zones; those affected by flooding in June 2006; and communities with severe economic distress or dislocation.

The 64 Restore NY Round 2 award winners were announced on January 15, 2008. Projects were chosen with the intent of connecting community initiatives with economic development goals to serve as catalysts for future development and growth. Priority was given to those projects that would serve to revitalize urban cores, leverage private investment and bring future business expansion to New York's communities.

On September 2, 2009, Governor David A. Paterson announced the award of 79 projects for Restore NY Round 3. These projects span across the New York State in 74 localities as part of the continued effort to revitalize urban areas, stabilize neighborhoods and invite renewed investment in economically distressed communities.

B. The Project

ESD will make a grant to the Grantee for the purpose of enhancing the Grantee's capacity to provide support in revitalizing urban areas and stabilizing neighborhoods as a means to attract residents and businesses in New York State. ESD will enter into an agreement with each Grantee that will stipulate the manner in which funds will be disbursed.

The attached project schedule provides a more detailed description of the recommended project.

III. Statutory Basis

Restore New York Communities Findings:
Land Use Improvement Project

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.
See attached Project Schedule.
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.
See attached Project Schedule.

3. The plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.
See attached Project Schedule.
4. There are no families or individuals displaced from the Project area.
No residential relocation is required because there are no families or individuals residing on the site.

IV. Environmental Review

Unless otherwise noted on a project summary, ESD staff has determined that the project described in Schedule A 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.

V. Non-Discrimination and Contractor & Supplier Diversity

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority and women-owned businesses in the performance of ESD contracts. Accordingly, ESD's Non-discrimination and Contractor & Supplier Diversity policies will apply to the project.

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 project.

VI. ESD Employment Enforcement Policy

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

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

Map

Resolutions

Project Summary

February 20, 2014

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

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 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 to 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, 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

	Project Name	Proj #	Grantee	Assistance up to
	Restore NY Communities Projects			
A	Buffalo – RESTORE III – White’s Livery	W895	City of Buffalo	\$100,000
			TOTAL	\$100,000

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

* * *

A. Buffalo – RESTORE III – White’s Livery (W895)

February 20, 2014

General Project Plan

Grantee:	City of Buffalo (“Buffalo” or the “City”)
Beneficiary:	White’s Livery Housing Development Fund Company, Inc. (“WLHDFC”)
ESD Investment:	A grant of up to \$100,000 to be used as reimbursement for a portion construction costs.
Project Location:	430 Jersey Street, Buffalo, Erie County
Proposed Project:	Renovation of a vacant, dilapidated structure into 14 affordable residential units
Project Type:	Rehabilitation of a vacant property
Regional Council:	All RESTORE III awards were announced by 2009, predating the Regional Council initiative. The Western New York (“WNY”) Regional Council has been made aware of this item. The project is consistent with the Regional Plan as it implements smart growth by investing in inner-city neighborhoods.

Background:

Grantee History – The City, incorporated in 1832, is located in Erie County in Western New York State. The City is approximately 41 square miles in area and has a current population of about 260,000 people. At the turn of the twentieth century, Buffalo was the eighth most populous city and hosted the fifth largest economy in the United States. The City, which is located at the western terminus of the Erie Barge Canal, became known as the “Queen City” of the Great Lakes. It developed as a major transportation hub and contained a vibrant industrial base, which produced innovations in energy, chemicals and aeronautics. Today, as a result of shifts in transportation trends and a decline of its industrial base, Buffalo is one of the poorest of the largest 100 cities in the United States based on household income, unemployment and percentage of population on public assistance. In the 1990’s more jobs were lost in Buffalo than any other urban community of comparable size in the country. The City has lost over 50% of its population since the 1950’s. The poverty rate in the City, based on a 2010 US Census, is 30%. Buffalo is also ranked one of the top five cities based on the number of vacant housing units, which currently involve over 22,000 properties.

In January 2006, the City adopted a Comprehensive Plan (the “Plan”), which addressed the revitalization of the City’s neighborhoods. The Plan, consisting of five Strategic Investment Areas in the City, includes the demolition and/or redevelopment of blighted properties to

A. Buffalo – RESTORE III – White’s Livery (W895)

February 20, 2014

enable Buffalo to use these spaces for housing development, commercial development and land banking for future use.

Beneficiary History – The WLHDFC, a subsidiary of West Side Neighborhood Housing Services of Buffalo, Inc. (“WSNHS”), was formed in 2011 to own and operate the White’s Livery development. WSNHS, founded in 1980, is a private not-for-profit organization dedicated to the preservation and revitalization of Buffalo’s neighborhoods by providing safe, affordable and sustainable housing opportunities for all. A member of NeighborWorks, the organization is built on a partnership of area residents, businesspersons and government officials.

ESD Involvement – The City received a \$14.32 million RESTORE III award, including \$7,635,526 for the demolition and site clearing of up to 472 single-family homes and five commercial structures, and \$6,684,474 for the rehabilitation of up to 13 existing residential and mixed-use structures, including this request for \$100,000. By partnering with an active and mobilized community, the RESTORE NY funding for this rehabilitation initiative has the greatest opportunity for succeeding initially and for assisting this community in sustaining revitalization for the long-term.

Past ESD Support – Since 1999, ESD Directors have approved \$38,176,984 in financial support to the City.

ESD’s financial support to the City for the past five years is summarized in the charts below.

Program	Project #	Amount	Date Start (ESD Directors’ Approval date)	Date End (Project Completion: Contract Expiration or Job Requirement)	Purpose
Restore NY	W089	\$5,072,000	April 2008	December 2010	Capital Grants– demolition, deconstruction, rehabilitation, or reconstruction of vacant, obsolete or surplus structures
	W090	\$4,500,000	July 2008	December 2012	
	W848	\$2,000,000	December 2009	March 2012	
	W896	\$1,350,000	February 2010	July 2015	
	W839	\$7,635,526	November 2010	December 2014	
	W898	\$2,634,474	June 2011	March 2015	
	W897	\$320,000	November 2012	October 2013	
	X110	\$500,000	January 2013	June 2013	

A. Buffalo – RESTORE III – White’s Livery (W895)

February 20, 2014

Program	Project #	Amount	Date Start (ESD Directors’ Approval date)	Date End (Project Completion: Contract Expiration or Job Requirement)	Purpose
Upstate City-by- City	W904	\$1,000,000	March 2010	December 2015	Capital Grant - construction
	W905	\$1,000,000	March 2010	February 2013	Capital Grant – construction
	X956	\$3,000,000	December 2012	Ongoing	Capital Grant - regional revolving loan fund
	X834	\$5,300,000	May 2013	December 2014	Capital Grant – rehabilitation, renovation, and restoration

The Project:

Completion – March 2014

Activity – The \$3.57 million project involves partial demolition, rehabilitation and construction, utilizing the historic front and rear facades and distinct tower of the former three-story, 15,896-square-foot White Bros. Livery & Boarding Stables (the “Livery”). Constructed in 1889, and one of Buffalo’s former finest and best equipped stables, the Livery had been vacant for over ten years and in 2008 underwent a partial demolition following a partial roof collapse that threatened the safety of adjacent neighbors. WLHDFC purchased the structure in August 2012, after which construction began to convert the dilapidated vacant structure into a 14-unit handicapped adaptable residential structure.

Results – The second and third stories, consisting of 11,124 square feet, include twelve one-bedroom and two two-bedroom units, are being offered via lottery to households with incomes at or below sixty percent of the area median income. The apartments range from 700 to 1,000 square feet with monthly rents from \$500 to \$800. The ground floor includes entrance lobbies, enclosed parking, and laundry facilities. The development of a vacant, partially demolished structure has created affordable housing units and has returning what was once a community eyesore back to the tax rolls while promoting smart growth initiatives in the City. The project will encourage neighbors to invest in their own properties, increasing housing values, and reducing blight, and laying the foundation for market stability and improved quality of life.

A. Buffalo – RESTORE III – White’s Livery (W895)

February 20, 2014

3. The City will ensure the contribution of at least a 10% match of the grant amount to the Project.
4. Up to \$100,000 will be disbursed to the Grantee upon completion of the project substantially as described in these materials as evidenced by a Certificate of Completion and documentation of project costs of approximately \$3.5 million, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenditures must be incurred on or after May 4, 2009, to be considered reimbursable project expenditures. Previously expended funds may be applied toward match requirements retroactive to June 23, 2006, when the Restore New York Legislation was enacted.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$100,000 for this project if ESD determines that the reallocation of the assistance would better serve the needs of the City 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 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;

A. Buffalo – RESTORE III – White’s Livery (W895)

February 20, 2014

- (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.

Non-Discrimination and Contract & Supplier Diversity:

ESD’s Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise (“MWBEs”) for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 50%. The overall goal shall include a Minority Business Enterprise (“MBE”) Participation Goal of 25% and a Women Business Enterprise (“WBE”) Participation Goal of 25% related to the total value of ESD’s funding.

Environmental Review:

The City of Buffalo Planning Board, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act (“SEQRA”) and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project to be an Unlisted Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on October 6, 2009. 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.

Statutory Basis – Restore NY Communities:

Land Use Improvement Project Findings

1. 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 sound growth and development of the municipality.

The project is located in a blighted neighborhood and involves the renovation of the vacant former Livery which has been deemed by the City to arrest sound growth and development in the area, into a new residential structure.

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.

The project involves the rehabilitation of a vacant, dilapidated building in the City’s neighborhood for use as new residential housing, allowing for a potential increase in the local tax base.

A. Buffalo – RESTORE III – White’s Livery (W895)

February 20, 2014

3. The plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.

The City published a property assessment list and held a public hearing on the project at the time of application. The City will ensure compliance with all applicable local laws and regulations.

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

There are no families or individuals displaced from the Project area.

Additional Submissions to the Directors:

Resolutions

Project photographs

February 20, 2014

Buffalo (Western New York – Erie County) – Buffalo – RESTORE III – White’s Livery –
Restore NY (Capital Grant) – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Buffalo – RESTORE III – White’s Livery – Restore NY (Capital Grant) Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

Buffalo – RESTORE III – White’s Livery (W895)



BEFORE



AFTER



FOR CONSIDERATION

February 20, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Statewide – The Bridge to Success Loan Program – Minority- and Women-Owned Business Development and Lending Program (Working Capital)

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

I. Project Summary

	Project Name	Proj #	Grantee	Assistance up to
A	Mahopac Bank-Bridge to Success	Y892	Mahopac Bank	\$562,500
B	TruFund Financial Services, Inc.- Bridge to Success	Y893	TruFund Financial Services, Inc	\$562,500
C	State Employees Federal Credit Union-Bridge to Success	Y898	State Employees Federal Credit Union	\$562,500
D	New York Business Development Corporation-Bridge to Success	Y934	New York Business Development Corporation	\$562,500
			TOTAL	\$2,250,000

II. Program Description

A. Background

In November 2013, Governor Andrew M. Cuomo announced the creation of the Bridge to Success Loan Program (“Bridge to Success”) which will invest at least \$15 million to expand access to short-term bridge loans for New York State Minority and Women-Owned Business Enterprises (“MWBES”). The purpose of Bridge to Success is to provide lending support to

MWBE contractors who need the working capital necessary to execute on a State contract. State contract payment cycles frequently take longer than what is financially feasible for these firms. The delay in the payment cycle poses a significant barrier to these firms securing State contracts.

Governor Cuomo has encourage businesses, in particular MWBEs, to explore the more than \$1 billion in contracting opportunities that are available for firms looking to do business with New York State. Many of these contract opportunities have been identified in the State of New York Statewide Capital Plan. Economic opportunity has been a priority for the Governor and he has been committed to increasing the utilization of MWBEs in NYS contracting; last fiscal year the state reached 21.06% utilization, more than doubling the utilization rate from when the Governor took office. The Governor and ESD remain committed to breaking down barriers for MWBEs, and this program addresses the challenges for smaller firms in securing short term working capital.

Under the terms of the Bridge to Success program, ESD would provide up to \$2.25 million in loan loss reserves to support the \$15 million in short-term mobilization loans provided by participating lenders. The mobilization loans will typically be under \$200,000 with terms under two years and would support \$100 million in State contracts. ESD will partner with a lender who will agree to provide short term working capital loans to NYS Certified MWBE contractors. ESD and the lender will negotiate the size of the loan fund designated for MWBEs bridge loan recipients. The loan loss reserve rate will be 15% of the agreed upon lender's loan pool. The loan loss reserve pool will be made available to the lender in an agreed upon series of payments.

There will be loan targets associated with the Bridge to Success loan program, to be agreed upon by the lender and ESD. New York State funds will be first loss. The loan loss reserve funds can be accessed by the lenders to cover 100% of any losses, up to the maximum available in the loan loss reserve account. For example, if the lender makes a \$100,000 loan and all \$100,000 is written off, the lender can access all \$100,000 of the State funds to cover its losses, provided there is at least \$100,000 available in the loan loss reserve account. Loans would typically be from \$75,000 to \$200,000, but other loan amounts could be considered. Loan size based on average MWBEs business loan sizes typical of other similar programs.

The loan term would be short, typically a bridge loans from 8 to 18 months. The duration of the contract period is based on the borrowers who are actually performing the work which is generally under eighteen months. Participating lenders could determine interest rates and applicable fees, to be approved by ESD. ESD is making this loan loss reserve fund available to lenders to incentivize them to take on the increased risk of such loans and stimulate increased lending in this target area.

B. The Project

See attached Consent materials.

III. Statutory Basis

The New York State Minority and Women-Owned Business Development and Lending Program is authorized pursuant to Section 16-c of the New York State Urban Development Corporation Act (the "Act"). No residential relocation is required as there are no families or individuals residing on the site.

IV. Environmental Review

ESD staff has determined that the project constitutes a Type II ministerial action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. The loan recipient will be responsible for complying with SEQRA as applicable. No further environmental review is required in connection with this authorization.

V. 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 projects. For purposes of this project, however, goals will not be established due to the unavailability of certified MWBEs for performance of this Contract.

VI. ESD Employment Enforcement Policy

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

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
Project Map
Project Summaries

February 20, 2014

Statewide – The Bridge to Success Loan Program – Minority- and Women-Owned Business Development and Lending Program (Working Capital) – Findings and Determinations Pursuant to Sections 16-c and 10 (g) of the Act; Authorization to Make a Grant and to Take Related Actions

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

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make a grant to the party and for the amounts listed below from the NY Works and Regional Council Capital Fund funds, 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

	Project Name	<u>Proj #</u>	Grantee	Assistance up to
A	Mahopac Bank-Bridge to Success	Y892	Mahopac Bank	\$562,500
B	TruFund Financial Services, Inc.- Bridge to Success	Y893	TruFund Financial Services, Inc	\$562,500
C	State Employees Federal Credit Union-Bridge to Success	Y898	State Employees Federal Credit Union	\$562,500
D	New York Business Development Corporation-Bridge to Success	Y934	New York Business Development Corporation	\$562,500

			TOTAL	\$2,250,000
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and be it further

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

* * *

A. Mahopac Bank (Y892)

February 20, 2014

- Grantee:** Mahopac Bank (“Mahopac Bank” or “the Bank”)
- ESD Investment:** A grant of \$562,500 to establish a loan loss reserve
- Project Location:** Mid-Hudson Region
- Proposed Project:** Funding of a loan loss reserve to Bridge to Success lenders, which will facilitate the process for Minority and Women-Owned Business Enterprises (“MWBEs”) to access much needed short term loan capital.
- Project Type:** Working capital to fund a Loan Loss Reserve
- Regional Council:** The Mid-Hudson Region Council has been made aware of this item. The NYS Regional Councils have identified legislative and regulatory actions in a number of different areas that it believes would support the achievement of their planned objectives, particularly in relation to the elimination of barriers to job creation, business development and private investment. Priority action recommendations of the council will include Business Development and Support assistance for Minority and Women-Owned Businesses.

Background:

History – Founded in 1927, Mahopac Bank is a full service, locally managed community bank with 15 branches serving Putnam, Westchester, and Dutchess Counties in the Mid-Hudson Region. The bank’s senior management is based in the Mid-Hudson region, giving the bank’s management first hand understanding of the Mid-Hudson business community and has a unique commitment to the small businesses that operate in the Mid-Hudson Region. Mahopac Bank did not participate in the governments TARP program and remains strong and well capitalized. Despite the banking industries recent trend of curtailing lending during the recent recession, Mahopac Bank continues to be active in making business loans. It reinvests the deposits it holds as loans to local business and has a history of loans to small contracting companies.

Mahopac Bank’s credit decisions are made locally, by experienced lenders who know the Mid-Hudson region’s economy first-hand. Mahopac Bank was recognized by Bauer Financial, an independent rating firm, as among the nation’s strongest and most stable banks, making the bank an ideal partner for the Bridge to Success Loan Program.

ESD Involvement – ESD has identified a pressing issue affecting many NYS certified MWBE contractors. Many MWBEs lack the short term working capital necessary to execute on state contracts, and banks are reluctant to provide credit to these firms given the short term nature of the capital need and the size and experience of many of these companies. The purpose of the Bridge to Success Loan program is to provide access to loan mobilization funds to NYS MWBE contractors who need the working capital necessary to execute on a NYS contract. State contract payment cycles

A. Mahopac Bank (Y892)

February 20, 2014

frequently take longer than what is financially feasible for these firms. This poses a significant barrier to these firms securing NYS contracts.

Past ESD Support – This is the first project for this Grantee.

The Project:

Completion – March 2016

Activity – Mahopac Bank has agreed that the loan loss reserve will incentivize them to take on the increased risk of these short term working capital loans and stimulate increased lending in the Mid-Hudson Region. The loan loss reserve for Mahopac Bank will be up to \$562,500 and will leverage up to \$3,750,000 of loan capital that they have agreed to allocate in their targeted region.

Results – Approval of the request would provide qualified MWBEs the short-term working capital they need to hire staff, buy materials, or purchase equipment giving them a better chance to secure and perform on the up to \$1 billion that is currently available in state contracting opportunities.

Financing Uses	Amount	Financing Sources	Amount	Percent
Loan Loss Reserves	\$562,500	ESD Grant	\$562,500	100%
Total Project Costs	\$562,500	Total Project Financing	\$562,500	100%

Grantee Contact – Gerald Klein Jr.
President & CEO
1441 Route 22
Brewster, NY 10509

Project Team –

Origination	Rafael Salaberrios
Project Management	Rafael Salaberrios/Marion Samuels
Legal	Antovk Pidedjian
Contractor & Supplier Diversity	Vikas Gera
Finance	Maxwell Padden
Environmental	Soo Kang

Financial Terms and Conditions:

1. ESD will provide up to \$2,250,000 toward loan loss reserve through the utilization of the MWBDLP. This reserve would be tapped based upon principal losses by the Grantees due to loans made as part of Bridge to Success Loan Program. Under the parameters of the program, each grantees exposure would be no more than \$3,750,000. In the event of a default, each grantee will submit to ESD a reserve funding request, together with supporting documentation of loan loss reserve expenses actually incurred to date.

A. Mahopac Bank (Y892)

February 20, 2014

2. The Bridge to Success Loan Program's loan loss reserve is viewed as an important part of that commitment. Typical loan sizes would be from \$75,000-\$200,000. Selected contractors normally will be awarded contracts that would be completed within 18 months.
3. The total reserve level of \$2,250,000 for the Program has been calculated to leverage \$15,000,000 in private loan capital. Each grantee has committed to providing up to \$3,750,000 of capital. The loan loss reserve would be up to 15% of the capital committed.
4. Up to \$562,500 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 35% of the grant (\$196,875) as an advance, assuming that all project approvals have been completed and funds are available;
 - b) a Second Disbursement of an amount equal to 35% of the grant (\$196,875) will be disbursed upon documentation that the Grantee has reached a loan volume of \$1,250,000, provided Grantee is otherwise in compliance with program requirements;
 - c) a Third Disbursement of an amount equal to 30% of the grant (\$168,750) will be disbursed upon documentation that the Grantee has reached an additional loan volume of \$2,500,000 (cumulatively \$3,750,000), provided Grantee is otherwise in compliance with program requirements.
5. Grantees shall apply the Grant to the loan loss reserve in support of the Bridge to Success Loan program within eighteen months of the date of the second disbursement of the Grant (the "Usage Period"). Any portion of the Grant that has not been applied by the Grantee to the loan loss reserve in support of the Bridge to Success Loan Program shall be returned to ESD upon the expiration of the Usage Period.
6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$2,250,000 for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total.

Statutory Basis

The New York State Minority and Women-Owned Business Development and Lending Program is authorized pursuant to Section 16-c of the New York State Urban Development Corporation Act (the "Act"). No residential relocation is required as there are no families or individuals residing on the site.

Environmental Review

ESD staff has determined that the project constitutes a Type II ministerial action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. The loan recipient will be responsible for complying with SEQRA as applicable. No further environmental

A. Mahopac Bank (Y892)

February 20, 2014

review is required in connection with this authorization.

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 projects. For purposes of this project, however, goals will not be established due to the unavailability of certified MWBEs for performance of this Contract.

B. TruFund Financial Services, Inc. (Y893)

February 20, 2014

- Grantee:** TruFund Financial Services, Inc. (“TruFund” or the “Organization”)
- ESD Investment:** A grant of \$562,500 to establish a loan loss reserve
- Project Location:** Mid-Hudson, Long Island and New York City regions
- Proposed Project:** Funding of a loan loss reserve to Bridge to Success lenders, which will facilitate the process for Minority and Women-Owned Business Enterprises (“MWBEs”) to access much needed short term loan capital.
- Project Type:** Working capital to fund a Loan Loss Reserve
- Regional Council:** Mid-Hudson, Long Island and New York City regional Councils has been made aware of this item. The NYS Regional Councils have identified legislative and regulatory actions in a number of different areas that it believes would support the achievement of their planned objectives, particularly in relation to the elimination of barriers to job creation, business development and private investment. Priority action recommendations of the council will include Business Development and Support assistance for Minority and Women-Owned Businesses.

Background:

History – TruFund Financial Services, Inc. is a wholly independent national non-profit Community Development Financial Institution (“CDFI”) with more than \$55 of million assets under management. Operating in New York, Louisiana and Alabama, TruFund is a hands-on, not-for-profit lender committed to growing underserved small businesses and helping communities prosper. Major sectors of business lending for TruFund include construction, restaurants, and energy companies with a specialty in Minority and Women-owned Business Enterprises that are challenged in today’s financial environment. TruFund’s mission is to stimulate economic development in underserved communities by providing innovative financial solutions and technical assistance services to small businesses and not-for-profit organizations.

ESD Involvement – ESD has identified a pressing issue affecting many NYS certified MWBE contractors. Many MWBEs lack the short term working capital necessary to execute on state contracts, and banks are reluctant to provide credit to these firms given the short term nature of the capital need and the size and experience of many of these companies. The purpose of the Bridge to Success Loan program is to provide access to loan mobilization funds to NYS MWBE contractors who need the working capital necessary to execute on a NYS contract. State contract payment cycles frequently take longer than what is financially feasible for these firms. This poses a significant barrier to these firms securing NYS contracts.

Past ESD Support – Since 2002, TruFund, formally known as SEEDCO Financial Services, Inc., has received over \$2 million in funding from ESD to support the small businesses

B. TruFund Financial Services, Inc. (Y893)

February 20, 2014

and MWBEs within their targeted areas.

The Project:

Completion – March 2016

Activity – TruFund has agreed that the loan loss reserve will incentivize them to take on the increased risk of these short term working capital loans and stimulate increased lending in Mid-Hudson, Long Island and New York City regions. The loan loss reserve for TruFund will be up to \$562,500 and will leverage up to \$3,750,000 of loan capital that they have agreed to allocate in their targeted regions.

Results – Approval of the request would provide qualified MWBEs the short-term working capital they need to hire staff, buy materials, or purchase equipment giving them a better chance to secure and perform on the up to \$1 billion that is currently available in state contracting opportunities.

Financing Uses	Amount	Financing Sources	Amount	Percent
Loan Loss Reserves	\$562,500	ESD Grant	\$562,500	100%
Total Project Costs	\$562,500	Total Project Financing	\$562,500	100%

Grantee Contact – James H Bason, President
915 Broadway, 18th Floor
New York, NY 10010
Phone: (212) 204-1328

<u>Project Team</u> –	Origination	Rafael Salaberrios
	Project Management	Rafael Salaberrios/Marion Samuels
	Legal	Antovk Pidedjian
	Contractor & Supplier Diversity	Vikas Gera
	Finance	Maxwell Padden
	Environmental	Soo Kang

Financial Terms and Conditions:

1. ESD will provide up to \$2,250,000 toward loan loss reserve through the utilization of the MWBDLP. This reserve would be tapped based upon principal losses by the Grantees due to loans made as part of Bridge to Success Loan Program. Under the parameters of the program, each grantees exposure would be no more than \$3,750,000. In the event of a default, each grantee will submit to ESD a reserve funding request, together with supporting documentation of loan loss reserve expenses actually incurred to date.
2. The Bridge to Success Loan Program’s loan loss reserve is viewed as an important part of that commitment. Typical loan sizes would be from \$75,000-\$200,000. Selected contractors normally will be awarded contracts that would be completed within 18 months.

B. TruFund Financial Services, Inc. (Y893)

February 20, 2014

3. The total reserve level of \$2,250,000 for the Program has been calculated to leverage \$15,000,000 in private loan capital. Each grantee has committed to providing up to \$3,750,000 of capital. The loan loss reserve would be up to 15% of the capital committed.
4. Up to \$562,500 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 35% of the grant (\$196,875) as an advance, assuming that all project approvals have been completed and funds are available;
 - b) a Second Disbursement of an amount equal to 35% of the grant (\$196,875) will be disbursed upon documentation that the Grantee has reached a loan volume of \$1,250,000, provided Grantee is otherwise in compliance with program requirements;
 - c) a Third Disbursement of an amount equal to 30% of the grant (\$168,750) will be disbursed upon documentation that the Grantee has reached an additional loan volume of \$2,500,000 (cumulatively \$3,750,000), provided Grantee is otherwise in compliance with program requirements.
5. Grantees shall apply the Grant to the loan loss reserve in support of the Bridge to Success Loan program within eighteen months of the date of the second disbursement of the Grant (the "Usage Period"). Any portion of the Grant that has not been applied by the Grantee to the loan loss reserve in support of the Bridge to Success Loan Program shall be returned to ESD upon the expiration of the Usage Period.
6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$2,250,000 for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total.

Statutory Basis

The New York State Minority and Women-Owned Business Development and Lending Program is authorized pursuant to Section 16-c of the New York State Urban Development Corporation Act (the "Act"). No residential relocation is required as there are no families or individuals residing on the site.

Environmental Review

ESD staff has determined that the project constitutes a Type II ministerial action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. The loan recipient will be responsible for complying with SEQRA as applicable. No further environmental review is required in connection with this authorization.

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

B. TruFund Financial Services, Inc. (Y893)

February 20, 2014

women-owned businesses in the performance of ESD projects. For purposes of this project, however, goals will not be established due to the unavailability of certified MWBEs for performance of this Contract.

C. State Employees Federal Credit Union (Y898)

February 20, 2014

- Grantee:** State Employees Federal Credit Union (“SEFCU” or the “Organization”)
- ESD Investment:** A grant of \$562,500 to establish a loan loss reserve
- Project Location:** Parts of the Western, Central, Southern Tier, Mohawk Valley and Capital District Regions
- Proposed Project:** Funding of a loan loss reserve to Bridge to Success lenders, which will facilitate the process for Minority and Women-Owned Business Enterprises (“MWBEs”) to access much needed short term loan capital.
- Project Type:** Working capital to fund a Loan Loss Reserve
- Regional Council:** The Western, Central, Southern Tier, Mohawk Valley and Capital District Regional Councils has been made aware of this item. The NYS Regional Councils have identified legislative and regulatory actions in a number of different areas that it believes would support the achievement of their planned objectives, particularly in relation to the elimination of barriers to job creation, business development and private investment. Priority action recommendations of the council will include Business Development and Support assistance for Minority and Women-Owned Businesses.

Background:

History – The State Employees Federal Credit Union (“SEFCU”) was established in 1934. Today SEFCU is among the 50 largest credit Unions in the United States Regulated and insured by the National Credit Union Administration (“NCUA”); SEFCU has 47 branches throughout NYS, over 300,000 members and in excess of \$2.7 billion in assets.

Owned by its “members,” SEFCU offers a full slate of business financial products including business checking and savings accounts, overdraft protection, term loans and lines of credit, as well as other merchant services. SEFCU has a history of lending to NYS contracting companies. With its commitment to supporting the communities it serves, through the donation of time, talent of its staff members, as well as monetary contributions, SEFCU makes an impact on its target market and is an ideal partner for the Bridge to Success Loan Program.

ESD Involvement – ESD has identified a pressing issue affecting many NYS certified MWBE contractors. Many MWBEs lack the short term working capital necessary to execute on state contracts, and banks are reluctant to provide credit to these firms given the short term nature of the capital need and the size and experience of many of these companies. The purpose of the Bridge to Success Loan program is to provide access to loan mobilization funds to NYS MWBE contractors who need the working capital necessary to execute on a NYS contract. State contract payment cycles frequently take longer than what is financially feasible for these firms. This poses a

C. State Employees Federal Credit Union (Y898)

February 20, 2014

significant barrier to these firms securing NYS contracts.

Past ESD Support – This is the first project for this Grantee.

The Project:

Completion – March 2016

Activity –SEFCU has agreed that the loan loss reserve will incentivize them to take on the increased risk of these short term working capital loans and stimulate increased lending in Parts of the Western, Central, Southern Tier, Mohawk Valley and Capital District Regions. The loan loss reserve for SEFCU will be up to \$562,500 and will leverage up to \$3,750,000 of loan capital that they have agreed to allocate in their targeted regions.

Results – Approval of the request would provide qualified MWBEs the short-term working capital they need to hire staff, buy materials, or purchase equipment giving them a better chance to secure and perform on the up to \$1 billion that is currently available in state contracting opportunities.

Financing Uses	Amount	Financing Sources	Amount	Percent
Loan Loss Reserves	\$562,500	ESD Grant	\$562,500	100%
Total Project Costs	\$562,500	Total Project Financing	\$562,500	100%

Grantee Contact – Jerilee Beaudoin Director Business Services
469 State Street, 2nd Floor
Schenectady New York, NY 12305
Phone: (518) 831-2004

Project Team –

Origination	Rafael Salaberrios
Project Management	Rafael Salaberrios/Marion Samuels
Legal	Antovk Pidedjian
Contractor & Supplier Diversity	Vikas Gera
Finance	Maxwell Padden
Environmental	Soo Kang

Financial Terms and Conditions:

1. ESD will provide up to \$2,250,000 toward loan loss reserve through the utilization of the MWBDLP. This reserve would be tapped based upon principal losses by the Grantees due to loans made as part of Bridge to Success Loan Program. Under the parameters of the program, each grantees exposure would be no more than \$3,750,000. In the event of a default, each grantee will submit to ESD a reserve funding request, together with supporting documentation of loan loss reserve expenses actually incurred to date.

C. State Employees Federal Credit Union (Y898)

February 20, 2014

2. The Bridge to Success Loan Program's loan loss reserve is viewed as an important part of that commitment. Typical loan sizes would be from \$75,000-\$200,000. Selected contractors normally will be awarded contracts that would be completed within 18 months.
3. The total reserve level of \$2,250,000 for the Program has been calculated to leverage \$15,000,000 in private loan capital. Each grantee has committed to providing up to \$3,750,000 of capital. The loan loss reserve would be up to 15% of the capital committed.
4. Up to \$562,500 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 35% of the grant (\$196,875) as an advance, assuming that all project approvals have been completed and funds are available;
 - b) a Second Disbursement of an amount equal to 35% of the grant (\$196,875) will be disbursed upon documentation that the Grantee has reached a loan volume of \$1,250,000, provided Grantee is otherwise in compliance with program requirements;
 - c) a Third Disbursement of an amount equal to 30% of the grant (\$168,750) will be disbursed upon documentation that the Grantee has reached an additional loan volume of \$2,500,000 (cumulatively \$3,750,000), provided Grantee is otherwise in compliance with program requirements.
5. Grantees shall apply the Grant to the loan loss reserve in support of the Bridge to Success Loan program within eighteen months of the date of the second disbursement of the Grant (the "Usage Period"). Any portion of the Grant that has not been applied by the Grantee to the loan loss reserve in support of the Bridge to Success Loan Program shall be returned to ESD upon the expiration of the Usage Period.
6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$2,250,000 for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total.

Statutory Basis

The New York State Minority and Women-Owned Business Development and Lending Program is authorized pursuant to Section 16-c of the New York State Urban Development Corporation Act (the "Act"). No residential relocation is required as there are no families or individuals residing on the site.

Environmental Review

ESD staff has determined that the project constitutes a Type II ministerial action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. The loan recipient will be responsible for complying with SEQRA as applicable. No further environmental

C. State Employees Federal Credit Union (Y898)

February 20, 2014

review is required in connection with this authorization.

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 projects. For purposes of this project, however, goals will not be established due to the unavailability of certified MWBEs for performance of this Contract.

D. New York Business Development Corporation (Y934)

February 20, 2014

- Grantee:** New York Business Development Corporation (“NYBDC”)
- ESD Investment:** A grant of \$562,500 to establish a loan loss reserve
- Project Location:** Statewide
- Proposed Project:** Funding of a loan loss reserve to Bridge to Success lenders, which will facilitate the process for Minority and Women-Owned Business Enterprises (“MWBEs”) to access much needed short term loan capital.
- Project Type:** Working capital to fund a Loan Loss Reserve
- Regional Council:** The ten NYS Regional Councils have been made aware of this item. The NYS Regional Councils have identified legislative and regulatory actions in a number of different areas that it believes would support the achievement of their planned objectives, particularly in relation to the elimination of barriers to job creation, business development and private investment. Priority action recommendations of the council will include Business Development and Support assistance for Minority and Women-Owned Businesses.

Background:

History – NYBDC’s goal is to assist and providing loans to small businesses including startups, early stage and mature businesses, with a particular emphasis on MWBEs. NYBDC works in collaboration with ESD and banks to provide term loans to MWBEs, of which many do not meet the requirements for traditional financing. NYBDC’s goal also is to be more creative in their underwriting. In many cases, this includes multiple bank participation, SBA guarantees, flexible amortization and long-term payouts.

In addition, NYBDC manages the Empire State Certified Development Corporation (“Empire State CDC”). Empire State CDC is licensed by the U.S. Small Business Administration (SBA) to provide the SBA 504 Loan Program, a fixed-asset economic development program designed to promote growth and job creation in small businesses and to eligible New York State businesses. NYBDC’s experience lending to the targeted business community makes it an ideal partner for the Bridge to Success Loan program.

ESD Involvement – ESD has identified a pressing issue affecting many NYS certified MWBE contractors. Many MWBEs lack the short term working capital necessary to execute on state contracts, and banks are reluctant to provide credit to these firms given the short term nature of the capital need and the size and experience of many of these companies. The purpose of the Bridge to Success Loan program is to provide access to loan mobilization funds to NYS MWBE contractors who need the working capital necessary to execute on a NYS contract. State contract payment cycles frequently take longer than what is financially feasible for these firms. This poses a significant barrier to these firms securing NYS contracts.

D. New York Business Development Corporation (Y934)

February 20, 2014

Past ESD Support – Since 2001, NYBDC has received over \$8.9 million in funding from ESD to support the small businesses within their targeted areas.

The Project:

Completion – March 2016

Activity – NYBDC has agreed that the loan loss reserve will incentivize them to take on the increased risk of these short term working capital loans and stimulate increased lending throughout all of the New York State regions. The loan loss reserve for NYBDC will be up to \$562,500 and will leverage up to \$3,750,000 of loan capital that they have agreed to allocate in their targeted regions.

Results – Approval of the request would provide qualified MWBEs the short-term working capital they need to hire staff, buy materials, or purchase equipment giving them a better chance to secure and perform on the up to \$1 billion that is currently available in state contracting opportunities.

Financing Uses	Amount	Financing Sources	Amount	Percent
Loan Loss Reserves	\$562,500	ESD Grant	\$562,500	100%
Total Project Costs	\$562,500	Total Project Financing	\$562,500	100%

Grantee Contact – Patrick J. Mackrell President & CEO
50 Beaver Street
Albany New York, NY 12207
Phone: (518) 694-8458

Project Team –

Origination	Rafael Salaberrios
Project Management	Rafael Salaberrios/Marion Samuels
Legal	Antovk Pidedjian
Contractor & Supplier Diversity	Vikas Gera
Finance	Maxwell Padden
Environmental	Soo Kang

Financial Terms and Conditions:

1. ESD will provide up to \$2,250,000 toward loan loss reserve through the utilization of the MWBDLP. This reserve would be tapped based upon principal losses by the Grantees due to loans made as part of Bridge to Success Loan Program. Under the parameters of the program, each grantees exposure would be no more than \$3,750,000. In the event of a default, each grantee will submit to ESD a reserve funding request, together with supporting documentation of loan loss reserve expenses actually incurred to date.
2. The Bridge to Success Loan Program's loan loss reserve is viewed as an important part of that commitment. Typical loan sizes would be from \$75,000-\$200,000. Selected contractors normally will be awarded contracts that would be completed within 18

D. New York Business Development Corporation (Y934)

February 20, 2014

months.

3. The total reserve level of \$2,250,000 for the Program has been calculated to leverage \$15,000,000 in private loan capital. Each grantee has committed to providing up to \$3,750,000 of capital. The loan loss reserve would be up to 15% of the capital committed.
4. Up to \$562,500 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 35% of the grant (\$196,875) as an advance, assuming that all project approvals have been completed and funds are available;
 - b) a Second Disbursement of an amount equal to 35% of the grant (\$196,875) will be disbursed upon documentation that the Grantee has reached a loan volume of \$1,250,000, provided Grantee is otherwise in compliance with program requirements;
 - c) a Third Disbursement of an amount equal to 30% of the grant (\$168,750) will be disbursed upon documentation that the Grantee has reached an additional loan volume of \$2,500,000 (cumulatively \$3,750,000), provided Grantee is otherwise in compliance with program requirements.
5. Grantees shall apply the Grant to the loan loss reserve in support of the Bridge to Success Loan program within eighteen months of the date of the second disbursement of the Grant (the "Usage Period"). Any portion of the Grant that has not been applied by the Grantee to the loan loss reserve in support of the Bridge to Success Loan Program shall be returned to ESD upon the expiration of the Usage Period.
6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$2,250,000 for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total.

Statutory Basis

The New York State Minority and Women-Owned Business Development and Lending Program is authorized pursuant to Section 16-c of the New York State Urban Development Corporation Act (the "Act"). No residential relocation is required as there are no families or individuals residing on the site.

Environmental Review

ESD staff has determined that the project constitutes a Type II ministerial action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. The loan recipient will be responsible for complying with SEQRA as applicable. No further environmental review is required in connection with this authorization.

D. New York Business Development Corporation (Y934)

February 20, 2014

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 projects. For purposes of this project, however, goals will not be established due to the unavailability of certified MWBEs for performance of this Contract.



FOR CONSIDERATION

February 20, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Regional Council Award – Priority Project – Central Square (Central New York Region – Oswego County) – Central New York Raceway Park – Regional Council Capital Fund (Capital Grant)

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

I. Project Summary

Grantee: Central New York Raceway Park, Inc. (the “Company”)

ESD* Investment: A grant of up to \$1,000,000 to be used for a portion of pre-development soft costs, including professional services (architectural, engineering, legal and permitting).

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

Project Location: 220 US Route 11, Central Square, Oswego County

Proposed Project: Planning, design, engineering, investigation, legal, accounting and other soft costs associated with the proposed \$38 million development of the Central New York Raceway Park (“CNY Raceway Park”)

Project Type: Pre-development work and studies to support a larger business investment project

Regional Council: This is a priority project for the Central New York Region. The project is consistent with the Central New York Regional Plan to strengthen targeted industry concentrations that leverage unique economic assets, in particular, tourism.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>	
Pre-development Soft Costs	<u>\$1,404,000</u>	
Total Project Costs	<u>\$1,404,000</u>	
<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD – Grant	\$1,000,000	71%
Company Equity	<u>404,000</u>	<u>29%</u>
Total Project Financing	<u>\$1,404,000</u>	<u>100%</u>

III. Project Description

A. Company

Industry: Multi-purpose racing facility and events complex

Company History: Central New York Raceway Park, Inc. was incorporated in the State of New York in January 2012. The Company was formed to develop a 145-acre site into the CNY Raceway Park.

Ownership: The Company is a privately owned corporation.

Size: All facilities are located in Central Square, NY.

Market: The CNY Raceway Park will be strategically positioned at major crossroads in NYS, making it convenient and accessible for race participants and the public. It will be located minutes from the City of Syracuse and the NYS Thruway, adjacent to I-81 and Route 11, and 80 miles from Canada. Attendance is expected to be 5,000 to 7,000 spectators per event.

ESD Involvement: Central New York Raceway Park, Inc. was referred to ESD by the Oswego County IDA and other local economic development organizations in an effort to help make the project viable. The overall project cost is expected to be approximately \$38 million. An application was submitted under Round II of the Regional Economic Development Council (REDC) Consolidated Funding Application (CFA) program and ESD offered the company a \$2 million capital grant for the project. Subsequently, in Round III, an additional \$750,000 capital grant was awarded to facilitate this important regional project. Today, half of the Round II CFA award (\$1 million) is requested to facilitate completion of pre-development investigation and planning for the project.

Competition: Oswego County is a motorsports destination that includes several race tracks, including the Oswego, Fulton and Brewerton Speedways (auto). Other notable New York State race tracks include Vernon Downs (harness racing) and Watkins Glen (auto). The availability of different types of racing is considered beneficial to the industry, building opportunity and interest in the sport. There currently exists ample demand at local and out-of-state racing facilities. Therefore, none of the existing raceways are considered competitors to the proposed facility. CNY Raceway Park will schedule events to complement the schedules of the existing facilities and will distinguish itself by offering opportunities for a wide array of racing and a year-round venue not available elsewhere.

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

B. The Project

Completion: August 2014

Activity: Central New York Raceway Park, Inc. will undertake the planning, design, investigation, and other pre-development work to complete SEQR review and ascertain the feasibility of the proposed \$38 million development of a 145-acre site in Central Square, Oswego County into the CNY Raceway Park.

The CNY Raceway Park is envisioned as the only year-round race track in New York State that will accommodate both auto and horse racing. In addition, the new track will accommodate motorcycle, kart, and snowmobile racing. There are no other venues in Central New York that cater to all of these classes of vehicles. Weekly attendance at other local race tracks is currently 3,000 to 4,000 during open season.

The CNY Raceway Park is designed to include a one-half mile dirt track and a 2.2 mile paved road course, a grandstand with a capacity for 10,000 people, VIP suites, concession stands, banquet and restaurant facilities, and a state-of-the-art synthetic dirt racing track made from material proprietary to the Company.

Results: The completed project will transform the site into a premier multi-use destination facility for motor sports, trade shows, concerts and other events.

Business Investment

Project:

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

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

- Fiscal benefits to NYS government from the project are estimated at \$3,784,774;
- Fiscal cost to NYS government is estimated at \$2,750,000;
- Project cost to NYS government per direct job is \$29,570;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$26,164;
- Ratio of project fiscal benefits to costs to NYS government is 1.38:1;
- Fiscal benefits to all governments (state and local) are estimated at \$6,579,639;
- Fiscal cost to all governments is \$2,750,000;
- All government cost per direct job is \$29,570;
- All government cost per total job is \$26,164;
- The fiscal benefit to cost ratio for all governments is 2.39:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$42,607,516, or \$405,374 per job (direct and indirect);
- The economic benefit to cost ratio is 15.49:1;
- Project construction cost is \$37,974,820, which is expected to generate 335 direct job years and 196 indirect job years of employment;
- For every permanent direct job generated by this project, an additional 0.13 indirect job is anticipated in the state's economy;
- The payback period for NYS costs is three years.

* NYS costs include the initial \$2 million awards and the current \$750,000 award. The estimated benefits reflect the total project job creation and construction spending

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

definitions.)

Grantee Contact: John Lehmann, Vice President
220 U.S. Route 11 – P.O. Box 564
Central Square, NY 13036-9723
Phone: (315) 566-1059
E-Mail: jlehmann145@aol.com

ESD Project No.: Y431

Project Team:	Origination	Bonnie Palmer
	Project Management	Jessica Hughes
	Contractor & Supplier Diversity	Elizabeth Gocs
	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 \$1,000,000 capital grant (\$10,000).
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 on or after July 16, 2012. 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.
3. Up to \$1,000,000 will be disbursed to the Grantee in installments issued no more frequently than quarterly, in proportion to ESD's funding share, as reimbursement for project costs as described in these materials, assuming that all project approvals have been completed and funds are available, and provided Grantee is otherwise in compliance with program requirements.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses reimbursed by ESD's grant must be incurred on or after July 16, 2012, to be considered eligible project costs. All disbursements must be requested by April 1, 2016.

4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$1,000,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total

amount of assistance approved by the Directors.

IV. Statutory Basis – Regional Council Capital Fund

The project was authorized in the 2012-2013 New York State budget and reappropriated in the 2013-2014 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 approval of funding to be used for a portion of the cost of archaeological studies and other soft costs for the proposed CNY Raceway Park project constitutes a Type II action as defined in the New York State Environmental Quality Review Act (“SEQRA”), and therefore no environmental review is required in connection with the authorization. The development of the project is subject to a review pursuant to SEQRA, which is being undertaken by the Town of Hastings as lead agency.

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, goals will not be established due to the unavailability of subcontracting opportunities for minority- and women-owned businesses for performance of this Contract.

VII. ESD Employment Enforcement Policy

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

VIII. ESD Financial Assistance Subject to Availability of Funds and Additional Approval

The provision of ESD financial assistance is contingent upon the availability of funds and the approval of the State Division of the Budget.

IX. Additional Submissions to Directors

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

February 20, 2014

Regional Council Award – Priority Project – Town of Hastings (Central New York Region – Oswego County) – CNY Raceway Park Capital – Regional Council Capital Fund (Capital Grant) – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Make a Grant and to Take Related Actions

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

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Central New York Raceway Park, Inc. a grant for a total amount not to exceed One Million Dollars (\$1,000,000) from the Regional Council Capital Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

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

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

* * *



FOR CONSIDERATION

February 20, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Regional Council Award – Buffalo (Western New York Region – Erie County) – Buffalo Niagara Medical Campus Tunnel 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; Adoption of Findings Pursuant to the State Environmental Quality Review Act

General Project Plan

I. Project Summary

Grantee: Buffalo Niagara Medical Campus, Inc. (the “BNMC”)

Beneficiary: Kaleida Health (“Kaleida”)

ESD* Investment: A grant of up to \$1,000,000 to be used as reimbursement for a portion of construction costs.

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

Project Location: Buffalo Niagara Medical Campus (the “Campus”) beneath Ellicott Street between High and Goodrich Streets, Buffalo, Erie County

Proposed Project: Construction of an underground tunnel (the “Tunnel”) between the Buffalo General Medical Center and the new John R. Oishei Children’s Hospital (the “Oishei Children’s Hospital”)

Project Type: Real estate infrastructure improvement to support economic growth

Regional Council: The project is consistent with the Western New York (“WNY”) Regional Economic Development Council’s (“REDC”) Strategic Plan to assist in the revitalization of the health and life sciences hub in the WNY Region (the “Region”).

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>	
Construction	<u>\$5,000,000</u>	
Total Project Costs	<u>\$5,000,000</u>	
<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD – Grant	\$1,000,000	20%
Kaleida Equity	<u>4,000,000</u>	<u>80%</u>
Total Project Financing	<u>\$5,000,000</u>	<u>100%</u>

III. Project Description

A. Grantee

Industry: The BNMC is a consortium of the Region’s premier health care, life sciences research, and medical education institutions. Its mission is to promote the clinical, research and academic excellence of its member institutions and the community at-large.

History: The BNMC was formed in 2001 by key medical and research institutions, government agencies and neighborhood groups to oversee developing a medical campus for clinical care, research, education and entrepreneurship located on 120 acres in the City of Buffalo (the “City”). The Campus is comprised of WNY’s top clinical research and medical institutions, including University at Buffalo’s New York State Center of Excellence in Bioinformatics, Roswell Park Cancer Institute and its Center for Genetics and Pharmacological Research, Hauptman Woodward Institute’s Medical Research Institute, and Kaleida. The BNMC adopted a master plan in 2002, which included development policies, design standards and strategic infrastructure projects intended to support development of approximately 2.5 million square feet of additional research, clinical and support facilities over the next fifteen years. It accomplishes its plan objectives by acquiring real estate and creating shovel-ready sites to stimulate private sector investment, construction of infrastructure to support development on the Campus and creating or acquiring commercial and industrial space to attract new businesses and life sciences start-up companies to the Campus. On

May 9, 2006 the Governor, Senate and Assembly signed an MOU, authorizing \$14.8 million to be made available to BNMC for such purposes.

Ownership: Not-for-profit corporation

Size: The BNMC is a nearly 120-acre area located just north of the central business district in downtown Buffalo. More than 6.5 million square feet of clinical, research, and development space currently exists today, with over 2 million square feet under construction. Major developments on the Campus include Roswell Park Cancer Institute, Buffalo General Medical Center, the Innovation Center consisting of more than 50 companies, and other public and privately held medical research companies, clinical practices, education space, private-sector companies, and other amenities that support over 12,000 employees and over 1.2 million patients and visitors to the Campus annually.

Market: The BNMC's member institutions service a broad cross section of the region's population primarily focused around the delivery of medical services, research, education and entrepreneurship. Patients include those seeking treatment for vascular diseases and cancer, to emergency room services and everyday traditional doctor's office visits. The market is stable with limited rightsizing of service delivery in the region. The Campus recently expanded by over 2,000,000-gross-square-feet as a result of new construction including the High Pointe Skilled Nursing Facility, the Global Vascular Institute, and the Clinical and Translational Research Center.

Further development on the Campus includes the construction of the Oishei Children's Hospital, the Medical Office Building, and the University at Buffalo's School of Medicine. All these facilities are scheduled to open in 2016 and 2017.

ESD Involvement: The BNMC completed the Consolidated Funding Application ("CFA") process in 2012 and was recommended for funding by the WNY REDC. The project was not funded as part of the initial awards, but ESD was able to reallocate funds from other WNY REDC awards for projects that did not move forward. Without ESD assistance, the project did not have sufficient funding to move forward.

Past ESD Support: In order to leverage new development, attract new companies to the area, and make infrastructure and streetscape improvements on the Campus, ESD Directors have approved the following projects to the BNMC since 2006:

Program	Project #	Amount	Date Start (ESD Directors' Approval date)	Date End (Project Completion: Contract Expiration or Job Requirement)	Purpose
Special Legislative Appropriation – Western New York Economic Development	U298	\$1,370,000	August 2006	January 2008	Capital Grant – Asbestos removal, demo, site clearing, grading and paving and soft costs
	U488	\$5,090,326	August 2008	January 2013	Capital Grant – Specialized equipment & research lab renovations
	V122	\$3,614,800	October 2007	April 2008	Capital Grant – Acquisition and renovations of the former Hauptman Woodward Building
	V753	\$1,135,000	September 2007	April 2009	Capital Grant – Sitework, drainage, paving, and landscaping at recently demolished 50 High Street site
	V829	\$3,597,220	January 2008	August 2008	Capital Grant – Acquisition of former Trico building
Upstate Regional Blueprint Fund	X045	\$4,000,000	August 2012	December 2017	Capital Grant – Build out space to accompany new tenants at Trico Building
Buffalo Regional Innovation Cluster	Y738	\$8,000,000	January 2014	September 2018	Capital grant – Purchase and renovation of the former Smart Pill Building

B. Beneficiary

Industry: Kaleida is the largest non-profit, integrated healthcare delivery system in WNY providing acute, skilled nursing, rehabilitative, outpatient, and home healthcare services.

History: Kaleida was established in April 1998 to serve the Region’s eight counties with state-of-the-art technology and comprehensive healthcare services.

Ownership: Not-for-profit corporation

Size: Kaleida has close to 10,000 employees and 1,600 affiliated physicians at four hospitals, two long-term care facilities, 80 clinics and health care centers, a

laboratory division, an ambulatory surgery center, and the Visiting Nursing Association of WNY.

Market: Kaleida provides comprehensive healthcare services to patients in and around WNY.

B. The Project

Completion: October 2013

Activity: The \$5 million project involved the construction of the 80-foot-long, 9-foot-wide, 15-foot-high Tunnel underneath Ellicott Street between High and Goodrich Streets on the Campus. The Tunnel will serve as a utility and staff corridor between the Buffalo General Medical Center and the new Oishei Children's Hospital, currently being constructed. The utility corridor of the Tunnel will have pipe and conduit to carry steam for heat and sterilization, chilled water for air conditioning, condensation return, hot and cold domestic water, normal power, emergency power, telecommunications, fire protection, and pneumatic tubing and bring major utilities to a key development block that is currently void of service. The adjacent staff corridor of the Tunnel will facilitate the transport of linens, laundry, environmental services, medical waste and trash.

Results: The Tunnel will serve as a key link between current and future BNMC institutions along High Street. It will connect the east end of the Campus with Roswell Park and the Buffalo General Medical Center to the developing west side of Ellicott Street with the new Oishei Children's Hospital, medical office buildings and the University at Buffalo School of Medicine. As a result, the Tunnel will leverage shared utilities and services. The new Oishei Children's Hospital will not have its own boiler room substation, chiller plant, generator, or waste processing center, which will eliminate the cost of stand-alone utility access for the new building. The facilitation and cost effective integration and sharing of a number of the Buffalo General Medical Center services with those of the new hospital will lower costs in facility construction, ongoing operation and management supporting stable or reduced health care costs for the Region.

Economic Growth

Investment Project: Benefit-Costs Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment, and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits not captured in the

period of analysis and may involve no permanent job commitments, the estimated benefits typically reflect only construction-related activity.

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 \$350,113;
- Fiscal cost to NYS government is estimated at \$1,000,000;
- Ratio of project fiscal benefits to costs to NYS government is 0.35:1;
- Fiscal benefits to all governments (state and local) are estimated at \$600,113;
- Fiscal cost to all governments is \$1,000,000;
- The fiscal benefit to cost ratio for all governments is 0.60:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$3,160,263;
- The economic benefit to cost ratio is 3.16:1;
- Project construction cost is \$5,000,000, which is expected to generate 48 direct job years and 32 indirect job years of employment;
- For every construction-related direct job generated by this project, an additional 0.69 indirect job is anticipated in the state's economy.

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

Grantee Contact: Mr. Matthew K. Enstice, President
The Innovation Center
640 Ellicott Street, Suite 401
Buffalo, NY 14203
Phone: (716) 218-7159

Beneficiary Contact: Mr. Joseph Kessler, Executive Vice President & CFO
726 Exchange Street, Suite 522
Buffalo, NY 14210
Phone: (716) 859-8836

ESD Project No.: Y501

Project Team:	Origination	Christina Orsi
	Project Management	Jean Williams
	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 Grantee shall pay a commitment fee of 1% of the \$1,000,000 capital grant (\$10,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Grantee will ensure the contribution of at least 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 Beneficiary or by investors, and should be auditable through Beneficiary financial statements or Beneficiary accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
4. Up to \$1,000,000 will be disbursed to Grantee upon completion of the project substantially as described in these materials as evidenced by a certification of completion and documentation of \$5 million in construction costs incurred by Kaleida Health, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenditures must be incurred on or after July 5, 2013, to be considered eligible project costs. All disbursements must be requested by December 31, 2014.
5. The Grantee shall submit a report to ESD and the REDC not later than June 15th and January 15th beginning in January 2014, and each year to be submitted for two years after disbursement of funds. The report shall include, but not be limited to the following:
 - a. Progress on construction and percentage of project completion including current description of current use;
 - b. Progress on M/WBE reporting requirements;
 - c. Access/usage of the Tunnel;
 - d. Any other information as requested by ESD or the WNY REDC.
6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$1,000,000 for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

IV. Statutory Basis – Regional Council Capital Fund

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

V. Environmental Review

ESD (the “Corporation”), pursuant to the State Environmental Quality Review Act (“SEQRA”), Article 8 of the Environmental Conservation Law, and its implementing regulations (6 NYCRR Part 617), ratifies and makes the following findings based on the Final Environmental Impact Statement (“FEIS”) certified as complete on May 22, 2012 by the City of Buffalo Planning Board, as lead agency, in connection with the proposed Women and Children’s Hospital of Buffalo (now known as the John R. Oishei Children’s Hospital), which includes the construction of the Tunnel (the “proposed action”).

SEQRA requires the adoption of written findings, supported by a statement of relevant facts and conclusions considered, prior to agency decisions on actions that have been the subject of an FGEIS. The Findings Statement, attached as Exhibit A, contains the facts and conclusions in the Draft Environmental Impact Statement (“DEIS”) and FEIS relied upon to support the Corporation’s decision on the action that is the subject of the requested authorization.

The findings that the Corporation hereby ratify and make are that:

- The Corporation has given consideration to the DEIS and FEIS;
- The requirements of the SEQRA process, including the implementing regulations of the New York State Department of Environmental Conservation, have been met;
- Consistent with social, economic and other essential considerations from among the reasonable alternatives available, the proposed action is one that avoids or minimizes significant adverse environmental effects to the maximum extent practicable, including the effects disclosed in the relevant environmental impact statement;
- Consistent with social, economic and other essential considerations to the maximum extent practicable, any significant adverse environmental effects revealed in the environmental impact statement process as a result of the proposed action will be avoided or minimized to the maximum extent practicable by incorporating as conditions to the decision those mitigative measures which were identified as practicable;
- The proposed action is in compliance with Section 14.09 of the State Historic Preservation Act.

Therefore it is recommended that the Corporation ratify and adopt the SEQRA Findings Statement attached as Exhibit A.

VI. Non-Discrimination and Contractor Supplier Diversity

ESD’s Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise (“MWBEs”) for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 40%. The overall goal shall include a Minority Business Enterprise (“MBE”) Participation Goal of 25% and a Women Business Enterprise (“WBE”) Participation Goal of 15% related to the total value of ESD’s

funding.

VII. ESD Employment Enforcement Policy

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

VIII. ESD Financial Assistance Subject to Availability of Funds and Additional Approval

The provision of ESD financial assistance is contingent upon the availability of funds and the approval of the State Division of the Budget.

IX. Additional Submissions to Directors

Resolutions

New York State Map

Project Finance Memorandum

Benefit-Cost Analysis

Exhibit A: State Environmental Quality Review Findings Statement

February 20, 2014

Regional Council Award – Buffalo (Western New York Region – Erie County) – Buffalo Niagara Medical Campus Tunnel Capital – Regional Council Capital Fund (Capital Grant) – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to the Buffalo Niagara Medical Campus, Inc. a grant for a total amount not to exceed One Million Dollars (\$1,000,000) from the Regional Council Capital Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

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

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

* * *

Regional Council Award – Buffalo (Western New York Region – Erie County) – Buffalo Niagara Medical Campus Tunnel Capital – Regional Council Capital Fund (Capital Grant) – Adoption of Findings Pursuant to the State Environmental Quality Review Act

RESOLVED, that with respect to the Women and Children’s Hospital of Buffalo (now known as the John R. Oishei Children’s Hospital), which includes the construction of the Tunnel (the “Project”), the Corporation hereby makes and adopts pursuant to the State Environmental Quality Review Act (“SEQRA”) the following findings and determinations, which findings and determinations are made after full consideration of the Findings Statement attached as Exhibit A hereto, which Exhibit A is hereby adopted by the Corporation and copies of which document are hereby filed with the records of the Corporation.

- The Corporation has given consideration to the Draft and Final Environmental Impact Statement (“DEIS” and “FEIS”, respectively) prepared for the proposed Women and Children’s Hospital of Buffalo;
- The requirements of the SEQRA process, including the implementing regulations of the New York State Department of Environmental Conservation, have been met;
- Consistent with social, economic and other essential considerations from among the reasonable alternatives available, the Project is one that avoids or minimizes adverse environmental effects to the maximum extent practicable, including the effects disclosed in the FEIS and the Findings Statement;
- Consistent with social, economic and other essential considerations, to the maximum extent practicable, adverse environmental effects revealed in the environmental impact statement process will be avoided or minimized to the maximum extent practicable by incorporating as conditions to the decision those mitigation measures described in the FEIS and the Findings Statement; and
- The Project is in compliance with Section 14.09 of the State Historic Preservation Act; 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 take all actions as he or she may in his or her sole discretion consider to be necessary or proper to comply with the requirements of SEQRA in connection with the Project.

EXHIBIT A

STATE ENVIRONMENTAL QUALITY REVIEW FINDINGS STATEMENT

Women's and Children's Hospital of Buffalo

New York State Urban Development Corporation d/b/a Empire State Development

February 20, 2014

The New York State Urban Development Corporation, doing business as Empire State Development ("ESD"), as an involved agency in the environmental review conducted pursuant to the State Environmental Quality Review Act ("SEQRA"), Article 8 of the Environmental Conservation Law, and its implementing regulations (6 NYCRR Part 617), makes the following Findings based on the Final Environmental Impact Statement ("FEIS") dated May 22, 2012 prepared by the lead agency, City of Buffalo Planning Board, in connection with the proposed new Women's and Children's Hospital of Buffalo (the "project") in the City of Buffalo, Erie County, New York.

Name of Action: Women's and Children's Hospital of Buffalo

Description of Action: The proposed action includes the construction of an approximately 430,000 SF, 12 stories high Women and Children's Hospital of Buffalo ("WCHOB") (now known as the John R. Oishei Children's Hospital) at the north-west corner of High Street and Ellicott Street in the City of Buffalo, New York with direct links to the adjacent Buffalo General Medical Center ("BGMC") and proposed Medical Office Building ("MOB"). To ease the flow of staff, the project will include overhead pedestrian connections to BGMC, across Ellicott Street and to the MOB. The project will also include the addition of a service tunnel below Ellicott Street. This tunnel will be located below the depth of public utilities and will connect the new WCHOB to the mechanical and operational support services located within BGMC. ESD's action involves the approval of Regional Council Capital funding for a portion of the construction costs for the service tunnel.

Location: The project will be located on an approximately two-acre parcel at the Buffalo Niagara Medical Campus ("BNMC") at 818 Ellicott Street in the City of Buffalo, New York. The project site is generally bounded by Goodrich Street to the north, Main Street to the west, High Street to the south and Ellicott Street to the east.

Date Final Environmental Impact Statement Accepted: May 22, 2012

FACTS AND CONCLUSIONS IN THE FEIS RELIED UPON TO SUPPORT THE DECISION

SEQRA Process

On October 11, 2011, the project sponsor, Kaleida Health (“Kaleida”), submitted a subdivision application and Full Environmental Assessment Form to the City of Buffalo Planning Board. The Planning Board determined that the construction of the WCHOB had the potential for significant adverse environmental impacts and, serving as lead agency, required the project sponsor to prepare a Draft Environmental Impact Statement (“DEIS”). On November 22, 2011, the Planning Board accepted the Scope for the DEIS. Kaleida Health prepared a DEIS and on January 11, 2012 submitted it to the City of Buffalo Planning Board for review for consistency with the DEIS Scope. The City of Buffalo approved the DEIS for public review and comments on January 31, 2012. The public comment period began on February 15, 2012 and was open until March 23, 2012. A public hearing was subsequently held on February 28, 2012. An FEIS was prepared to address all comments received during the public review process. The Planning Board determined that the FEIS was complete on May 22, 2012. On July 31, 2012, the Planning Board issued a Findings Statement certifying its approval of the project and finding that the project minimizes to the greatest extent practicable any adverse environmental impacts associated with the project.

Land Use and Zoning

The construction of the new WCHOB within the BNMC is consistent with local land uses, zoning and local planning. The location of the new WCHOB is also consistent with the State University of New York at Buffalo’s *UB 2020* plan, which proposes to locate its medical school in the BNMC to maximize its interaction with the major medical facilities in the region. Therefore, no significant adverse land use or zoning impacts are anticipated.

Utilities

Water pumps will be required to service the upper floors of the new WCHOB to provide adequate water pressure for fire protection. The operation of the new WCHOB will increase the storm water and sanitary burden on combined sewers. Additional gas service may be needed to adequately meet the needs of the new WCHOB. However, the proposed mitigation measure will minimize the potential for impacts on utilities. Therefore, no significant adverse impacts on utility services are anticipated.

Visual and Aesthetic Resources

The new WCHOB will be visible from various locations along Main Street, some intersections in Allentown and from locations on the BNMC. However, the building will improve the visual environment by replacing a surface parking lot with a new structure. Therefore, no significant adverse impacts on visual and aesthetic resources are anticipated.

Historic and Archeological Resources

The addition of the new WCHOB to the BNMC may be visible from the Allentown Historic District (a district listed on the National Register of Historic Places recently expanded to the western side of Main Street). It may also be visible from several historic buildings including: Trico Building, Fosdick Masten Park High School as well as the M. Wile and Company Factory. However, the New York State Historic Preservation Office (“SHPO”) found in a letter dated April 23, 2013 that the project will have No Adverse Effect on historic resources due to the planned construction of two very large structures in the lots directly to the west and south, which would visually disconnect the WCHOB from the historic resources. Nonetheless, to mitigate potential impacts, the new WCHOB will be designed to minimize visual impacts and complement the surrounding structures at the BNMC.

Although there are no identified archaeological sites in the BNMC-North End, if any unanticipated archaeological finds are encountered during construction, work at the site will be halted and SHPO will be contacted. The proposed mitigation measure will minimize the potential for impacts on historic and archaeological resources to the greatest extent practicable. Therefore, no significant adverse impacts are anticipated.

Parking and Transportation

The operation of the new WCHOB would add to the other recently constructed and proposed buildings on the BNMC [including the adjacent MOB, a skilled nursing facility, the adjacent GVI and the Multi Modal Transportation Structure (“MMTS”)]. The demand from the new WCHOB, when evaluated through standard parking models with the existing and proposed buildings and parking supply, would create a parking demand that would exceed supply by 660 spaces. However, since the publishing of the DEIS, the GVI and the MMTS (a mid-rise parking structure) have opened. Actual data has shown the model has overestimated the initial parking demand. According to data provided by the BNMC, in the last month since the opening of the GVI and MMTS facilities, there has been remaining capacity in the adjacent city-owned parking ramp as well as the new MMTS. Additionally, the BNMC-led Total Demand Management Program, of which Kaleida is a participant, is implementing programs with the goal of reducing vehicle trips, further mitigating the potential parking impact.

Based on the ongoing traffic mitigation measures implemented as part of the BNMC North End Development, including aggressive rideshare and public transportation usage, the WCHOB will not have any significant adverse impacts on traffic patterns. The updated Transportation Impact Study determined that the mitigation measures implemented as part of the BNMC North End Development would satisfactorily accommodate the additional traffic from the proposed project and the study area intersections will operate at acceptable Level of Service. Therefore, no significant adverse impacts on the transportation system are anticipated.

Noise

The new WCHOB will have a helipad on the roof and will bring additional ambulances to the area. This will introduce additional noise to the BNMC. Kaleida will ensure that the flights to the new WCHOB use the same flight approach as the flights that land at BGMC to reduce impact to neighbors. Additionally, the number of flights to the two helipads, one at the new WCHOB and the existing helipad at the BGMC, will not exceed the permitted two flights per day allowed for the BGMC helipad. With these measures, adverse noise impacts will be minimized to the greatest extent practicable. Therefore, no significant adverse noise impacts are anticipated.

Air Quality

The existing Kaleida boiler will continue to operate within its current State Facility Air Permit and will not exceed the established emission limits. Given that the facility will rely on existing sources of steam for heat, no mitigation measures are warranted and no significant adverse impacts upon air quality in the area will result from the project.

Topography, Geology and Soils

The soil at the project site is characterized as urban fill. Therefore, no impacts are anticipated from the construction. The soil will require shoring on all sides during excavation. A portion of the project site is known to have petroleum contamination from a former gas station on an adjoining parcel. This contamination will be addressed through the NYSDEC's Brownfield Cleanup and Spills Programs during the construction of the MOB and will not limit construction of the new WCHOB on this site. To mitigate any potential impacts, best management practices will be implemented during construction to ensure proper regulation of storm water and contaminated materials. If any unknown contamination is encountered, the NYSDEC will be notified. The proposed mitigation measure will minimize the potential for impacts on topography, geology and soils to the greatest extent practicable. Therefore, no significant adverse impacts related to topography, geology and soils are anticipated.

Solid and Medical Waste

The construction and operation of the new WCHOB will create waste. The excavation of the site will remove soil that will need to be disposed of; construction will produce some debris, as will demolition of the existing parking lots. Operation of the new WCHOB will create a continual stream of solid, medical and hazardous waste. All waste will be disposed of in accordance with all applicable New York State and Federal disposal regulations. The project will not result in a significant increase in solid, medical or hazardous waste streams in the area. Therefore, no significant adverse impacts related to solid and medical waste are anticipated as a result of the project.

Construction

The construction of the new WCHOB will introduce additional traffic into the area and could produce dust and noise. To mitigate potential adverse impacts, Kaleida will prepare a

construction access and parking plan through its site logistics management program. It will ensure that construction traffic to the site is kept to the minimum practicable, traffic routes avoid residential streets whenever possible and that construction parking is kept off residential streets. Best management practices will be used to mitigate noise and dust during construction. The proposed mitigation measures will minimize construction impacts from the project. Therefore, no significant adverse construction impacts are anticipated.

CERTIFICATION OF FINDINGS

Having considered the Draft and Final Environmental Impact Statements, including the comments received on the DEIS, and having considered the preceding written facts and conclusions relied upon to meet the requirements of 6 NYCRR 617.9, ESD finds and certifies that:

1. The requirements of Article 8 of the New York State Conservation Law and the implementing regulations of the New York State Department of Environmental Conservation, 6 NYCRR Part 617, have been met;
2. Consistent with the social, economic and other essential considerations from among the reasonable alternatives thereto, the proposed action will minimize or avoid, to the maximum extent practicable, the adverse environmental effects including the effects disclosed in the DEIS and FEIS and set forth in this Findings Statement;
3. Consistent with the social, economic and other essential considerations described above, the incorporation in the development of this project of the mitigation measures described in the DEIS, FEIS and in this Findings Statement, will minimize or avoid the adverse environmental impacts associated with the development of the project which were identified in the DEIS, FEIS and in this Findings Statement; and
4. The project is in compliance with Section 14.09 of the State Historic Preservation Act.

Agency:

NYS Urban Development Corporation d/b/a
Empire State Development

Signature of Responsible Officer:

Name of Responsible Officer:

Rachel Shatz

Title of Responsible Officer:

Vice President, Planning & Environmental Review

Date:

February 20, 2014

Project Summary Benefit-Cost Evaluation¹

BNMC-Ellicott Street Tunnel-Economic Growth Investment

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

Construction Job Years (Direct): 48

Construction Job Years (Indirect): 32

Evaluation Statistics	Project Result NYS Govt.	NYS Govt. Benchmarks for ESD Projects ²	Project Results State & Local Governments	State & Local Government Benchmarks for ESD Projects
Fiscal Costs³	\$1,000,000	\$794,250	\$1,000,000	\$1,020,500
Fiscal Benefits⁴	\$350,113	\$2,085,600	\$600,113	\$4,271,980
Fiscal B/C Ratio	0.35	3.00	0.60	10.60
	Project Results	Benchmarks for ESD Projects		
Economic Benefits⁵	\$3,160,263	\$119,468,000		
Economic B/C Ratio	3.16	20.00		

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

² The current project evaluation results (both fiscal and economic) are compared to performance measure benchmarks based on results of a sample of ESD non-retail projects. Infrastructure Investment (or Economic Growth Investment) project benchmarks are 3.00 (Fiscal) and 20.00 (Economic).

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

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

⁵ Economic benefits are estimated project benefits measuring fiscal flows to government plus net resident disposable income from project direct and indirect employment net of transfers, without adjusting for individual income earners' opportunity cost of employment.



FOR CONSIDERATION

February 20, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Regional Council Award – Priority Project – Arkville (Southern Tier Region – Delaware County) – MARK Project Capital – Regional Council Capital Fund (Capital Grant)

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

General Project Plan

I. Project Summary

Grantee: MARK Project, Inc. (the “Grantee” or the “Organization”)

ESD* Investment: A grant of up to \$250,000 to replenish an existing revolving loan and grant fund.

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

Project Location: 43355 State Highway 28, Arkville, Delaware County (Administration)
Towns of Middletown, Roxbury and Andes (Service Area)

Proposed Project: The Grantee currently manages a privately funded small business assistance program and will expand this program to include the Towns of Roxbury and Andes. The program provides grants and low interest loans for small businesses.

Project Type: Small business assistance program

Regional Council: The project is consistent with the Southern Tier Regional Plan to address the needs of small businesses by assisting with capital, which the Southern Tier Regional Economic Development Council has identified as a priority. Peg Ellsworth, Executive Director of MARK Project, Inc., is a member of the 34-person Southern Tier Regional

Economic Development Council. In conformance with the State’s policy, this individual has recused herself on votes recommending this project. The Council includes 7 additional, ex-officio members who are elected officials but cannot vote on individual project recommendations.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>	
Loan/Grant Fund	<u>\$800,000</u>	
Total Project Costs	<u>\$800,000</u>	
<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD – Grant	\$250,000	31%
Grantee Equity	<u>550,000</u>	<u>69%</u>
Total Project Financing	<u>\$800,000</u>	<u>100%</u>

III. Project Description

A. Grantee

Industry: The Organization specializes in economic development efforts to promote outdoor recreation and tourism, arts and culture, agriculture and forest products, and alternative health, healing and social activities that support and sustain communities.

Grantee History: The Organization was formed in 1980.

Ownership: The Grantee is a 501(c)(3) not-for-profit organization.

Size: All facilities are located in Arkville, NY.

ESD Involvement: Many areas in Upstate New York were adversely affected by Hurricane Irene. The Grantee created The Small Business Development Fund as a catalyst for economic recovery in the Town of Middletown. This program concentrates on main streets to revitalize the economy. As a result of the success of the program, the Grantee sought to expand the program.

Lacking funds, the Grantee applied through the Consolidated Funding Application and was awarded \$250,000 to continue and expand The Small Business Development Fund to the Towns of Roxbury and Andes.

Past ESD Support: ESD’s financial support to the Grantee began in 2003. Since then, total financial support to the Grantee, including loans and grants, has been

\$25,000 for five projects. All terms were fulfilled and funds have been fully disbursed.

B. The Project

Completion: December 2015

Activity: The Grantee provides housing programs, economic development and technical assistance services to the Towns of Andes, Middletown and Roxbury and the Villages of Fleischmanns and Margaretville.

The Grantee administers a privately funded small business assistance program called the Small Business Development Fund in the Town of Middletown, and seeks to expand the program to include the Towns of Roxbury and Andes. This program will foster economic growth and vitality through the expansion of an already successful regional grant and loan program specifically targeting small business.

In the past, The Small Business Development Fund has assisted over 40 businesses and distributed nearly \$170,000 in privately invested funds.

Results: The Organization will continue its efforts to award grants and loans to small businesses to rebuild a sustainable economy on rural main streets.

Business Investment

Project: This project does not involve a permanent job commitment or construction spending. While it may generate significant long term fiscal and economic benefits, such benefits are not estimated within the short-term period used in the benefit cost analysis.

Grantee Contact: Peg Ellsworth, Executive Director
43355 State Highway 28
Arkville, NY 12406
Phone: (845) 586-3500

ESD Project No.: Y407

Project Team:	Origination	Joe Roman
	Project Management	Jared Walkowitz
	Contractor & Supplier Diversity	Denise Ross
	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 \$250,000 capital grant (\$2,500) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Grantee will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed. Equity is defined as cash injected into the project by the Grantee or by investors, and should be auditable through Grantee financial statements or Grantee accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
4. Up to \$250,000 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$125,000) as an advance upon execution of a Grant Disbursement Agreement and receipt of required documentation;
 - b) a Second Disbursement of an amount equal to 25% of the grant (\$62,500) will be disbursed upon documentation verifying disbursement of at least 75% of the first advance (\$93,750), and Grantee's compliance with program reports and requirements, including meeting expected goals;
 - c) a Third Disbursement of an amount equal to 25% of the grant (\$62,500) will be disbursed upon documentation verifying disbursement of 100% of the first advance and at least 75% of the second advance (\$171,875 cumulative), and Grantee's compliance with program reports and requirements, including meeting expected goals.

ESD funds will be deposited in an account (the "Imprest Account") at a bank mutually acceptable to ESD (as set forth in writing by ESD) and the Grantee. Funds in the Imprest Account, from the time of deposit and until disbursed from such account in accordance with terms to be approved by the ESD Directors, will be invested in accordance with ESD's Investment Guidelines. ESD shall be provided with copies of all account statements, and reports in accordance with reporting requirements. All returns on ESD investments shall be kept in the same interest account and shall be used exclusively for subsequent Program loans and grants.

The Grantee will report quarterly on investments and related Program activity. Such reports will contain information in investments, current status, leveraged funds, business revenue, job creation outcomes, and other items as determined by ESD. The Grantee will report annually on investments and related Program activity during the term of the bonds that will be issued to provide the grant (term to be noted in final Grant Disbursement Agreement).

ESD will be entitled to recoup all or part of ESD's grant if the Grantee fails to manage this program as agreed upon as consistent with these materials.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after July 29, 2013, to be considered eligible project costs. All disbursements must be requested by April 1, 2017.

5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$250,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

IV. Statutory Basis – Regional Council Capital Fund

The project was authorized in the 2012-2013 New York State budget and reappropriated in the 2013-2014 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

ESD staff has determined that the project constitutes a Type II ministerial action as defined by the New York State Environmental Quality Review Act (“SEQRA”) and the implementing regulations of the New York State Department of Environmental Conservation. The recipient of fund disbursements will be responsible for complying with SEQRA as applicable. No further environmental review is required in connection with this authorization.

VI. Non-Discrimination and Contractor & Supplier Diversity

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 projects. For purposes of this Project, however, goals will not be established due to the unavailability of minority and women-owned businesses for performance of this Project.

VII. ESD Employment Enforcement Policy

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

VIII. ESD Financial Assistance Subject to Availability of Funds and Additional Approval

The provision of ESD financial assistance is contingent upon the availability of funds and the approval of the State Division of the Budget.

IX. Additional Submissions to Directors

Resolution

New York State Map

February 20, 2014

Regional Council Award – Priority Project – Arkville (Southern Tier Region – Delaware County) – MARK Project Capital – Regional Council Capital Fund (Capital Grant) – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to MARK Project, Inc. a grant for a total amount not to exceed Two Hundred Fifty Thousand Dollars (\$250,000) from the Regional Council Capital Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

RESOLVED, that the President and Chief Executive Officer 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

February 20, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Regional Council Awards and NY Works – Connect NY Broadband Program Consent Calendar

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

General Project Plan

I. Project Summary

NY Works

	Project Name	<u>Proj #</u>	Grantee	Assistance up to
A	Essex County Broadband Service Expansion	Y599	Town of Jay and Charter Communications	\$557,000
B	Otsego County Wireless Network	Y604	Otsego County Industrial Development Agency	\$558,940
C	Time Warner Cable Broadband	Y591	Time Warner Cable, Inc.	\$5,258,231
			TOTAL	\$6,374,171

Regional Council Capital Fund

	Project Name	<u>Proj #</u>	Grantee	Assistance up to
D	North Country Telecommunications Loan Fund	Y584	Development Authority of the North Country	\$500,000
E	North Country Public Emergency Network	Y585	Development Authority of the North Country	\$2,222,000
			TOTAL	\$2,722,000

II. Program Description

A. Background

Accelerating the availability, affordability, and utilization of broadband technologies is a high priority for the State of New York. Access to the numerous benefits of broadband access, such as e-commerce, e-government, telemedicine and distance learning will result in job creation, improved healthcare, greater educational opportunities for our students and teachers, and enhanced economic development.

Recognizing that broadband services are vital to our state's economic well-being, in September 2012, Governor Cuomo Committed \$25 million in funding to expand high-speed Internet access in rural upstate and underserved urban areas of New York through the Connect NY Broadband Grant Program. In March 2013, eighteen broadband projects were selected to receive Connect NY Broadband grants based on the support of the Regional Economic Development Councils that analyzed and ranked projects competing for the \$25 million in funding. In addition, 4 North Country Broadband Project Sponsors received more than \$6 million from Round 2 of the Regional Economic Development Council Grants to expand broadband in the North Country Region.

Together, these projects will bring broadband service to over 153,000 households, 8,000 businesses and 400 anchor institutions – many without any means to access the Internet, across more than 6,000 square miles of New York State. Most of the funding will be for the “last-mile” of broadband service, which means the projects will provide high speed Internet connections directly to New Yorkers. The last-mile is the most expensive portion of a broadband network, and often prevents many rural residents from receiving broadband service, even when service is available to nearby homes.

The \$25 million Connect NY awards, combined with additional funding to advance broadband technologies and services, brings the total amount of funding awarded for broadband projects during Governor Cuomo's administration to more than \$56 million, the largest statewide broadband funding commitment in the nation.

B. The Project

See attached Consent materials.

III. Statutory Basis

The projects were authorized in the 2012-13 New York State budget and reappropriated in the 2013-2014 New York State Budget. No residential relocation is required as there are no families or individuals residing on the site.

IV. Environmental Review

Unless otherwise noted in the consent materials, ESD staff has determined that the project described in Schedule A 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.

V. Smart Growth Public Infrastructure Review

Pursuant to the requirements of the State Smart Growth Public Infrastructure Policy Act (the “SG Act”), and in connection with the previous approval of funding for the Connect NY Broadband projects approved by the Directors on December 19, 2013, ESD’s Smart Growth Advisory Committee reviewed a Smart Growth Impact Statement (“SGIS”). This review found that the projects are consistent with the State Smart Growth Public Infrastructure Criteria (“Smart Growth Criteria”). The designee of the Chief Executive Officer of the Corporation attested that the projects, to the extent practicable, meet the relevant Smart Growth Criteria set forth in the SG Act. Therefore, no further smart growth public infrastructure review is required in connection with this action.

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. Accordingly, ESD’s Non-discrimination and Contractor & Supplier Diversity policies will apply to the project.

VII. ESD Employment Enforcement Policy

ESD’s Employment Enforcement Policy will not apply since the projects will not directly create or retain jobs. The purpose of the grants is to extend broadband service to unserved households. Progress will be measured in terms of households and businesses served.

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

Project Summaries

February 20, 2014

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

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

RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plans (the “Plan”) for the 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 amounts listed below from the NY Works and Regional Council Capital Fund funds, 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 grant 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;

NY Works

	Project Name	<u>Proj #</u>	Grantee	Assistance up to
A	Essex County Broadband Service Expansion	Y599	Town of Jay and Charter Communications	\$557,000
B	Otsego County Wireless Network	Y604	Otsego County Industrial Development Agency	\$558,940
C	Time Warner Cable Broadband	Y591	Time Warner Cable, Inc.	\$5,258,231
			TOTAL	\$6,374,171

Regional Council Capital Fund

	Project Name	<u>Proj #</u>	Grantee	Assistance up to
D	North Country Telecommunications Loan Fund	Y584	Development Authority of the North Country	\$500,000
E	North Country Public Emergency Network	Y585	Development Authority of the North Country	\$2,222,000
			TOTAL	\$2,722,000

and be it further

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

* * *

A. Essex County Broadband Service Expansion (Y599)

February 20, 2014

General Project Plan

- Grantees:** The Town of Jay (the “Town”) and Charter Communications (“Charter” or the “Company”)
- ESD Investment:** A grant of up to \$557,000 to be used for a portion of the cost to install or upgrade existing broadband networks in order to expand broadband access and increase capacity.
- Project Locations:** Towns of Jay (02912) and Wilmington (12997), Essex County
- Proposed Project:** Installation and upgrade of Charter Communications’ 750MHz hybrid fiber/coax network to improve high speed broadband service to rural areas within Jay and Wilmington
- Project Type:** Infrastructure development
- Regional Council:** The North Country Regional Council has been made aware of this item. The Incentive Proposal was accepted on October 7, 2013. The project is consistent with the Regional Plan to expand high-speed Internet, stimulate local business growth and job creation, and enhance the economic well-being of the region.

Town Background:

Industry – Town of Jay is a small town located in Au Sable Forks, NY.

Town History – The Town of Jay was officially formed in 1798 from the Town of Willsboro and was originally named after New York Governor John Jay. Today, the town’s population measures approximately 2,506 residents. The Town is located on the northern border of Essex County in the heart of the Adirondacks; it is known for its scenic lodging facilities and its proximity to scenic Lakes Saranac and Champlain

The Town of Jay has a population of 2,506 residents.

Company Background:

Industry – Charter Communications is a broadband communications company and cable operator that provides a full range of advanced broadband services to residents and businesses.

Company History – Founded in 1993, Charter offers diverse services to its customers including Advanced Charter TV® video entertainment programming, business-to-

A. Essex County Broadband Service Expansion (Y599)

February 20, 2014

business internet access, data networking, telephone, video and music entertainment services, and promotional solutions for advertising via national cable networks. The Company serves more than two-million telephone customers and is the ninth largest provider of residential phone service in the nation.

Size – Charter employs over 21,000 workers and provides services to more than 5.7 million customers in 29 states. Headquartered in Stamford, CT, the company is focused on integrating the highest-quality service with clearly superior entertainment and communications products.

Ownership – In 1999, Charter became a publicly-traded company on the NASDAQ.

Project Background:

Market – Access to the Internet can be achieved by a number of different technologies. The definition of broadband is determined by the data transmission speeds in both directions. Download speeds refer to data which is received, such as accessing websites, receiving files through email, streaming video, and using cloud-based services. Upload speeds refer to data which is transmitted to another user or to a website or cloud-based service. Average consumers typically use broadband for downloading data, making download speeds the standard measure for broadband access.

Broadband service is facilitated by either wireline or wireless technologies. Wireline services require a physical cable connection to provide connectivity, while wireless services are transmitted using antennas and wireless receivers similar to how radio transmissions are carried. Although there are a number of different wireless technologies, many wireless broadband providers use a hybrid model of providing service, as a wireline (usually fiber) connection is required at some point in the network.

In New York State, broadband service is provided by the following categories of service providers:

- Cable – 16 Providers, (Provides service to 94% of the state)
- DSL – 38 Providers, (Provides service to 92% of the state - Speeds: 768kbps – 25 mbps)
- Fiber – 26 Providers, (12 business only)
- Fixed Wireless- 12 Providers reporting coverage, (Serves 5% of the state – Speeds - 1.5 mbps – 100 mbps)
- Mobile Wireless- 6 providers (Speeds: 768 kbps – 12 mbps)
- Satellite Providers- 4 providers

ESD Involvement – In March 2013, eighteen broadband projects were selected to receive Connect NY Broadband grants based on the support of the Regional Economic

A. Essex County Broadband Service Expansion (Y599)

February 20, 2014

Development Councils and technical scores awarded by a committee who analyzed and ranked projects competing for \$25 million in funding. In addition, 4 North Country Broadband Project Sponsors received more than \$6 million from Round 2 of the Regional Economic Development Council Grants to expand broadband in the North Country Region.

Past ESD Support – This is the first grant to the Town of Jay and Charter Communications.

The Project:

Completion – December 2014

Activity – The Town of Jay will partner with Charter Communications to extend approximately 25 miles of new fiber cable throughout the towns of Jay and Wilmington to bring broadband, digital video and telephone to 420 households.

Results – Expand broadband Services to 420 households. See Table A, which describes all Key Indicators.

Financing Uses	Amount	Financing Sources	Amount	Percent
Design and Construction Materials	\$250,191	ESD Grant	\$557,000	70%
Contract Labor	435,221	Company Equity	238,000	30%
Licensing and Make Ready Costs	109,588			
Total Project Costs	\$795,000	Total Project Financing	\$795,000	100%

Grantee Contacts – Randy Douglas, Supervisor
Town of Jay
P.O. Box 730
AuSable Forks, NY 12912-0730
Phone: (518) 647-2204

Tom Cohan, Director, Government Relations
New England/NY
Charter Communications
95 Higgins Street
Worcester, MA 01606
Phone: (508) 595-5457

A. Essex County Broadband Service Expansion (Y599)

February 20, 2014

<u>Project Team</u> –	Origination	Angela Liotta
	Project Management	Angela Liotta
	Contractor & Supplier Diversity	Elizabeth Gocs
	Finance	Ross Freeman
	Environmental	Soo Kang

Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Grantees shall reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantees will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
3. The Grantees will be required to contribute at least 10% of the total project cost in the form of equity contributed after the Grantees' written acceptance of ESD's offer and contribute at least 10% of total project costs in the form of in-kind. Equity is defined as cash injected into the project by the Grantees or by investors, and should be auditable through Grantees' financial statements or Grantees' accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
4. Up to \$557,000 will be disbursed to the Grantees no more frequently than quarterly during the course of design and/or construction and upon completion of project key indicators, and in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon completion of the facility and upon meeting all project key indicators, as evidenced by a certificate of occupancy. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require.

ESD will be entitled to recoup all or part of ESD's grant if the Grantees fail to reach, to a degree acceptable to ESD milestones as agreed upon in Table A, which lists key indicators for infrastructure work, and Table B, which lists the major network build-out phases and quarterly milestones of the entire project.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after March 5, 2013, to be considered eligible project costs. All disbursements must be requested by April 1, 2015.

A. Essex County Broadband Service Expansion (Y599)

February 20, 2014

5. Grant Funds are to be used for the following:
 - i. To fund the construction or improvement of all facilities required to provide broadband service.
 - ii. For Installing or upgrading existing broadband facilities on a one-time, capital improvement basis in order to expand broadband access and increase capacity.
 - iii. To fund the cost of long-term leases (greater than 1 year) of facilities required to provide broadband service.
 - iv. To fund reasonable make-ready expenses incurred as a result of providing broadband service.

6. Eligible Expense Categories
 - i. Network & Access Equipment Costs: Include switches, video headends, optical equipment, digital line concentrators, digital subscriber line access multiplexers, middleware, video-on-demand equipment, radio equipment, data routing equipment, etc.
 - ii. Outside Plant Costs: Includes cable (aerial, buried, underground, and submarine), fiber, conduit systems, poles, network interface devices and reasonable make-ready costs.
 - iii. Tower Costs: Includes the cost of constructing new buildings and renovating existing buildings, as well as any site preparation costs.
 - iv. Customer Premises Equipment: Includes wireless subscriber units, modems, set-top boxes, and routers (if CPE will be provided at no cost to subscribers.)
 - v. Professional Services: Includes site engineering, project management, and consultant services costs involved in designing and constructing the proposed project.
 - vi. Testing: Includes items such as testing, network and IT systems, user devices, servers, lab furnishing and test generators.
 - vii. Other Upfront Costs: Includes any other upfront costs not covered in the other categories, such as site preparation.

7. Grant funds will be subject to pro-rata recapture if property is sold within 5 years of disbursement of funds. The Recapture Amount is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred. The Recapture Amount shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:
 - (i) 100% of the disbursed amount if the transfer occurred in the calendar year that the disbursement was made, or in the first full calendar year after the disbursement was made;
 - (ii) 80% of the disbursed amount if the transfer occurred in the second full calendar year after the disbursement was made;

A. Essex County Broadband Service Expansion (Y599)

February 20, 2014

- (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.
8. Compliance with National Electrical Safety Code (NESC): All pole attachments shall comply with the National Electrical Safety Code (NESC) requirements. Connect NY grant recipients shall ensure that the attachment of fiber and equipment is designed, constructed, operated, and maintained in accordance with all applicable provisions of the most current and accepted criteria of the National Electrical Safety Code (NESC) and all applicable and current electrical and safety requirements of any State or local governmental entity.
9. Broadband Mapping Program Compliance: Recipients shall provide to the NYS Broadband Program Office (or designated agent) address-level broadband build-out data that indicates the location of new broadband services within the recipient's entire service area.
10. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$557,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

Non-Discrimination and Contractor and Supplier Diversity:

ESD's Non-discrimination and Contractor and Supplier Diversity policy will apply to the Project. The Grantees shall be required to use good faith efforts to achieve an overall Minority and Women Business Enterprise (MWBE) Participation goal of 20%, related to the total value of ESD's funding, and to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project.

Statutory Basis – New York Works: The project was authorized in the 2013-2014 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

Additional Submissions to Directors:

Table A – Key Indicators

Table B – Milestones

Project Finance Memorandum

Table A: Project Description: The following table lists the key indicators for your infrastructure project upon completion of your project. Indicators will be required to be reported cumulatively from award inception to the end of the project on a quarterly basis.

Project Description- Access and Subscriber Information	Key Indicator	Municipality	Total Number Upon Completion of Project
Residential/Business – the following information is for the last-mile services to homes and businesses	Number of Households Passed		420
	Number of New Residential Subscribers		210
	Number of Business Passed		0
	Number of New Business Subscribers		0
	Speed Tiers Available / Pricing		30 Mbps to 100 Mbps/\$49.99* Promotional and bundle pricing will be available
Community Anchor Institutions – the following information is for the last-mile service to Community Anchor Institutions	Number of Community Anchor Institutions Passed		0
	<ul style="list-style-type: none"> • Schools K-12 		N/A
	<ul style="list-style-type: none"> • Colleges, Universities or other Institutions of Higher Education 		N/A
	<ul style="list-style-type: none"> • Libraries 		N/A
	<ul style="list-style-type: none"> • Medical/ Healthcare Providers 		N/A
	<ul style="list-style-type: none"> • Public Safety Entities 		N/A
	<ul style="list-style-type: none"> • Other 		N/A
Infrastructure Key Indicators – the following information provides key indicators as they relate to your infrastructure project	New Network Miles Deployed		27
	Existing Network Miles Upgraded		0
	Number of Miles of New Fiber and Coax*		27*
	Number of New Wireless Links		0
	Number of New Towers		0
	Number of New Interconnection Points		0
	Number of Wireless Hotspots Provided		0
Impact and Adoption – the following information demonstrates how the project addresses barriers to adoption	Subsidies or Digital Literacy Program		N/A

Company Employment Commitment	Permanent Full- Time Employees		0
	Contractor Full-Time Employees		0

Table B: Project Milestones: The following table lists the major network build-out phases and milestones that can demonstrate the entire project will be substantially complete by the end of May 2014. The table considers project areas such as: a) network design; b) securing all relevant licenses and agreements; c) site preparation; d) inside plant deployment; e) outside plan deployment; f) deployment of business & operational support systems; g) network testing; f) network operational.

Time Period	Quarter	Milestones	Narrative Explanation (if any)
Year 1	Qtr. 1	<ul style="list-style-type: none"> Walk-out design/partial pole licensing 	
	Qtr. 2	<ul style="list-style-type: none"> Complete Pole licensing of more than 800 poles 	
	Qtr. 3	<ul style="list-style-type: none"> Project construction, which includes aerial strand placement, aerial cable placement and underground 	
	Qtr. 4	<ul style="list-style-type: none"> Splicing of fiber and cable Activation, which includes placement of line extenders, amplifiers, nodes, power supplies, etc., Balancing and sweeping the system Complete the project 	

B. Otsego County Wireless Network (Y604)

February 20, 2014

General Project Plan

Grantee: County of Otsego Industrial Development Agency (the "COIDA")

ESD Investment: A grant of up to \$558,940 to be used for a portion of the cost to install or upgrade existing broadband networks in order to expand broadband access and increase capacity.

Project Location: Towns of Burlington, Butternuts, Cherry Valley, Cooperstown, Decatur, Edmeston, Exiter, Hartwick, Laurens, Maryland, Middlefield, Milford, Morris, New Lisbon, Oneonta, Otego, Otsego, Pittsfield, Plainfield, Richfield, Springfield, Unadilla, Westford, Worcester; Zip codes:

13315	13776	13320	12197	13335	13315	13348	13796
12116	13326	13807	13808	13415	13820	13825	13337
13411	13491	13439	13333	13849	13488	12197	13326

Proposed Project: Partnering with last-mile providers, Otsego County will construct a county-wide, open access fiber backbone to deploy last-mile, wireless broadband to 24 Towns, 9 villages and 1 city in Otsego County.

Project Type: Infrastructure development

Regional Council: The Mohawk Valley Regional Council has been made aware of this item. The Incentive Proposal was accepted on September 3, 2013. The project is consistent with the Regional Plan to expand high-speed internet, stimulate local business growth and job creation, and enhance the economic well-being of the region.

Background:

History – Formed in 2012, The County of Otsego Industrial Development Agency assists in the enhancement and diversity of the economy of the County of Otsego by acting in support of projects in Otsego County that create and retain jobs, and promote private sector investments.

Ownership – The COIDA was formed under the adoption of Otsego County by-laws. It is run by 9 voting, and 2 non-voting members, a Chairman, Vice Chairman, Secretary, and Treasurer.

B. Otsego County Wireless Network (Y604)

February 20, 2014

Market – Access to the Internet can be achieved by a number of different technologies. The definition of broadband is determined by the data transmission speeds in both directions. Download speeds refer to data which is received, such as accessing websites, receiving files through email, streaming video, and using cloud-based services. Upload speeds refer to data which is transmitted to another user or to a website or cloud-based service. Average consumers typically use broadband for downloading data, making download speeds the standard measure for broadband access.

Broadband service is facilitated by either wireline or wireless technologies. Wireline services require a physical cable connection to provide connectivity, while wireless services are transmitted using antennas and wireless receivers similar to how radio transmissions are carried. Although there are a number of different wireless technologies, many wireless broadband providers use a hybrid model of providing service, as a wireline (usually fiber) connection is required at some point in the network.

In New York State, broadband service is provided by the following categories of service providers:

- Cable – 16 Providers, (Provides service to 94% of the state)
- DSL – 38 Providers, (Provides service to 92% of the state - Speeds: 768kbps – 25 mbps)
- Fiber – 26 Providers, (12 business only)
- Fixed Wireless- 12 Providers reporting coverage, (Serves 5% of the state – Speeds - 1.5 mbps – 100 mbps)
- Mobile Wireless- 6 providers (Speeds: 768 kbps – 12 mbps)
- Satellite Providers- 4 providers

ESD Involvement – In March 2013, eighteen broadband projects were selected to receive Connect NY Broadband grants based on the support of the Regional Economic Development Councils and technical scores awarded by a committee who analyzed and ranked projects competing for \$25 million in funding. In addition, 4 North Country Broadband Project Sponsors received more than \$6 million from Round 2 of the Regional Economic Development Council Grants to expand broadband in the North Country Region.

Past ESD Support – This is the first grant to the County of Otsego Industrial Development Agency.

B. Otsego County Wireless Network (Y604)

February 20, 2014

The Project:

Completion – September 2015

Activity – The COIDA will partner with CompDirect USA, ION, and Installation Technologies to build a middle-mile fiber network and use wireless technology to deploy of a last-mile, wireless broadband network in 24 Towns, 9 Villages, and 1 City. This network will encompass equipment located on 10 towers and 3 POPs. The wireless network will incorporate unlicensed spectrum technology that will accommodate the rural and topographically challenged nature of Otsego County.

Results – Expand broadband services to 28,000 households, 4,500 businesses, and 53 Community Anchor institutions. See Table A, which describes all Key Indicators.

Financing Uses	Amount	Financing Sources	Amount	Percent
Infrastructure/Site Work	\$113,765	ESD Grant	\$558,940	72%
Machinery and Equipment	617,845	Company Equity	212,670	28%
Engineering	40,000			
Total Project Costs	\$771,610	Total Project Financing	\$771,610	100%

Grantee Contact – Elizabeth Horvath, COO
County of Otsego Industrial Development Agency
242 Main Street
Oneonta, NY 13820
Phone: (607) 432-8871

Project Team –

Origination	Angela Liotta
Project Management	Angela Liotta
Contractor & Supplier Diversity	Elizabeth Gocs
Finance	John Bozek
Environmental	Soo Kang

Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Grantee shall reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
3. The Grantee will be required to contribute at least 10% of the total project cost in the

B. Otsego County Wireless Network (Y604)

February 20, 2014

form of equity contributed after the Grantee's written acceptance of ESD's offer and contribute at least 10% of total project costs in the form of in-kind. 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 \$558,940, will be disbursed to the Grantee no more frequently than quarterly during the course of design and/or construction and upon completion of project key indicators, and in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon completion of the facility and upon meeting all project key indicators, as evidenced by a certificate of occupancy. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require.

ESD will be entitled to recoup all or part of ESD's grant if the Grantee fails to reach, to a degree acceptable to ESD milestones as agreed upon in Table A, which lists key indicators for infrastructure work, and Table B, which lists the major network build-out phases and quarterly milestones of the entire project.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after March 5, 2013, to be considered eligible project costs. All disbursements must be requested by April 1, 2016.

5. Grant Funds are to be used for the following:
 - i. To fund the construction or improvement of all facilities required to provide broadband service.
 - ii. For Installing or upgrading existing broadband facilities on a one-time, capital improvement basis in order to expand broadband access and increase capacity.
 - iii. To fund the cost of long-term leases (greater than 1 year) of facilities required to provide broadband service.
 - iv. To fund reasonable make-ready expenses incurred as a result of providing broadband service.
6. Eligible Expense Categories
 - i. Network & Access Equipment Costs: Include switches, video headends, optical equipment, digital line concentrators, digital subscriber line access multiplexers, middleware, video-on-demand equipment, radio equipment, data routing

B. Otsego County Wireless Network (Y604)

February 20, 2014

- equipment, etc.
 - ii. Outside Plant Costs: Includes cable (aerial, buried, underground, and submarine), fiber, conduit systems, poles, network interface devices and reasonable make-ready costs.
 - iii. Tower Costs: Includes the cost of constructing new buildings and renovating existing buildings, as well as any site preparation costs.
 - iv. Customer Premises Equipment: Includes wireless subscriber units, modems, set-top boxes, and routers (if CPE will be provided at no cost to subscribers.)
 - v. Professional Services: Includes site engineering, project management, and consultant services costs involved in designing and constructing the proposed project.
 - vi. Testing: Includes items such as testing, network and IT systems, user devices, servers, lab furnishing and test generators.
 - vii. Other Upfront Costs: Includes any other upfront costs not covered in the other categories, such as site preparation.
7. Grant funds will be subject to pro-rata recapture if property is sold within 5 years of disbursement of funds. The Recapture Amount is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred. The Recapture Amount shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:
- (i) 100% of the disbursed amount if the transfer occurred in the calendar year that the disbursement was made, or in the first full calendar year after the disbursement was made;
 - (ii) 80% of the disbursed amount if the transfer occurred in the second full calendar year after the disbursement was made;
 - (iii) 60% of the disbursed amount if the transfer occurred in the third full calendar year after the disbursement was made;
 - (iv) 40% of the disbursed amount if the transfer occurred in the fourth full calendar year after the disbursement was made;
 - (v) 20% of the disbursed amount if the transfer occurred in the fifth full calendar year after the disbursement was made.
8. Compliance with National Electrical Safety Code (NESC): All pole attachments shall comply with the National Electrical Safety Code (NESC) requirements. Connect NY grant recipients shall ensure that the attachment of fiber and equipment is designed, constructed, operated, and maintained in accordance with all applicable provisions of the most current and accepted criteria of the National Electrical Safety Code (NESC) and all applicable and current electrical and safety requirements of any State or local governmental entity.

B. Otsego County Wireless Network (Y604)

February 20, 2014

9. Broadband Mapping Program Compliance: Recipients shall provide to the NYS Broadband Program Office (or designated agent) address-level broadband build-out data that indicates the location of new broadband services within the recipient's entire service area.
10. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$558,940, 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 and Supplier Diversity:

ESD's Non-discrimination and Contractor and Supplier 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 20%, related to the total value of ESD's funding, and to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project.

Statutory Basis – NY Works:

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

Additional Submissions to Directors:

Table A – Key Indicators

Table B – Milestones

Project Finance Memorandum

Otsego County Wireless Network (PTS# Y604)
Approval Date: December 20, 2103

Table A: Project Description: The following table lists the key indicators for your infrastructure project upon completion of your project. Indicators will be required to be reported cumulatively from award inception to the end of the project on a quarterly basis.

Project Description- Access and Subscriber Information	Key Indicator	Municipality	Total Number Upon Completion of Project
Residential/Business – the following information is for the last-mile services to homes and businesses	Number of Households Passed		28,000
	Estimate Number of New Residential Subscribers		1,200
	Number of Business Passed		4,500
	Estimate Number of New Business Subscribers		150
	Speed Tiers Available / Pricing		Basic /6 Mbps/ 1.5 Mbps /\$50 /mo economy light 3 mbps/ 512k / @\$29/mo commercial 10 Mbps/ 1.5 Mbps \$79.00 /mo.
Community Anchor Institutions – the following information is for the last-mile service to Community Anchor Institutions	Number of Community Anchor Institutions Passed		53
	<ul style="list-style-type: none"> • Schools K-12 		11
	<ul style="list-style-type: none"> • Colleges, Universities or other Institutions of Higher Education 		2
	<ul style="list-style-type: none"> • Libraries 		4
	<ul style="list-style-type: none"> • Medical/ Healthcare Providers 		4
	<ul style="list-style-type: none"> • Public Safety Entities 		5
	<ul style="list-style-type: none"> • Other 		26
Speed Tiers Available / Pricing		commercial 10 Mbps/ 1.5 Mbps \$79.00/mo. Certain anchors up to 100 Mbps down custom up at negotiated	

Infrastructure Key Indicators – the following information provides key indicators as they relate to your infrastructure project	New Network Miles Deployed		0
	Existing Network Miles Upgraded		0
	Number of Miles of New Fiber		1
	Number of New Wireless Links		20
	Number of New Towers		10
	Number of New Interconnection Points		25
	Number of Wireless Hotspots Provided		10
Impact and Adoption – the following information demonstrates how the project addresses barriers to adoption	Subsidies		none
	Digital Literacy Programs and Training Programs <ul style="list-style-type: none"> • Ten training classes 		10 classes
Company Employment Commitment	Permanent Full- Time Employees		8
	Contract Full-Time Employees		17

Table B: Project Milestones: The following table lists the major network build-out phases and milestones that can demonstrate the entire project will be substantially complete by the end of September 2015. The table considers project areas such as: a) network design; b) securing all relevant licenses and agreements; c) site preparation; d) inside plant deployment; e) outside plan deployment; f) deployment of business & operational support systems; g) network testing; f) network operational.

Time Period	Quarter	Milestones	Narrative Explanation (if any)
Year 1	Qtr. 1	<ul style="list-style-type: none"> • Setup Main POP and LOC in Edmeston Equipment Orders Placed 	
	Qtr. 2	<ul style="list-style-type: none"> • Install Equipment at and on tower 1 and 2 • Begin Deploying small number of Test Customers 	
	Qtr. 3	<ul style="list-style-type: none"> • Install Equipment at and on tower 3 and 4 • Begin Deploying small number of Test Customers • Equipment orders Placed for Phase 2 	
	Qtr. 4	<ul style="list-style-type: none"> • Setup Main POP and LOC in Oneonta • Install equipment at and on Tower 6 for BH Link Equipment Orders Placed 	
Year 2	Qtr. 1	<ul style="list-style-type: none"> • Install equipment at and on towers 7 and 8 • Begin Deploying small number of Test Customers 	
	Qtr. 2	<ul style="list-style-type: none"> • Deploy small number of Test Customers at full capacity on all Towers currently up and running 	
	Qtr. 3	<ul style="list-style-type: none"> • Setup Main POP and LOC in Worcester Install equipment at and on Tower 9 for BH Link Equipment Orders Placed 	
	Qtr. 4	<ul style="list-style-type: none"> • Install Equipment at Tower 10 • Begin Deploying Customers at this location 	

C. Time Warner Cable Broadband (Y591)

February 20, 2014

General Project Plan

- Grantee:** Time Warner Cable, Inc. (“TWC” or the “Company”)
- ESD Investment:** A grant of up to \$5,258,231 to be used for a portion of the cost to install or upgrade existing broadband networks to expand broadband access and increase capacity.
- Project Location:** This is a multi-region project. Please see Table C (attached) for project locations.
- Proposed Project:** Installation of a state-of-the-art fiber and coaxial, or Radio Frequency Over Glass (RFOG) network to bring high-speed broadband to unserved areas indicated in Table C.
- Project Type:** Infrastructure development
- Regional Council:** The Central New York, Mid-Hudson, Mohawk Valley, New York City, North Country, Southern Tier, and Western New York Regional Councils have been made aware of this item. The Incentive Proposal was accepted on October 24, 2013. The project is consistent with the Regional Councils’ plans to expand high-speed Internet, stimulate local business growth and job creation, and enhance the economic well-being of the regions.

Background:

Industry – Time Warner Cable, Inc. is among the largest providers of video, high-speed data and voice services in the United States, providing access to entertainment and information for over 15 million customers.

Company History – Formed in 1989, through the merger of Time Inc.'s cable television company, American Television and Communications Corp., and Warner Cable, a division of Warner Communications, Time Warner Cable, Inc. offers data, video and voice services to businesses of all sizes, cell tower backhaul services to wireless carriers, information technology solutions and cloud services. The Company also provides customers with exclusive, local, all-news TV channels in New York, North Carolina and Texas that provide viewers with content targeted to their community interests and concerns.

Ownership – TWC is a publicly-traded on the New York Stock Exchange.

Size – TWC serves 15.2 million customers in 29 states, and employs more than 51,000

C. Time Warner Cable Broadband (Y591)

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people across the U.S.

Market – Access to the Internet can be achieved by a number of different technologies. The definition of broadband is determined by the data transmission speeds in both directions. Download speeds refer to data which is received, such as accessing websites, receiving files through email, streaming video, and using cloud-based services. Upload speeds refer to data which is transmitted to another user or to a website or cloud-based service. Average consumers typically use broadband for downloading data, making download speeds the standard measure for broadband access.

Broadband service is facilitated by either wireline or wireless technologies. Wireline services require a physical cable connection to provide connectivity, while wireless services are transmitted using antennas and wireless receivers similar to how radio transmissions are carried. Although there are a number of different wireless technologies, many wireless broadband providers use a hybrid model of providing service, as a wireline (usually fiber) connection is required at some point in the network.

In New York State, broadband service is provided by the following categories of service providers:

- Cable – 16 Providers, (Provides service to 94% of the state)
- DSL – 38 Providers, (Provides service to 92% of the state - Speeds: 768kbps – 25 mbps)
- Fiber – 26 Providers, (12 business only)
- Fixed Wireless- 12 Providers reporting coverage, (Serves 5% of the state – Speeds - 1.5 mbps – 100 mbps)
- Mobile Wireless- 6 providers (Speeds: 768 kbps – 12 mbps)
- Satellite Providers- 4 providers

ESD Involvement – In March 2013, eighteen broadband projects were selected to receive Connect NY Broadband grants totaling \$25 million based on the support of the Regional Economic Development Councils. In addition, 4 North Country Broadband Project Sponsors received more than \$6 million from Round 2 of the Regional Economic Development Council Grants to expand broadband in the North Country Region.

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

The Project:

Completion – December 2014

Activity –TWC will deploy a state-of-the-art fiber and coaxial (or RFOG) network to bring

C. Time Warner Cable Broadband (Y591)

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high-speed broadband to unserved areas.

Results – Expand broadband Services to 4,104 households, 8 businesses and 2 Community Anchor institutions. See Table A, which describes all Key Indicators.

Financing Uses	Amount	Financing Sources	Amount	Percent
Engineering/ Site Prep	\$6,304,814	ESD Grant	\$5,258,231	75%
Equipment	706,161	Company Equity	1,752,744	25%
Total Project Costs	\$7,010,975	Total Project Financing	\$7,010,975	100%

Grantee Contact: Charlie Williams
Vice President
Time Warner Cable, Inc.
60 Columbus Circle
New York, NY 10023
Phone: (518) 640-8579

Project Team:

Origination	Angela Liotta
Project Management	Angela Liotta
Contractor & Supplier Diversity	Elizabeth Gocs
Finance	Ross Freeman
Environmental	Soo Kang

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 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 at least 10% of the total project cost in the form of equity contributed after the Company's written acceptance of ESD's offer and contribute at least 10% of total project costs in the form of in-kind. 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 \$5,258,231 will be disbursed to the Grantee no more frequently than quarterly during the course of design and/or construction and upon completion of project key

C. Time Warner Cable Broadband (Y591)

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indicators, and in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon completion of the facility and upon meeting all project key indicators, as evidenced by a certificate of occupancy. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require.

ESD will be entitled to recoup all or part of ESD's grant if the Recipient fails to reach, to a degree acceptable to ESD milestones as agreed upon in Table A, which lists key indicators for infrastructure work, and Table B, which lists the major network build-out phases and quarterly milestones of the entire project.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after March 5, 2013, to be considered eligible project costs. All disbursements must be requested by April 1, 2016.

5. Grant Funds are to be used for the following:

- i. To fund the construction or improvement of all facilities required to provide broadband service.
- ii. For Installing or upgrading existing broadband facilities on a one-time, capital improvement basis in order to expand broadband access and increase capacity.
- iii. To fund the cost of long-term leases (greater than 1 year) of facilities required to provide broadband service.
- iv. To fund reasonable make-ready expenses incurred as a result of providing broadband service.

6. Eligible Expense Categories

- i. Network & Access Equipment Costs: Include switches, video headends, optical equipment, digital line concentrators, digital subscriber line access multiplexers, middleware, video-on-demand equipment, radio equipment, data routing equipment, etc.
- ii. Outside Plant Costs: Includes cable (aerial, buried, underground, and submarine), fiber, conduit systems, poles, network interface devices and reasonable make-ready costs.
- iii. Tower Costs: Includes the cost of constructing new buildings and renovating existing buildings, as well as any site preparation costs.
- iv. Customer Premises Equipment: Includes wireless subscriber units, modems, set-top boxes, and routers (if CPE will be provided at no cost to subscribers.)
- v. Professional Services: Includes site engineering, project management, and consultant services costs involved in designing and constructing the proposed

C. Time Warner Cable Broadband (Y591)

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- project.
- vi. Testing: Includes items such as testing, network and IT systems, user devices, servers, lab furnishing and test generators.
 - vii. Other Upfront Costs: Includes any other upfront costs not covered in the other categories, such as site preparation.
7. Compliance with National Electrical Safety Code (NESC): All pole attachments shall comply with the National Electrical Safety Code (NESC) requirements. Connect NY grant recipients shall ensure that the attachment of fiber and equipment is designed, constructed, operated, and maintained in accordance with all applicable provisions of the most current and accepted criteria of the National Electrical Safety Code (NESC) and all applicable and current electrical and safety requirements of any State or local governmental entity.
8. Broadband Mapping Program Compliance: Recipients shall provide to the NYS Broadband Program Office (or designated agent) address-level broadband build-out data that indicates the location of new broadband services within the recipient's entire service area.
9. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$5,258,231, 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 and Supplier Diversity:

ESD's Non-discrimination and Contractor and Supplier Diversity policy will apply to the Project. The Company shall be required to use good faith efforts to achieve an overall Minority and Women Business Enterprise (MWBE) Participation goal of 15%, related to the total value of ESD's funding, and to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project.

Statutory Basis – NY Works:

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

Additional Submissions to Directors:

Table A – Key Indicators

Table B – Milestones

Table C – Project Locations

Project Finance Memorandum

Table A: Project Description: The following table lists the key indicators for your infrastructure project upon completion of your project. Indicators will be required to be reported cumulatively from award inception to the end of the project on a quarterly basis.

Project Description- Access and Subscriber Information	Key Indicator	Municipality	Total Number Upon Completion of Project
Residential/Business – the following information is for the last-mile services to homes and businesses	Number of Households Passed		4,104
	Estimated Number of New Residential Subscribers		2,400
	Number of Business Passed		8
	Estimated Number of New Business Subscribers		8
	Speed Tiers Available / Pricing		See Table C
Community Anchor Institutions – the following information is for the last-mile service to Community Anchor Institutions	Number of Community Anchor Institutions Passed		2
	<ul style="list-style-type: none"> • Schools K-12 		0
	<ul style="list-style-type: none"> • Colleges, Universities or other Institutions of Higher Education 		0
	<ul style="list-style-type: none"> • Libraries 		2
	<ul style="list-style-type: none"> • Medical/ Healthcare Providers 		0
	<ul style="list-style-type: none"> • Public Safety Entities 		0
	<ul style="list-style-type: none"> • Other 		0
Infrastructure Key Indicators – the following information provides key indicators as they relate to your infrastructure project	New Network Miles Deployed		248
	Existing Network Miles Upgraded		N/A
	Number of Miles of New Fiber		35
	Number of New Wireless Links		N/A
	Number of New Towers		N/A
	Number of New Interconnection Points		0
	Number of Wireless Hotspots Provided		N/A
Impact and Adoption – the following information demonstrates how the project addresses barriers to adoption	Subsidies		
	<ul style="list-style-type: none"> • Reduced Price Internet through NYC Connected Learning • Reduced Price Internet in upstate cities through Connect to 		1 1

	Compete		
	Digital Literacy Programs and Training Programs <ul style="list-style-type: none"> • NYC Learning Labs through 2024; • National broadband awareness efforts through PSA Partnered with the Broadband Opportunities Coalition		40 1 1
Company Employment Commitment	Permanent Full- Time Employees		0
	Contractor Full-Time Employees		0

Table B: Project Milestones

The following table lists the major network build-out phases and milestones that can demonstrate the entire project will be substantially complete by the end of December 2014. The table considers project areas such as: a) network design; b) securing all relevant licenses and agreements; c) site preparation; d) inside plant deployment; e) outside plan deployment; f) deployment of business & operational support systems; g) network testing; f) network operational.

Time Period	Quarter	Milestones	Narrative Explanation (if any)
Year 1	Qtr. 1	<ul style="list-style-type: none"> • Begin work on the segments indicated in Table D within 60 days of the award 	
	Qtr. 2	<ul style="list-style-type: none"> • 60 Days Pole Attachments, "Make Ready" Work, Permits • 45 Days Construction 	
	Qtr. 3	<ul style="list-style-type: none"> • Splicing, Activation, Network Testing 	
	Qtr. 4	<ul style="list-style-type: none"> • Activate Networks – including “walk out”, Design and Pole Attachment Applications 	
Year 2	Qtr 1	<ul style="list-style-type: none"> • Complete Construction 	

Table C: Project Locations

Order	PROJECT AREA	Municipality	County	Zip Code
1	Erdman Hill	Mansfield town	Cattaraugus	14731
2	State Rt 30 Blue Jay Campsites	Tupper Lake town	Franklin	12986
3	1170 Left Pine Brook Rd	Walton town	Delaware	13856
4	Ridge Rd.	Veteran town	Chemung	14845
5	1070 Albro Rd	Marathon village	Cortland	13803
6	Mile Block Road, south to Milestrip	Brant town	Erie	14111
7	Johnstown Rd	Gouverneur town	St. Lawrence	13642
8	West Hill Rd EA11231	Marshall town	Oneida	13328
9	State Rt 170 EA 12272	Little Falls city	Herkimer	13365
10	638 Moxley	Jefferson town	Schoharie	12093
11	Grafton	Grafton town	Rensselaer	12138
12	Stafford Rd.	Veteran town	Chemung	14845
13	Murphey	Cambria town	Niagara	14094
14	West Lake Road Town of Scipio	Fleming town	Cayuga	13147
15	9840 State Rt 12 EA 11304	Steuben town	Oneida	13438
16	Babcock Hollow Rd	Bath town	Steuben	14810
17	Pine Hill / Rogers & Dike	Hornby town	Steuben	14830
18	Emmonsburg Rd	Salisbury town	Herkimer	13454
19	Darien	Colden town	Erie	14080
20	Heath	Colden town	Erie	14069
21	Turner Road	Schoharie town	Schoharie	12157
22	Thomas Rd	Veteran town	Chemung	14845
23	101 Edwards Rd	Pitcairn town	St. Lawrence	13648
24	2189 NY Route 11 (MDR Builders)	Kirkwood town	Broome	13795
25	Mile Block Road	Brant town	Erie	14111
26	Swartwood Hill Rd.	Erin town	Chemung	14838
27	Terry Hill Rd.	Veteran town	Chemung	14845
28	383 Tompkins Hill Rd	Jefferson town	Schoharie	12093
30	7097 Star Rd NO11204	Ellenburg town	Clinton	12934
31	Borst Road	Seward town	Schoharie	12043
32	Mile Block Road, north to Cain Rd.	Brant town	Erie	14111
33	860 Middle Rd	Veteran town	Chemung	14845
34	Pray Rd NO 12061	Fleming town	Cayuga	13147
35	Okara Lakes	Webb town	Herkimer	13472
36	Burr	Boston town	Erie	14170
37	County Route 41	Hornby town	Steuben	14830
38	628 Prosser Hill Rd	Kiantone town	Chautauqua	14701

39	Wangum Rd	Moira town	Franklin	12957
40	5353 Paddleford Rd EA12350	Eaton town	Madison	13334
41	Larkin Rd	Fenner town	Madison	13035
42	Roberts Rd,Bennet Rd,Albany Rd	Litchfield town	Herkimer	13456
43	197 McIlwee Rd	Oswegatchie town	St. Lawrence	13654
44	Rt 13 Town of Williamstown	Williamstown town	Oswego	13493
45	Denning Builds	Denning town	Ulster	12725
46	Taylor Rd	Exeter town	Otsego	13439
47	County Rt 46 and County Rt. 20	Theresa town	Jefferson	13691
48	Mormon Hollow / Pine Hill & Taft	Hornby town	Steuben	14830
49	North Brookfield EA11285	Brookfield town	Madison	13314
50	Lighthouse Lane EA12413	Forestport town	Oneida	13338
51	Rt 29, Peck Rd, Gods Way	Salisbury town	Herkimer	13454
52	Braley	Porter town	Niagara	14131
53	Carlisle	Carlisle town	Schoharie	12160

D. North Country Telecommunications Loan Fund (Y584)

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General Project Plan

- Grantee:** Development Authority of the North Country (“DANC” or the “Organization”)
- ESD Investment:** A grant of up to \$500,000, to be used for a portion of the cost to install or upgrade existing broadband networks in order to expand broadband access and increase capacity.
- Project Location:** Jefferson, Lewis, and St. Lawrence Counties
- Proposed Project:** Creation of a loan fund that will be used to support last mile build out of telecommunications facilities in Jefferson, Lewis and St. Lawrence Counties
- Project Type:** Infrastructure development
- Regional Council:** The North Country Regional Council has been made aware of this item. The Incentive Proposal was accepted on September 9, 2013. The project is consistent with the Regional Plan to expand high-speed Internet, stimulate local business growth and job creation, and enhance the economic well-being of the regions.

Background:

Industry – The Development Authority of the North Country serves the common interests of Jefferson, Lewis and St. Lawrence Counties by providing technical services and infrastructure to enhance economic opportunities in the Region, and promoting the health and well being of its communities. The Organization’s primary operational areas are administration, solid waste management, water quality management, engineering, telecommunications and community development.

Organization History – Created by the New York State Legislature in June 1985, in response to a need to foster leadership and develop infrastructure and housing to support the largest population expansion in the North Country, DANC has evolved to become a comprehensive, coordinated service provider for economic development in Jefferson, Lewis, and St. Lawrence Counties. Today, the Organization also serves as the the Region’s largest provider of shared-services and fee-based services to ratepayers within three counties. In addition, DANC owns and operates a number of revenue-based infrastructure facilities and manages a wide range of business and housing development programs.

Ownership – DANC is a New York State public benefit corporation developed under Section 8, Title 29, of the Public Authorities Law. Its Board of Directors is comprised of

D. North Country Telecommunications Loan Fund (Y584)

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eight voting members appointed by the governing bodies of Jefferson, Lewis and St. Lawrence counties, and the City of Watertown, in addition to five non-voting members appointed by the Governor, NYS Assembly and Senate.

Size – DANC is headquartered in Watertown, NY. The Organization currently maintains approximately 70 people on its staff.

Market – Access to the Internet can be achieved by a number of different technologies. The definition of broadband is determined by the data transmission speeds in both directions. Download speeds refer to data which is received, such as accessing websites, receiving files through email, streaming video, and using cloud-based services. Upload speeds refer to data which is transmitted to another user or to a website or cloud-based service. Average consumers typically use broadband for downloading data, making download speeds the standard measure for broadband access.

Broadband service is facilitated by either wireline or wireless technologies. Wireline services require a physical cable connection to provide connectivity, while wireless services are transmitted using antennas and wireless receivers similar to how radio transmissions are carried. Although there are a number of different wireless technologies, many wireless broadband providers use a hybrid model of providing service, as a wireline (usually fiber) connection is required at some point in the network.

In New York State, broadband service is provided by the following categories of service providers:

- Cable – 16 Providers, (Provides service to 94% of the state)
- DSL – 38 Providers, (Provides service to 92% of the state - Speeds: 768kbps – 25 mbps)
- Fiber – 26 Providers, (12 business only)
- Fixed Wireless- 12 Providers reporting coverage, (Serves 5% of the state – Speeds - 1.5 mbps – 100 mbps)
- Mobile Wireless- 6 providers (Speeds: 768 kbps – 12 mbps)
- Satellite Providers- 4 providers

ESD Involvement – In March 2013, eighteen broadband projects were selected to receive Connect NY Broadband grants based on the support of the Regional Economic Development Councils. In addition, 4 North Country Broadband Project Sponsors received more than \$6 million from Round 2 of the Regional Economic Development Council Grants to expand broadband in the North Country Region.

D. North Country Telecommunications Loan Fund (Y584)

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Past ESD Support – In the past five years, funding to the Organization is summarized as follows:

Program	Project #	Amount	Date Start (ESD Directors' Approval date)	Date End (Project Completion: Contract Expiration or Job Requirement)	Purpose
Regional Council Capital Fund	X666	\$250,000	August 2013	December 2013	Capital Grant - Installation of fiber - optic infrastructure
	Y647	\$400,000	November 2013	January 2019	Capital Grant – Renovation and digital upgrade to theatres
	Y648	\$2,000,000	November 2013	January 2019	Capital Grant – Upgrade tourism infrastructure

The Project:

Completion – All initial funding will be loaned by January 2015.

Activity – DANC will create and manage a regional revolving loan fund for capital projects to support telecommunication purposes.

Results – The Project will expand broadband services to the North Country Region.

Financing Uses	Amount	Financing Sources	Amount	Percent
Loan Fund	\$1,000,000	ESD Grant	\$500,000	50%
		Company Equity	500,000	50%
Total Project Costs	\$1,000,000	Total Project Financing	\$1,000,000	100%

Grantee Contact – Thomas Sauter
Deputy Executive Director
Development Authority of the North Country
317 Washington Street
Watertown, NY 13601
Phone: 315-661-3200

Project Team –

Origination	Angela Liotta
Project Management	Angela Liotta
Contractor & Supplier Diversity	Elizabeth Gocs
Finance	Jonevan Hornsby
Environmental	Soo Kang

D. North Country Telecommunications Loan Fund (Y584)

February 20, 2013

Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Grantee shall reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
3. The Grantee will be required to contribute at least 10% of the total project cost in the form of equity contributed after the Grantee's written acceptance of ESD's offer and contribute at least 10% of total project costs in the form of in-kind. Equity is defined as cash injected into the project by the Grantee or by investors, and should be auditable through the Grantee's financial statements or accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
4. Up to \$500,000 will be disbursed to the Grantee in four installments as follows:
 - a) an Initial Disbursement of an amount equal to 30% of the grant (\$150,000) as an advance upon execution of a Grant Disbursement Agreement and receipt of required documentation assuming that all project approvals have been completed and funds are available;
 - b) a Second Disbursement of an amount equal to 30% of the grant (\$150,000) will be disbursed upon documentation verifying disbursement of at least 75% of the first advance (\$112,500) and Grantee's compliance with program reports and requirements including meeting expected goals;
 - c) a Third Disbursement of an amount equal to 30% of the grant (\$150,000) upon documentation verifying disbursement of 100% of the first advance and of at least 75% of the second advance (\$262,500 cumulative) and Grantee's compliance with program reports and requirements, including meeting expected goals;
 - d) A Fourth Disbursement of an amount equal to 10% of the grant (\$50,000) upon documentation verifying disbursement of 100% of the first and second advances and at least 75% of the third advance (\$412,500 cumulative) and Grantee's compliance with program reports and requirements, including meeting expected goals.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after March 5, 2013, to be considered eligible project costs. All disbursements must be requested by April 1, 2018.

5. Grant Funds are to be used for the following:
 - i. To fund the construction or improvement of all facilities required to provide

D. North Country Telecommunications Loan Fund (Y584)

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- broadband service.
 - ii. For Installing or upgrading existing broadband facilities on a one-time, capital improvement basis in order to expand broadband access and increase capacity.
 - iii. To fund the cost of long-term leases (greater than 1 year) of facilities required to provide broadband service.
 - iv. To fund reasonable make-ready expenses incurred as a result of providing broadband service.
6. Eligible Expense Categories
- i. Network & Access Equipment Costs: Include switches, video headends, optical equipment, digital line concentrators, digital subscriber line access multiplexers, middleware, video-on-demand equipment, radio equipment, data routing equipment, etc.
 - ii. Outside Plant Costs: Includes cable (aerial, buried, underground, and submarine), fiber, conduit systems, poles, network interface devices and reasonable make-ready costs.
 - iii. Tower Costs: Includes the cost of constructing new buildings and renovating existing buildings, as well as any site preparation costs.
 - iv. Customer Premises Equipment: Includes wireless subscriber units, modems, set-top boxes, and routers (if CPE will be provided at no cost to subscribers.)
 - v. Professional Services: Includes site engineering, project management, and consultant services costs involved in designing and constructing the proposed project.
 - vi. Testing: Includes items such as testing, network and IT systems, user devices, servers, lab furnishing and test generators.
 - vii. Other Upfront Costs: Includes any other upfront costs not covered in the other categories, such as site preparation.
7. ESD must approve the Program's loan application, marketing material and deal sourcing strategies, due diligence process, loan approval guidelines, underwriting policy and guidelines, portfolio management and monitoring processes, and goals.
8. ESD, via the North Country Regional Office and/or the NYS Broadband Program Office, will approve all funding recommendations. ESD funds should be allocated as loans in a proportional share to the Program's other funding sources. No single investment of ESD funds may exceed \$100,000 without written consent of ESD, via the North Country Regional Office. ESD funds may not be subject to a higher risk compared with other Program funds.
9. ESD funds will be deposited in an account (the "Imprest Account") at a bank mutually acceptable to ESD (as set forth in writing by ESD) and the Grantee. Funds in the Imprest Account, from the time of deposit and until disbursed from such account in accordance with terms to be approved by the ESD Directors, will be invested in

D. North Country Telecommunications Loan Fund (Y584)

February 20, 2013

accordance with ESD's Investment Guidelines. ESD shall be provided with copies of all account statements and reports in accordance with reporting requirements. All returns on ESD investments shall be kept in the same Imprest Account and shall be used exclusively for subsequent Program loans.

10. Recipient will report quarterly on investments and related Program activity. Such reports will contain information on investments, current status, leveraged funds, business revenue, job creation outcomes, and other items as determined by ESD. Once the Grantee has provided documentation verifying disbursement of the entire \$500,000 in grant funds, the Grantee will report annually on investments and related Program activity for five years following the final disbursement.
11. Compliance with National Electrical Safety Code (NESC): All pole attachments shall comply with the National Electrical Safety Code (NESC) requirements. Connect NY grant recipients shall ensure that the attachment of fiber and equipment is designed, constructed, operated, and maintained in accordance with all applicable provisions of the most current and accepted criteria of the National Electrical Safety Code (NESC) and all applicable and current electrical and safety requirements of any State or local governmental entity.
12. Broadband Mapping Program Compliance: Recipients shall provide to the NYS Broadband Program Office (or designated agent) address-level broadband build-out data that indicates the location of new broadband services within the recipient's entire service area.
13. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$500,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

Non-Discrimination and Contractor and Supplier Diversity:

ESD's Non-discrimination and Contractor and Supplier 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 20% related to the total value of ESD's funding, and to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project.

Statutory Basis – Regional Council Capital Fund:

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

Additional Submissions to Directors:

Project Finance Memorandum

D. North Country Telecommunications Loan Fund (Y584)

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E. North Country Public Emergency Network (Y585)

February 20, 2013

General Project Plan

- Grantee:** Development Authority of the North Country (“DANC” or the “Organization”)
- ESD Investment:** A grant of up to \$2,222,000 to be used for a portion of the cost to install or upgrade existing broadband networks in order to expand broadband access and increase capacity.
- Project Locations:** Jefferson, St. Lawrence, Lewis, Franklin, Essex, and Clinton Counties
- Proposed Project:** Construction of a fiber emergency network to provide high-speed broadband services to 21 public emergency locations, including 911 centers, public emergency locations, and critical public emergency communications towers
- Project Type:** Infrastructure development
- Regional Council:** The North Country Regional Council has been made aware of this item. The Incentive Proposal was accepted on September 9, 2013. The project is consistent with the Regional Plan to expand high-speed internet, stimulate local business growth and job creation, and enhance the economic well-being of the region.

Background:

Industry – The Development Authority of the North Country serves the common interests of Jefferson, Lewis and St. Lawrence Counties by providing technical services and infrastructure to enhance economic opportunities in the Region, and promoting the health and well being of its communities. The Organization’s primary operational areas are administration, solid waste management, water quality management, engineering, telecommunications and community development.

Organization History – Created by the New York State Legislature in June 1985, in response to a need to foster leadership and develop infrastructure and housing to support the largest population expansion in the North Country, DANC has evolved to become a comprehensive, coordinated service provider for economic development in Jefferson, Lewis, and St. Lawrence Counties. Today, the Organization also serves as the the Region’s largest provider of shared-services and fee-based services to ratepayers within three counties. In addition, DANC owns and operates a number of revenue-based infrastructure facilities and manages a wide range of business and housing development

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programs.

Ownership – DANC is a New York State public benefit corporation developed under Section 8, Title 29, of the Public Authorities Law. Its Board of Directors is comprised of eight voting members appointed by the governing bodies of Jefferson, Lewis and St. Lawrence counties, and the City of Watertown, in addition to five non-voting members appointed by the Governor, NYS Assembly and Senate.

Size – DANC is headquartered in Watertown, NY. The Organization currently maintains approximately 70 people on its staff.

Market – Access to the Internet can be achieved by a number of different technologies. The definition of broadband is determined by the data transmission speeds in both directions. Download speeds refer to data which is received, such as accessing websites, receiving files through email, streaming video, and using cloud-based services. Upload speeds refer to data which is transmitted to another user or to a website or cloud-based service. Average consumers typically use broadband for downloading data, making download speeds the standard measure for broadband access.

Broadband service is facilitated by either wireline or wireless technologies. Wireline services require a physical cable connection to provide connectivity, while wireless services are transmitted using antennas and wireless receivers similar to how radio transmissions are carried. Although there are a number of different wireless technologies, many wireless broadband providers use a hybrid model of providing service, as a wireline (usually fiber) connection is required at some point in the network.

In New York State, broadband service is provided by the following categories of service providers:

- Cable – 16 Providers, (Provides service to 94% of the state)
- DSL – 38 Providers, (Provides service to 92% of the state - Speeds: 768kbps – 25 mbps)
- Fiber – 26 Providers, (12 business only)
- Fixed Wireless- 12 Providers reporting coverage, (Serves 5% of the state – Speeds - 1.5 mbps – 100 mbps)
- Mobile Wireless- 6 providers (Speeds: 768 kbps – 12 mbps)
- Satellite Providers- 4 providers

ESD Involvement – In March 2013, eighteen broadband projects were selected to receive Connect NY Broadband grants based on the support of the Regional Economic Development Councils. In addition, 4 North Country Broadband Project Sponsors received more than \$6 million from Round 2 of the Regional Economic Development

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Council Grants to expand broadband in the North Country Region.

Past ESD Support – In the past five years, funding to the Organization is summarized as follows:

Program	Project #	Amount	Date Start (ESD Directors' Approval date)	Date End (Project Completion: Contract Expiration or Job Requirement)	Purpose
Regional Council Capital Fund	X666	\$250,000	August 2013	December 2013	Capital Grant - Installation of fiber – optic infrastructure
	Y647	\$400,000	November 2013	January 2019	Capital Grant – Renovation and digital upgrade
	Y648	\$2,000,000	November 2013	January 2019	Capital Grant – Upgrade tourism infrastructure

The Project:

Completion – December 2014

Activity – The Development Authority of the North Country will construct a North Country Public Emergency fiber network to provide high-speed broadband services to public emergency locations across Jefferson, St. Lawrence, Lewis, Franklin, Essex, and Clinton Counties.

Results – The project will provide broadband service and enhance public safety communications for 21 public emergency locations, including 911 centers, public emergency locations, and critical public emergency communications towers, and 20 municipal buildings which support public emergency operations. See Table A, which describes all Key Indicators.

Financing Uses	Amount	Financing Sources	Amount	Percent
Infrastructure/Site work	\$850,000	ESD Grant	\$2,222,000	80%
Equipment	700,000	Company Equity	555,500	20%
Reduced Charges and Subsidy of Circuit	1,227,500			
Total Project Costs	\$2,777,500	Total Project Financing	\$2,777,500	100%

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Grantee Contact – David Wolf, Telecom Division Manager
Development Authority of the North Country
317 Washington Street
Watertown, NY 13601
Phone: (315) 661-3283

<u>Project Team</u> –	Origination	Angela Liotta
	Project Management	Angela Liotta
	Contractor & Supplier Diversity	Elizabeth Gocs
	Finance	Jonevan Hornsby
	Environmental	Soo Kang

Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Grantee shall reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
3. The Grantee will be required to contribute at least 10% of the total project cost in the form of equity contributed after the Grantee's written acceptance of ESD's offer and contribute at least 10% of total project costs in the form of in-kind. 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 \$2,222,000 will be disbursed to the Grantee no more frequently than quarterly during the course of design and/or construction and upon completion of project key indicators, and in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon completion of the facility and upon meeting all project key indicators, as evidenced by a certificate of occupancy. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require.

ESD will be entitled to recoup all or part of ESD's grant if the Recipient fails to reach, to a degree acceptable to ESD milestones as agreed upon in Table A, which lists key indicators for infrastructure work, and Table B, which lists the major network build-out phases and quarterly milestones of the entire project.

Payment will be made upon presentation to ESD of an invoice and such other

E. North Country Public Emergency Network (Y585)

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documentation as ESD may reasonably require. Expenses must be incurred on or after March 5, 2013, to be considered eligible project costs. All disbursements must be requested by April 1, 2016.

5. Grant Funds are to be used for the following:
 - i. To fund the construction or improvement of all facilities required to provide broadband service.
 - ii. For Installing or upgrading existing broadband facilities on a one-time, capital improvement basis in order to expand broadband access and increase capacity.
 - iii. To fund the cost of long-term leases (greater than 1 year) of facilities required to provide broadband service.
 - iv. To fund reasonable make-ready expenses incurred as a result of providing broadband service.

6. Eligible Expense Categories
 - i. Network & Access Equipment Costs: Include switches, video headends, optical equipment, digital line concentrators, digital subscriber line access multiplexers, middleware, video-on-demand equipment, radio equipment, data routing equipment, etc.
 - ii. Outside Plant Costs: Includes cable (aerial, buried, underground, and submarine), fiber, conduit systems, poles, network interface devices and reasonable make-ready costs.
 - iii. Tower Costs: Includes the cost of constructing new buildings and renovating existing buildings, as well as any site preparation costs.
 - iv. Customer Premises Equipment: Includes wireless subscriber units, modems, set-top boxes, and routers (if CPE will be provided at no cost to subscribers.)
 - v. Professional Services: Includes site engineering, project management, and consultant services costs involved in designing and constructing the proposed project.
 - vi. Testing: Includes items such as testing, network and IT systems, user devices, servers, lab furnishing and test generators.
 - vii. Other Upfront Costs: Includes any other upfront costs not covered in the other categories, such as site preparation.

7. Grant funds will be subject to pro-rata recapture if property is sold within 5 years of disbursement of funds. The Recapture Amount is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred. The Recapture Amount shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:

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- (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.
8. Compliance with National Electrical Safety Code (NESC): All pole attachments shall comply with the National Electrical Safety Code (NESC) requirements. Connect NY grant recipients shall ensure that the attachment of fiber and equipment is designed, constructed, operated, and maintained in accordance with all applicable provisions of the most current and accepted criteria of the National Electrical Safety Code (NESC) and all applicable and current electrical and safety requirements of any State or local governmental entity.
9. Broadband Mapping Program Compliance: Recipients shall provide to the NYS Broadband Program Office (or designated agent) address-level broadband build-out data that indicates the location of new broadband services within the recipient's entire service area.
10. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$2,222,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

Non-Discrimination and Contractor and Supplier Diversity:

ESD's Non-discrimination and Contractor and Supplier 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 20% related to the total value of ESD's funding, and to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project.

Statutory Basis – Regional Council Capital Fund:

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

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Additional Submissions to Directors:

Table A – Key Indicators

Table B – Milestones

Project Finance Memorandum

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Table A: Project Description

The following table lists the key indicators for your infrastructure project upon completion of your project. Indicators will be required to be reported cumulatively from award inception to the end of the project on a quarterly basis.

Project Description- Access and Subscriber Information	Key Indicator	Municipality	Total Number Upon Completion of Project
Residential/Business – the following information is for the last-mile services to homes and businesses	Number of Households Passed		0
	Number of New Residential Subscribers		0
	Number of Business Passed		0
	Number of New Business Subscribers		0
	Speed Tiers Available / Pricing		0
Community Anchor Institutions – the following information is for the last-mile service to Community Anchor Institutions	Number of Community Anchor Institutions Passed (subject to change based on final input from end-users)		35
	<ul style="list-style-type: none"> • Schools K-12 		0
	<ul style="list-style-type: none"> • Colleges, Universities or other Institutions of Higher Education 		0
	<ul style="list-style-type: none"> • Libraries 		0
	<ul style="list-style-type: none"> • Medical/ Healthcare Providers 		0
	<ul style="list-style-type: none"> • Public Safety Entities 		35
	<ul style="list-style-type: none"> • Other 		
Infrastructure Key Indicators – the following information provides key indicators as they relate to your infrastructure project	New Network Miles Deployed		0
	Existing Network Miles Upgraded		All existing
	Number of Miles of New Fiber		0
	Number of New Wireless Links		0
	Number of New Towers		0
	Number of New Interconnection Points		0
	Number of Wireless Hotspots Provided		0
Impact and Adoption – the following information demonstrates how the project addresses barriers to adoption	Subsidies		0
Company Employment Commitment	Permanent Full- Time Employees		0
	Contractor Full-Time Employees		0

Table B: Project Milestones

The following table lists the major network build-out phases and milestones that can demonstrate the entire project will be substantially complete by the end of December 2014. The table considers project areas such as: a) network design; b) securing all relevant licenses and agreements; c) site preparation; d) inside plant deployment; e) outside plan deployment; f) deployment of business & operational support systems; g) network testing; f) network operational.

Time Period	Quarter	Milestones	Narrative Explanation (if any)
Year 1	Qtr. 1	<ul style="list-style-type: none">• Final Design for all sites• Collect GIS data for all sites• Prepare Make Ready forms• Make Ready ride-outs	
	Qtr. 2	<ul style="list-style-type: none">• Prepare Final Engineering Prints• Make ready construction• Order all electronics	
	Qtr. 3	<ul style="list-style-type: none">• Install Fiber Cable• Install Electronics at customer sites	
	Qtr. 4	<ul style="list-style-type: none">• Test and turn-up all sites• Begin Service	



FOR CONSIDERATION

February 20, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Non-Discretionary Projects

REQUEST FOR: Authorization to Make Grants and to Take Related Actions

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

	Project Name	Proj #	Grantee	Assistance up to
	Capital Projects Fund – Economic Development/Other (Senate)			
A	City of Yonkers - Saw Mill River Daylighting Property Acquisition Capital	X917	City of Yonkers	0*
	* This grant was approved by the ESD Directors on August 16, 2012. The subject request is to reallocate the remaining grant to a revised project scope, and does not involve new funding.			
	Local Assistance (Senate)			
B	CenterState CEO – Government Modernization Working Capital	Y552	CenterState Corporation for Economic Opportunity	\$1,000,000
C	CenterState CEO – Grants for Growth Working Capital	Y040	CenterState Corporation for Economic Opportunity	\$1,000,000
	TOTAL NON-DISCRETIONARY – 3 PROJECTS		TOTAL	\$2,000,000

I. Statutory Basis

The projects are sponsored by the Executive, Assembly or Senate, and were authorized or reappropriated in the 2013-2014 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 project 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 Map
Resolutions
Project Summary

February 20, 2014

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;

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(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, 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 a grant to the party and for the amount listed previously 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

	Project Name	Proj #	Grantee	Assistance up to
A	City of Yonkers - Saw Mill River Daylighting Property Acquisition Capital	X917	City of Yonkers	0*
	* This grant was approved by the ESD Directors on August 16, 2012. The subject request is to reallocate the remaining grant to a revised project scope, and does not involve new funding.		TOTAL	\$0

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.

* * *

February 20, 2014

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

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Local Assistance 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 a grant to the party and for the amount listed below from Local Assistance, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

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

Local Assistance – Senate – Project Summary Table

	Project Name	Proj #	Grantee	Assistance up to
B	CenterState CEO – Government Modernization Working Capital	Y552	CenterState Corporation for Economic Opportunity	1,000,000
C	CenterState CEO – Grants for Growth Working Capital	Y040	CenterState Corporation for Economic Opportunity	1,000,000
			TOTAL	\$2,000,000

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

* * *

February 20, 2014

Yonkers (Mid Hudson Region – Westchester County) – City of Yonkers - Saw Mill River Daylighting Property Acquisition Capital – Capital Projects Fund (Grant) – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the City of Yonkers - Saw Mill River Daylighting Property Acquisition Capital Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

A. City of Yonkers - Saw Mill River Daylighting Property Acquisition Capital (X917)

February 20, 2014

Authorization to Amend the General Project Plan

- Grantee:** City of Yonkers (“Yonkers” or the “City”)
- Beneficiary Company:** New Main Street Development Corporation (“NMSDC”)
- ESD Investment:** \$8,000,000 approved on August 16, 2012 (Capital Projects Fund – Economic Development/Other). As of February 2014, there is a remaining balance of \$3,325,132.
- Original Project Locations:** 127, 129, 131, 135, 137, 141, 143, 145, 147, 149, 151, 151B, 153, and 155 New Main Street, Yonkers, Westchester County;
- Additional Project Location:** 24 Warburton Avenue, Yonkers, Westchester County
- Proposed Amendment:** Reallocation of a portion of the remaining grant funds toward demolition, acquisition of an additional property, and open space improvements/further daylighting.
- Project Completion:** July 2015
- Project Type:** Public infrastructure investment to spur private development in downtown Yonkers.
- Regional Council:** The Mid-Hudson Regional Council has been made aware of this item. The project predates the Regional Council Initiative. While not a Regional Council project, the Saw Mill River daylighting was mentioned in the 2013 Mid-Hudson Regional Plan Progress Report as an excellent example of a shoreline restoration and restoration project that attracts outside investment and leverages the tourism economy.
- Background:**

City History – Yonkers, which was incorporated in 1872, is located in the southwestern corner of Westchester County in the Mid-Hudson Region of New York State. The City is 18.3 square miles in area and is the fourth largest city in New York State. It has a current population of approximately 200,000 residents. Since the early 1990s, a dramatic renaissance has been occurring in the downtown waterfront area and the City as a whole. Revitalization efforts have included a new riverfront library, a

City of Yonkers - Saw Mill River Daylighting Property Acquisition Capital (X917)

February 20, 2014

½-mile public waterfront esplanade, a refurbished public pier, new apartments, a concentration of new restaurants, and a restored train station.

Beneficiary History – NMSDC is a not-for-profit corporation that was formed by the City and is directly controlled by the Mayor of Yonkers and includes representation by the Yonkers City Council.

Size – The project involves the acquisition of six properties (multiple tax parcels along the north side of New Main Street from Nepperhan moving west past Ann Street) as well as one parcel at 24 Warburton Avenue. In addition, the project will now include implementation of daylighting at the Project Location.

ESD Involvement - An \$8,000,000 reappropriation was included in the FY 2012-2013 New York State budget.

Grantee Past ESD Support – ESD funding to the City over the past five years is summarized as follows:

Program	Project #	Amount	Date Start (ESD Directors' Approval date)	Date End (Project Completion: Contract Expiration or Job Requirement)	Purpose
NYS Technology and Development Program	U831	\$10,000,000	December 2006	Active	Capital
Restore New York	W871	\$5,434,000	January 2010	Active	Capital
Restore New York	W872	\$3,505,000	January 2010	Active	Capital

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

The Project:

Completion – July 2015

These materials refer to and include, in their entirety, the attached materials presented to and approved by the Directors on August 16, 2012 (the "Materials"). Any substantive changes to the project or terms and conditions are noted in these materials.

City of Yonkers - Saw Mill River Daylighting Property Acquisition Capital (X917)

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Yonkers has been working diligently to implement the project that had been approved by the Directors, which will allow Phase 3 daylighting of the Saw Mill River to occur. To date, over \$4.6 million of the grant has been disbursed and it is anticipated that another \$500,000 of disbursements will occur pursuant to the scope of work previously approved by the Directors. The City recently determined that the cost to purchase one of the parcels that had been slated for acquisition is too excessive for the marginal additional value added to the Phase 3 daylighting. As a result, Yonkers will not proceed in acquiring that property and has requested that \$2.844 million of the grant be repurposed to fund activities that will allow for further implementation of the Saw Mill River daylighting.

Phase 1 of the daylighting is already complete and contains an 800-foot stretch of the uncovered Saw Mill River surrounded by benches in a park like setting. Phases 2 and 3 of the daylighting will increase the uncovered portion of the Saw Mill River to one-half mile. Phase 1 of the daylighting has already become a unique public access destination. Phases 2 and 3 of the daylighting will build upon the success of Phase 1 and will be a catalyst for further revitalization of downtown Yonkers.

Revised Project Scope and Budget:

\$2.844 million of the grant will be repurposed as follows:

- \$300,000 for demolition all of the parcels that have been acquired with the grant and site preparation for daylighting that will occur in Phase 3 daylighting.
- \$555,000 for acquisition of 24 Warburton Avenue, which will be the gateway for the Phase 2 daylighting.
- \$150,000 for demolition of 24 Warburton Avenue.
- \$1,839,605 for open space improvements/New Main Street beautification/Phase 3 daylighting.

The revised project budget for the ESD grant is as follows:

Financing Uses	Amount	Financing Sources	Amount	Percent
Property Acquisition	5,310,395	ESD Grant	\$8,000,000	100%
Relocation Costs	200,000			
Closing Costs	200,000			
Demolition/Site Preparation	450,000			
Open Space improvements/New Main Street beautification/Phase 3 daylighting	1,839,605			
Total Project Costs	\$8,000,000	Total Project Financing	\$8,000,000	100%

Grantee Contact: Susan Gerry, Deputy Mayor, City of Yonkers
40 South Broadway
Yonkers, NY 10701
Phone: (914) 377-6648

City of Yonkers - Saw Mill River Daylighting Property Acquisition Capital (X917)

February 20, 2014

Beneficiary Contact: Wilson Kimball, President, New Main Street Development Corporation
40 South Broadway
Yonkers, NY 10701
Phone: (914) 377-6150

Project Team:	Project Management	Brendan Healey
	Legal	Richard Dorado
	Contractor & Supplier Diversity	Denise Ross
	Design & Construction	Paul Palazzo
	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 \$8,000,000 will be disbursed to Grantee during the course of the project no more frequently than monthly upon, documentation of real estate and related costs and relocation project costs, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenditures must be incurred on or after May 24, 2012 to be considered eligible for ESD reimbursement.
4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$8,000,000, 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.

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

The project was authorized in the 2012-2013 New York State budget and reappropriated in the 2013-2014 New York State budget.

There is a feasible method for the relocation of families and individuals displaced from the project area into decent, safe and sanitary dwellings, which are or will be provided in the project area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities, at rents or prices within the financial means of such families or individuals, and reasonably accessible to their places of employment.

City of Yonkers - Saw Mill River Daylighting Property Acquisition Capital (X917)

February 20, 2014

Any current residential tenant of one of the properties to be acquired shall be assisted by a relocation company hired by NMSDC with benefits determined by NMSDC, including benefits under General Municipal Law Section 970(j). The accommodations for residential tenants shall include NMSDC providing all residential tenants with relocation assistance in the form of assistance in finding a new apartment, relocation stipends to cover the costs of moving, utility disconnect and reconnection costs, and possible rent increases for comparable space in accordance with applicable New York Division of Housing and Community Renewal guidelines and regulations. The foregoing provides a feasible method for the relocation of families and individuals displaced from the project area into decent, safe and sanitary dwellings, which are or will be provided in the project area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities, at rents or prices within the financial means of such families and individuals, and reasonably accessible to their places of employment.

Design and Construction:

Design & Construction (D&C) Staff will review the construction documents and, at its option, visit the site during construction. Payments will be reviewed and approved when D&C requirements have been met.

Environmental Review:

The City of Yonkers, as lead agency for the River Park Center, Cacace Center, Larkin Plaza, and Palisades Point project, which includes the originally planned Sawmill River Daylighting project, conducted a review pursuant to the State Environmental Quality Review Act ("SEQRA") and its implementing regulations (6 NYCRR Part 617). The City of Yonkers accepted a Final Environmental Impact Statement ("FEIS") on October 7, 2008 and adopted SEQRA Findings. Pursuant to a previous funding request for the City of Yonkers Initiatives Capital project the ESD Directors adopted SEQRA Findings on September 14, 2010. By adoption of SEQRA Findings, the Directors certified that the requirements of 6 NYCRR Part 617 have been met.

Subsequent to the completion of the FEIS, the City of Yonkers, as lead agency, completed additional environmental review of the Sawmill River Daylighting - Mill Street project (Phase 2) pursuant to SEQRA, and found the project to be an Unlisted Action, which would not have a significant effect on the environment and issued a Negative Declaration on June 19, 2013. In addition, the City of Yonkers as lead agency, completed an environmental review of the Sawmill River Daylighting - Chicken Island and Mill Street project (Phases 2 and 3) pursuant to SEQRA in order to address modifications to the project and found the project to be an Unlisted Action, which would not have a significant effect on the environment and issued a Determination of No Significant Effect on February 5, 2014. ESD staff reviewed the determinations and supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

City of Yonkers - Saw Mill River Daylighting Property Acquisition Capital (X917)

February 20, 2014

Due to the site's sensitivity for archaeological resources, ESD has confirmed that the project sponsor consulted with the New York State Office of Parks, Recreation and Historic Preservation and will adhere to the conditions stipulated by the agency, including the execution of a Programmatic Agreement, pursuant to the requirements of Section 106 of the National Historic Preservation Act of 1966. ESD will ensure that all conditions stipulated in the Programmatic Agreement are met.

Non-Discrimination and Contractor & Supplier Diversity:

ESD's Non-discrimination and Contractor & Supplier Diversity policy will apply to the Project. The Recipient shall be required to use good faith efforts to achieve an overall Minority and Women Business Enterprise ("MWBE") Participation goal of 20%, related to the total value of ESD's funding, and to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project.

Disclosure and Accountability Certifications:

The Grantee and Beneficiary have provided ESD with the required Disclosure and Accountability Certifications. Grantee's certification acknowledges that Grantee has the following Conflict of Interest:

- When the subject grant was initially announced, Mayor Mike Spano's brother, then Senator Nick Spano, was a member of the New York State Senate; however, this grant has been reappropriated every year since the grant was first announced.

Grantee's certification acknowledges the following under Good Standings:

- Former City Council member Sandy Annabi was recently convicted for corruption while in office, which constitutes a felony but this councilwoman was not involved with the subject property or project.
- The City participated with New York State Department of Environmental Coordination in a voluntary cleanup at a site located at 1061 North Broadway in Yonkers.
- The City received a notice of violation issued by the Environmental Protection Agency regarding the removal of hazardous waste from City facilities.
- As with any large municipal entity, the City is a defendant in various legal matters and will have judgments entered against it on occasion. None of these judgments impair the City's ability to function and provide necessary services.
- As with any large municipal entity, from time to time, the City or its employees or agents will be subject to investigation by regulatory or enforcement agencies. Presently, there may be matters or persons under investigation which if disclosed would violate the confidential nature of those proceedings.

Grantee's certifications, while disclosing the above conflict of interest and good standing violations, does not contain any information that concerns ESD in regards to the ability of the City to administer this grant.

City of Yonkers - Saw Mill River Daylighting Property Acquisition Capital (X917)

February 20, 2014

Beneficiary's certifications indicate that Beneficiary has no conflict of interest or good standing violations.

Therefore, staff recommends that the Corporation authorize the grant to the Grantee as described in these materials.

B. CenterState CEO – Government Modernization Working Capital (Y552)

- Grantee:** CenterState Corporation for Economic Opportunity (“CenterState” or the “Organization”)
- ESD Investment:** A grant of up to \$1,000,000 to fund and implement key economic development programs and initiatives in Central New York.
- Project Location:** Syracuse, Onondaga County
- Proposed Project:** Implementation of projects and programs recommended by the Brookings Institution (“Brookings”) in the Metropolitan Business Plan, to spur economic growth in Central New York, including support of the Commission on Local Government Modernization.
- Project Type:** Working Capital
- Regional Council:** The Central New York Regional Council has been made aware of this item. The project is consistent with the Regional Plan to support long-term and sustainable economic growth for Central New York.

Background:

Industry - CenterState is the primary economic, community and business development catalyst in Central New York. The Organization carries out a number of functions and activities as determined by its Board of Directors, including economic development, innovation and entrepreneurial initiatives, downtown and neighborhood redevelopment, regional strategic planning, and real estate management.

Organizational History - In 2010, the Metropolitan Development Association of Central New York (the “MDA”) and the Syracuse Chamber of Commerce formed CenterState to enhance regional economic development through the alignment of programs and services with maximum efficiency and effectiveness. The Organization carries out a number of programs and services which have been grouped into seven core lines of business, including Business Development, Innovation & Entrepreneurship, Infrastructure Initiatives, Workforce Alignment, Government Relations & Business Advocacy, Chamber of Commerce/Business Services, and Regional Marketing. This strategy is known as the Essential New York Initiative and provides the framework for all of the MDA’s and CenterState’s work.

Syracuse is one of four pilot cities along with Phoenix, AZ, Louisville/Lexington, KY and Memphis, TN working with Brookings to develop and place into action an updated strategic plan highlighting the region’s best growth opportunities and identifying projects and programs to support long-term and sustainable economic growth for

CenterState CEO – Government Modernization Working Capital (Y552)

Central New York. The key recommendations of the Metropolitan Business Plan include connecting the metro economy to global markets; accelerating economic development attraction and expansion efforts; focusing on the growth and opportunities related to the region’s most competitive industry sectors with a lead initiative; spurring innovation and entrepreneurialism; and modernizing government, particularly at the county and local levels.

Size – CenterState has more than 2,000 members. It features dual membership levels; partner memberships for typically small businesses seeking access to traditional Chamber of Commerce services; and investor memberships to provide leadership, resources and strategic implementation support for a regional economic development agenda.

Market – CenterState delivers business services and regional economic development leadership to not only its member-companies, but also non-member firms in the Central New York region, universities and colleges, and public sector planning and development entities.

ESD Involvement - A \$1,000,000 appropriation was included in the FY 2013-2014 New York State budget.

Past ESD Support - Since 2001, the ESD Directors have approved over \$5 million in legislative-sponsored grants to help the MDA and CenterState with costs related to programs such as the Essential New York Initiative Program, the Commercialization Assistance Program and the Grants for Growth Program. MDA and CenterState are in compliance with the terms of all previous funding.

The Project:

Completion – December 2016

Activity – The project will provide funding and support necessary to implement the recommendations outlined in the Metropolitan Business Plan. These economic growth initiatives include the Metropolitan Export Initiative to help connect the regional economy to global markets; the implementation of two economic development programs to accelerate economic development attraction and expansion efforts, one program focused on domestic and international companies from outside new York State, and the other focused on regional business retention and expansion; implementation of the D2D (“Data to Decisions”) Innovation Alliance as the region’s lead initiative to capitalize on the D2D technology industry in Central New York; continued support of innovation programs such as the Grants for Growth Program, CEO Ventures, and the Comprehensive Help on Prototyping & Production (“CHOPP Shop”), as well as the creation of a regional venture capital investment fund to address a company’s

CenterState CEO – Government Modernization Working Capital (Y552)

capital and business acceleration needs, all of which will spur innovation and entrepreneurship in the region. To modernize local government, funding will also be used to hire a consultant to conduct a Local Government Modernization Study (the “Study”). The Study will analyze local government and research best practices and make recommendations for improving service delivery and cost-effectiveness in the 12-county CenterState region.

Results – While the project is not specifically designed to generate or create immediate employment or investment impacts, over time it is expected to create and retain jobs, impact the profitability and success of companies, and attract and retain an educated and skilled workforce, the benefits of which will be realized in Central New York.

Upon completion of the project, the Grantee will furnish a final report describing the impact and effectiveness of the project.

Financing Uses	Amount	Financing Sources	Amount	Percent
Export Initiative	\$40,000	ESD Grant	\$1,000,000	100%
Business Attraction	50,000			
Business Expansion/Retention	15,000			
D2D Innovation Alliance	160,000			
Innovation & Entrepreneurship	150,000			
Local Government Modernization	250,000			
Staff Support	335,000			
Total Project Costs	\$1,000,000	Total Project Financing	\$1,000,000	100%

Grantee Contact - Robert Simpson, President & CEO
 115 West Fayette Street
 Syracuse, NY 13202
 Phone: (315) 422-8284

Project Team - Project Management Jessica Hughes
 Contractor & Supplier Diversity Elizabeth Gocs
 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. Up to \$1,000,000 will be disbursed to Grantee upon documentation of eligible project

CenterState CEO – Government Modernization Working Capital (Y552)

expenditures, and presentation to ESD of an invoice and such other documentation as ESD may reasonably require. All project expenditures must have been incurred after April 1, 2013. The final ten percent (10%) of the Grant shall not be disbursed by ESD until all of the tasks and reports required have been completed to ESD's satisfaction.

3. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$1,000,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

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, goals will not be established due to unavailability of minority- and women-owned businesses for the performance of this Contract.

Statutory Basis – Local Assistance:

The project was authorized in the 2013-2014 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. Grantee's certifications indicate that Grantee has no conflict of interest or good standing violations and, therefore, staff recommends that the Corporation authorize the grant to the Grantee as described in these materials.

C. CenterState CEO – Grants for Growth Working Capital (Y040)

February 20, 2014

- Grantee:** CenterState Corporation for Economic Opportunity (“CenterState” or the “Organization”)
- ESD Investment:** A grant of up to \$1,000,000 to be used for the costs associated with the Grants for Growth Program (the “Program”).
- Project Location:** Syracuse, Onondaga County
- Proposed Project:** The capitalization and implementation of the Grants for Growth Program, part of the Essential New York Initiative (the “Initiative”), a model for encouraging university-industry partnerships and entrepreneurial development.
- Project Type:** Working Capital
- Regional Council:** The Central New York Regional Council has been made aware of this item. The project is consistent with the Regional Plan to support long-term and sustainable economic growth for Central New York.

Background:

Industry – CenterState carries out a number of functions and activities as determined by its board of directors, including economic development, innovation and entrepreneurial initiatives, downtown and neighborhood redevelopment, regional strategic planning, and real estate management.

History - In 2010, the Metropolitan Development Association of Central New York, Inc. and the Syracuse Chamber of Commerce formed CenterState to enhance regional economic development through the alignment of programs and services with maximum efficiency and effectiveness. Programs and services have been grouped into Business Development, Innovation & Entrepreneurship, Infrastructure Initiatives, Workforce Alignment, Government Relations & Business Advocacy, Chamber of Commerce/Business Services, and Regional Marketing. This strategy is known as the Essential New York Initiative and provides the framework for all of the MDA’s and CenterState’s work.

One of the major strategies of the Essential New York Initiative is to leverage colleges and universities as economic and community development growth engines. The presence of educational institutions with recognized areas of research excellence is especially important for regions seeking to grow technology-based knowledge economies. Research conducted at universities generates new knowledge and technology and creates the foundation for new products and new companies. Universities also attract and produce highly trained personnel who provide the highly educated workforce needed by technology

CenterState CEO – Grants for Growth Working Capital (Y040)

February 20, 2014

and knowledge-based companies. In order to maximize the potential to translate the region's strengths in both public and private partners into economic growth by linking researchers and their industry counterparts, MDA implemented a Grants for Growth Program in 2005 to help seed meaningful applied research projects between universities and industry that have the potential to create jobs and develop or commercialize new technology.

Size – CenterState has more than 2,000 members. It features dual membership levels; partner memberships for small businesses seeking access to traditional Chamber of Commerce services; and investor memberships to provide leadership, resources and strategic implementation support for a regional economic development agenda.

Market – CenterState delivers business services and regional economic development leadership to not only its member-companies, but also non-member firms in the Central New York region, universities and colleges, and public sector planning and development entities.

Within the Central New York region, the combined research and development base of the largest research institutions, such as Clarkson, Cornell, SUNY Upstate Medical University, Syracuse University, and the Rome Research Site, include research strengths that are directly relevant to the region's most competitive industry clusters, including environmental systems, biosciences, digital and electronics devices, digital media, precision metal working, packaging and the knowledge/learning industry. The region's smaller colleges and universities also contribute important research strengths. Despite the presence of these institutions and the relevancy of their research, key statistical indicators demonstrate that Central New York's educational institutions do not have a strong history of commercializing technology, encouraging entrepreneurship among faculty or partnering with local/regional companies.

ESD Involvement – The project was reappropriated in the 2013 - 2014 New York State budget.

Past ESD Support – Since 2001, the ESD Directors have approved over \$5 million in legislative-sponsored grants to help the MDA and CenterState with costs related to programs such as the Essential New York Initiative Program, the Commercialization Assistance Program and the Grants for Growth Program. MDA and CenterState are in compliance with the terms of all previous funding.

The Project:

Completion – December 2018

CenterState CEO – Grants for Growth Working Capital (Y040)

February 20, 2014

Activity – The Program has been successful and continues to be viewed as a model for encouraging university-industry partnerships and entrepreneurial development. The project will continue to implement a two-phase approach providing Grants for Growth funding for both early stage projects which include feasibility studies and technical analysis, and for more advanced projects which include technology commercialization and manufacturing scale-up. The Advisory Committee will continue to review and select projects based on job creation and scientific merit.

Funds will also be utilized for direct staffing support of CenterState activities associated with implementation of the Program and includes CenterState staff salaries and administrative costs.

Results – Since the Program was launched in 2006, the Advisory Committee has made 35 awards which have leveraged \$4,892,600 in private sector and university matching support. Projects that have received the Program awards have successfully secured an additional \$36,979,470 in follow on funding. The Program has directly created 97 jobs throughout the region on an investment of \$1,750,000 disbursed to date.

It is anticipated that this additional funding will maintain the Program for the next five years, with annual awards and investments totaling at least \$400,000.

Upon completion of the project, the Grantee will furnish a final report describing the impact and effectiveness of the project.

Financing Uses	Amount	Financing Sources	Amount	Percent
Grants for Growth Program Funding	\$900,000	ESD Grant	\$1,000,000	100%
Staff Salaries	100,000			
Total Project Costs	\$1,000,000	Total Project Financing	\$1,000,000	100%

Grantee Contact - Robert M. Simpson, President & CEO
115 West Fayette Street
Syracuse, NY 13202
Phone: (315) 422-8284

Project Team - Project Management Jessica Hughes
Contractor & Supplier Diversity Elizabeth Gocs
Environmental Soo Kang

CenterState CEO – Grants for Growth Working Capital (Y040)

February 20, 2014

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 \$1,000,000 will be disbursed to Grantee upon documentation of eligible project expenditures, and presentation to ESD of an invoice and such other documentation as ESD may reasonably require. All project expenditures must have been incurred after April 1, 2012. The final ten percent (10%) of the Grant shall not be disbursed by ESD until all of the tasks and reports required have been completed to ESD's satisfaction.
3. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$1,000,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

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, goals will not be established due to unavailability of minority- and women-owned businesses for the performance of this Contract.

Statutory Basis – Local Assistance:

The project was authorized in the 2012-2013 New York State budget and reappropriated in the 2013-2014 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. Grantee's certifications indicate that Grantee has no conflict of interest or good standing violations and, therefore, staff recommends that the Corporation authorize the grant to the Grantee as described in these materials.



FOR CONSIDERATION

February 20, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Local Assistance – Hurricane Irene - Tropical Storm Lee Flood Mitigation
(Capital Grants)

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

I. Project Summary

	Project Name	Proj #	Grantee	Assistance up to
	Local Assistance – Hurricane Irene-Tropical Storm Lee Flood Mitigation (Executive)			
A	Columbia County – Hurricane Irene – Tropical Storm Lee Flood Mitigation Capital	X899 & Y479	Columbia County	\$333,064
B	Delaware County – Hurricane Irene – Tropical Storm Lee Flood Mitigation Capital	X900 & Y480	Delaware County	\$673,438
	TOTAL HURRICANE IRENE-TROPICAL STORM LEE FLOOD MITIGATION – 2 PROJECTS		TOTAL	\$1,006,502

II. Program Description

A. Background

Hurricane Irene made landfall in New York on August 28, 2011. Shortly thereafter, Tropical Storm Lee struck New York on September 7, 2011. Both storms caused extensive flooding and substantial damage across New York. Following the aftermath of Hurricane Irene and Tropical Storm Lee, President Obama issued a state of emergency declaration for New York State, which allowed affected New Yorkers access to federal disaster relief funds. In an effort to provide additional flood disaster related relief aid, Governor Cuomo and the legislature created the Hurricane Irene - Tropical Storm Lee Flood Recovery Grant Program and appropriated \$50 million for assistance to businesses and communities that suffered losses as a result of these disasters. The enabling legislation designated \$9 million of the appropriation to be used for the Hurricane Irene – Tropical Storm Lee Flood Mitigation Grant Program (the “Program”), for grants to counties for flood mitigation or flood control projects in creeks, streams and brooks, and authorizes and empowers ESD, in consultation with the Department of Environmental Conservation (“NYSDEC”), to establish guidelines and such additional eligibility criteria as it deems necessary to effectuate the administration of this allocation for the benefit of counties included in the federal disaster declaration. An additional \$7 million from a New York State Department of Homeland Security and Emergency Services (“Homeland Security”) appropriation has been allocated for flood mitigation or flood control projects in creeks, streams and brooks.

Eligible Areas: Counties subject to the federal disaster declaration include Albany, Bronx, Broome, Chemung, Chenango, Clinton, Columbia, Delaware, Dutchess, Essex, Franklin, Greene, Hamilton, Herkimer, Kings, Montgomery, Nassau, New York, Oneida, Orange, Otsego, Putnam, Queens, Rensselaer, Richmond, Rockland, Saratoga, Schenectady, Schoharie, Sullivan, Suffolk, Tioga, Tompkins, Ulster, Warren, Washington, and Westchester Counties.

Eligible counties will receive grants between \$300,000 and \$500,000 for flood mitigation or flood control projects in those creeks, streams and brooks impacted by Hurricane Irene and/or Tropical Storm Lee. ESD shall give preference to applicants that demonstrate the greatest need, based on available flood damage data provided by applicable federal agencies. Priority also may be given to remediation which, if not undertaken, may result in additional flooding. Counties may jointly apply for assistance and the amount for such joint grants may equal the sum of the amounts that would have been separately available to the individual counties making the joint application.

Projects that are eligible for grants under this Program shall include the following:

- (1) Removal of flood debris located in stream channels and/or floodways within Eligible Areas;

- (2) Removal of gravel in or directly around bridges, culverts and other infrastructure that threatens public and private infrastructure integrity or that significantly constrains the conveyance of water flows and by not removing such material(s) would likely exacerbate flooding from future high flow events;
- (3) Installation or repair of stream bank stabilization measures;
- (4) Stream channel restoration to pre-flood depth, width, gradient, and where appropriate channel characteristics, and stream channel stabilization involving natural stream design techniques;
- (5) Stream bank restoration involving the removal of side cast bed load material, reconnecting a stream with its flood plain, and re-grading to pre-flood elevations combined with vegetative planting and stabilization;
- (6) Culvert repair or replacement with preference given to replacement of culverts with bridging infrastructure, or by upgrading the size of culverts to ensure adequate future flows; and
- (7) Those projects eligible and approved by the United States Department of Agriculture Natural Resource Conservation Service's ("NRCS") Emergency Watershed Protection ("EWP") Program. Projects eligible under NRCS's EWP program include, stream debris removal, stream bank stabilization and restoration, establishing cover on critically eroding lands, and repairing conservation practices necessary to relieve the immediate hazards to life and property created by Hurricane Irene and Tropical Storm Lee.

Eligible Costs: These funds may be used for the planning, design and implementation of eligible projects. Only planning costs which are a component of a specific project, which will receive funding under this Program, will be considered eligible costs. Local or regional flood planning initiatives are not eligible under this Program. In order for a project cost to be eligible, such cost must be reasonable and necessary as determined by ESD and NYSDEC. All work must be done in compliance with all applicable federal, state and local regulations.

Staff prepared guidelines for the implementation and administration of the Program, and were approved by the Directors at its January 20, 2012 meeting. The guidelines set forth the various Program requirements, including submission requirements, necessary documentation and appeal and audit processes.

B. The Projects

Twenty-three counties accepted grant awards for Flood Mitigation projects. Seventeen counties, 15 of whom received Flood Mitigation Grant awards, accepted grant awards that are funded by the Homeland Security funding. In total, ESD is administering grants for fund mitigation activities for 25 counties.

Each county's grant award(s) will be presented to the ESD Directors' for approval as each county nears first disbursement requirements. ESD will enter into an agreement with each Grantee that will stipulate the manner in which funds will be disbursed. One project is being presented for approval today; other project(s) will be presented at a later date.

The attached project schedule provides a more detailed description of the recommended project.

III. Statutory Basis

The projects are sponsored by the Executive, and 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(s).

IV. 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")

V. 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 20% related to the total value of ESD's funding. This shall include a Minority Business Enterprise ("MBE") Participation goal of 10% 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.

VI. 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.

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

New York State Map
Resolutions
Project Summaries

February 20, 2014

Local Assistance – Hurricane Irene - Tropical Storm Lee Flood Mitigation Capital - Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the General Project Plans; Authorization to Make Grants and to Take Related Actions

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Local Assistance – Hurricane Irene - Tropical Storm Lee Flood Mitigation 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(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 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 finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment have been received at the public hearings held on the Plans, such Plans shall be effective at the conclusion of such hearings, and that upon such written findings being made, 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 – Hurricane Irene - Tropical Storm Lee Flood Mitigation and/or the New York State Division of Homeland Security and Emergency Services, 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 – Hurricane Irene - Tropical Storm Lee Flood Mitigation - Executive – Project Summary Table

	Project Name	Proj #	Grantee	Assistance up to
	Local Assistance – Hurricane Irene-Tropical Storm Lee Flood Mitigation (Executive)			
A	Columbia County – Hurricane Irene – Tropical Storm Lee Flood Mitigation Capital	X899 & Y479	Columbia County	\$333,064
B	Delaware County – Hurricane Irene – Tropical Storm Lee Flood Mitigation Capital	X900 & Y480	Delaware County	\$673,438
			TOTAL	\$1,006,502

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

* * *

**A. Columbia County - Hurricane Irene - Tropical Storm Lee Flood Mitigation Capital
(X899 & Y479)**

February 20, 2014

General Project Plan

- Grantee:** Columbia County (the “County” or “Grantee”)
- Beneficiary
Organization:** Columbia County Soil and Water Conservation District
- ESD Investment:** A grant of up to \$333,064 to be used for a portion of the cost of flood mitigation projects within the County.
- Project Locations:** Towns of Austerlitz, Claverack, Copake, Livingston, New Lebanon, and Taghkanic, Columbia County
- Project Type:** The project will entail flood mitigation activities to reduce future flood at the Project Locations.
- Regional Council:** The Capital District Regional Economic Development Council has been made aware of this item. The project will help to protect the natural beauty and resources of the region, enabling it to create a vibrant future by promoting and sustaining a diverse, integrated and dynamic economy that capitalizes on technology and innovation to drive collaboration, inclusiveness and efficiency in all endeavors.

Background:

History – The County was formed in 1786 after the American Revolutionary War from portions of Albany County. In 1799, the southern boundary of the County was moved southward to include a portion of Livingston Manor that was previously in Dutchess County. In the 1800’s, the Vermont Central Railway was constructed in the area, which provided transportation that helped revitalize the economy.

Size - The 10 proposed projects are known sites where erosion is damaging properties in Columbia County.

ESD Involvement - A \$333,064 appropriation was included in the 2013-2014 New York State budget. The funding award was made in conjunction with the New York State Department of Environmental Conservation.

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

**A. Columbia County - Hurricane Irene - Tropical Storm Lee Flood Mitigation Capital
(X899 & Y479)**

February 20, 2014

The Project:

Completion – December 2014

Activity - Columbia County Soil & Water Conservation District, as the sponsoring organization for Columbia County, will undertake the following 10 projects. The projects commenced in the spring of 2013 and will conclude in the winter of 2014.

Bash Bish Creek Flood Debris Removal, Stream Channel Restoration, Stream Bank Restoration: This project involves the removal of flood debris, removal of a gravel bar, stream bank stabilization and stream channel restoration along a ¾-mile section of the Bash Bish Creek.

Roeliff Jansen Kill Creek Repair of Stream Bank Stabilization Measure: This project involves restoring a previously installed stream bank protection measure that was damaged and partially eroded.

Shaker Road Bridge Scour Protection: This project involves the repairing of erosion at the abutments and wing walls of the Shaker Road Bridge where it crosses the Wyomanock Creek.

Taghkanic Creek Flood Debris Removal and Stream Channel Restoration: This project involves the removal of flood debris, stream channel restoration and limited stream bank restoration along a 4,000-foot segment of Taghkanic Creek.

Kinderhook Creek Stream Stabilization, Hanky Mull Bridge: This project involves the stabilization and restoration of approximately 150 feet of bank erosion on Kinderhook Creek. The work includes the placement of rip rap armor at the toe of the slope and placing fill along the top portion of the stream bank. Vegetation will be established, including live willow stakes on the upper portion of the bank. Also included are the placement of four rip rap deflectors to help deflect the stream flow away from the bank and to help retain additional sediments and debris adjacent to the bank.

Green River Flood Debris Removal, Gravel Bar Removal and Stream Channel Restoration: This project involves the third segment of the Lower Green River and involves debris removal, gravel bar removal and stream bank restoration in order to protect the Old Hotel Camp, Greenhouses, Upper Hollow Bridge and River Road.

Punsit Creek Flood Debris Removal, Stream Bank Stabilization, Stream Bank Restoration and Gravel Bar Removal: This project involves four portions of this stream segment that have various degrees of stream bank erosion/damage and debris and gravel that need

**A. Columbia County - Hurricane Irene - Tropical Storm Lee Flood Mitigation Capital
(X899 & Y479)**

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to be removed.

Indian Brook to NYS Route 203 from the Taconic State Parkway: This project involves a stream segment that have sections where stream bank erosion/damage has occurred and debris and gravel will be removed.

Hollowville Creek Stream Bank Restoration and Gravel Bar Removal: This project involves a 200-foot section of the Hollowville Creek bank in the Hamlet of Hollowville that has been undercut and washed away. The area will be stabilized to minimize future erosion and potential impacts upon several residences along the stream.

North Creek Stream Bank Restoration Flood Debris Removal: This project involves a gravel bar and debris removal and the stream channel will be redirected away from the eroded bank to prevent further undercutting.

Results - The projects will remediate, mitigate and reduce future flooding in the selected areas affected by Hurricane Irene and Tropical Storm Lee.

Financing Uses	Amount	Financing Sources	Amount	Percent
Flood Mitigation Projects	\$448,352	ESD Grant	\$333,064	74%
		Local Assistance	115,288	26%
Total Project Costs	\$448,352	Total Project Financing	\$448,352	100%

Grantee Contact - Patrick Grattan, Chairman, Board of Supervisors
401 State Street
Hudson, NY 12534
Phone: (518) 828-1527

Beneficiary Contact - Laura L. Sager, Executive Director
Columbia County Soil and Water Conservation District
1024 Route 66
Ghent, NY 12075
Phone: (518) 828-4386

Project Team - Project Management Jared Walkowitz
Contractor & Supplier Diversity Diane Kinnicutt
Environmental Soo Kang

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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 \$333,064 will be disbursed to Grantee as follows:

Bash Bish Creek Flood Debris Removal, Stream Channel Restoration, Stream Bank Restoration: Up to \$103,771 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$202,000.

Roeliff Jansen Kill Creek Repair of Stream Bank Stabilization Measure: Up to \$16,000 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$16,000.

Shaker Road Bridge Scour Protection: Up to \$38,064 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$40,000.

Taghkanic Creek Flood Debris Removal and Stream Channel Restoration: Up to \$58,000 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$58,000.

Kinderhook Creek Stream Stabilization, Hanky Mull Bridge: Up to \$15,000 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$15,000.

Green River Flood Debris Removal, Gravel Bar Removal and Stream Channel Restoration: Up to \$4,000 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$6,213.

Punsit Creek Flood Debris Removal, Stream Bank Stabilization, Stream Bank Restoration and Gravel Bar Removal: Up to \$27,900 will be disbursed to Grantee upon

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completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$34,800.

Indian Brook to NYS Route 203 from the Taconic State Parkway: Up to \$25,350 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$31,360.

Hollowville Creek Stream Bank Restoration and Gravel Bar Removal: Up to \$20,562 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$20,562.

North Creek Stream Bank Restoration Flood Debris Removal: Up to \$24,417 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$24,417.

Non-Discrimination and Contractor & Supplier Diversity:

ESD's Non-discrimination and Contractor and Supplier Diversity policy will apply to the Project. The Company shall be required to use good faith efforts to achieve an overall Minority and Women Business Enterprise (MWBE) Participation goal of 20%, a Minority Business Enterprise (MBE) Participation goal of 12% and a Women Business Enterprise (WBE) Participation goal of 8%, related to the total value of ESD's funding, and to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project.

Statutory Basis – Local Assistance:

The project was authorized via two appropriations. The Hurricane Irene-Tropical Storm Lee Flood Recovery Grant Program was authorized in the 2011-2012 New York State budget and reappropriated in the 2013-2014 New York State Budget. The Division of Homeland Security and Emergency Services Disaster Assistance Program was authorized in the 2013-2014 New York State budget. No residential relocation is required as there are no families or individuals being displaced by the project.

Disclosure and Accountability Certifications:

The Grantee has provided ESD with the required Disclosure and Accountability Certification. Grantee's certification indicate that Grantee has no conflict of interest or good standing violations and, therefore, staff recommends that the Corporation authorize the grant to the Grantee as described in these materials.

**B. Delaware County - Hurricane Irene - Tropical Storm Lee Flood Mitigation Capital
(X900 & Y480)**

February 20, 2014

General Project Plan

- Grantee:** Delaware County (the “County” or “Grantee”)
- ESD Investment:** A grant of up to \$673,438 to be used for a portion of the cost of flood mitigation projects within the County.
- Project Locations:** Towns of Colchester, Sidney, Harpersfield, Deposit, Tompkins, Walton, Delaware County
- Project Type:** The project will entail flood mitigation activities to reduce future flood at the Project Locations.
- Regional Council:** The Southern Tier Regional Economic Development Council has been made aware of this item. The project will help to protect the natural beauty and resources of the region, enabling it to create a vibrant future by promoting and sustaining a diverse, integrated and dynamic economy that capitalizes on technology and innovation to drive collaboration, inclusiveness and efficiency in all endeavors.

Background:

History – Delaware County was formed in 1797 when New York State combined portions of Otsego and Ulster counties. The terrain of the County made it difficult to transport goods, which made the County rely on locally produced commodities. In the early 1800’s, acid factories were built in the southern part of the County and sawmills were built across the entire County. The advent of train service in the 1860s and 1870s provided an economic boom to the area by giving dairy farmers an opportunity to export their goods to urban areas.

Size – The 12 proposed projects are known sites where erosion is damaging properties in Delaware County.

ESD Involvement – A \$673,438 appropriation was included in the 2013-2014 New York State budget. The funding award was made in conjunction with the New York State Department of Environmental Conservation.

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

**B. Delaware County - Hurricane Irene - Tropical Storm Lee Flood Mitigation Capital
(X900 & Y480)**

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The Project:

Completion – December 2014

Activity – Delaware County will undertake the following 12 projects. The projects commenced in the spring of 2013 and will conclude in the winter of 2014.

County Rt. 35 Survey, Design, Construction and Supervision: This project involves the survey, design, construction and supervision in preparation for the replacement of four culverts along an unnamed stream tributary to Willow Brooke in the hamlet of Sidney Center to reduce future flooding and protect public and private infrastructure.

County Rt. 35 Amphenol: This project involves the replacement of four culverts along an unnamed stream tributary to Willow Brook in the hamlet of Sidney Center to reduce future flooding and protect public and private infrastructure.

Johnson Road: This project involves the stabilization of approximately 550 feet of an unnamed stream that runs along Johnson Road. The streambed and bank will be stabilized with a slope rock wall and a portion of stream channel and point bar will be excavated to create a floodplain bench.

Secrest Road: This project involves the stabilization of 75 feet of stream bed and bank along Secrest Road by installing a stacked and pinned rock wall along with vegetative reinforced slope stabilization.

Readburn Road Site #1: This project involves the stabilization of 30 feet of stream bed and bank along Readburn Road using a stacked and pinned rock wall.

Readburn Road Site #2: This project involves the stabilization of 130 feet of stream bed and bank along Readburn Road using 100 feet of stacked and pinned rock wall and 30 feet of rock rip rap.

Rock Rift Mountain Road: This project involves the stabilization of 75 feet of stream bed and bank along Rock Rift Mountain Road using a stacked and pinned rock wall.

Baxter Brook: This project involves the stabilization of approximately 45 feet of streambank and failing culvert headwall along Baxter Brook to prevent further damage. The project will consist of replacing failing culvert headwall with stacked stone wall and the rock lined plunge pool with construction of six step pools.

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Gosper Road: This project involves the stabilization of culvert headwall on Third Brook stream that has been undermined to prevent further damage. The project will consist of rock lining the plunge pool.

Anderson Avenue: This project involves the stabilization of approximately 150 feet of streambank along an unnamed tributary to Carrs Creek. The project will consist of rock rip rap placed along the toe of the streambank.

Route 17: This project involves the stabilization of approximately 580 feet of streambank along the Beaver Kill River. The project will consist of pinned-stacked stone wall and 190 feet of vegetated reinforced slope stabilization.

Route 37: This project involves the replacement of a culvert of County Route 37 on an unnamed tributary to Vly Creek.

Results - The projects will remediate, mitigate and reduce future flooding in the selected areas affected by Hurricane Irene and Tropical Storm Lee.

Financing Uses	Amount	Financing Sources	Amount	Percent
Flood Mitigation Projects	\$2,218,551	ESD Grant	\$673,438	30%
		Local Funding	1,545,113	70%
Total Project Costs	\$2,218,551	Total Project Financing	\$2,218,551	100%

Grantee Contact - Kelly Blakeslee, Grants Manager
1 Courthouse Square, Suite 3
Delhi, NY 13753
Phone: (607) 746-8914

Project Team - Project Management Jared Walkowitz
Contractor & Supplier Diversity Vikas Gera
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 \$673,438 will be disbursed to Grantee as follows:

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County Rt. 35 Survey, Design, Construction and Supervision: Up to \$45,000 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$45,000.

County Rt. 35 Amphenol: Up to \$356,272 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$1,188,890.

Johnson Road: Up to \$19,743 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$78,971.

Secrest Road: Up to \$14,875 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$59,500.

Readburn Road Site #1: Up to \$11,601 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$46,405.

Readburn Road Site #2: Up to \$8,619 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$34,475.

Rock Rift Mountain Road: Up to \$1,725 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$6,900.

Baxter Brook: Up to \$12,125 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$48,500.

Gosper Road: Up to \$4,625 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$18,500.

Anderson Avenue: Up to \$5,625 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$22,500.

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Route 17: Up to \$124,728 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$498,910.

Route 37: Up to \$55,000 will be disbursed to Grantee upon completion of the project substantially as described in these materials and receipt of documentation verifying project costs of at least \$170,000.

Administrative Expenses: Up to \$13,500 will be disbursed to Grantee upon receipt of expenses for work completed outside of the watershed for staff and administrative support.

Non-Discrimination and Contractor & Supplier Diversity:

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise ("MWBEs") for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 20%. The overall goal shall include a Minority Business Enterprise ("MBE") Participation Goal of 5% and a Women Business Enterprise ("WBE") Participation Goal of 15% related to the total value of ESD's funding.

Statutory Basis – Local Assistance:

The project was authorized via two appropriations. The Hurricane Irene-Tropical Storm Lee Flood Recovery Grant Program was authorized in the 2011-2012 New York State budget and reappropriated in the 2013-2014 New York State Budget. The Division of Homeland Security and Emergency Services Disaster Assistance Program was authorized in the 2013-2014 New York State budget. No residential relocation is required as there are no families or individuals being displaced by the project.

Disclosure and Accountability Certifications:

The Grantee has provided ESD with the required Disclosure and Accountability Certification. Grantee's certification indicate that Grantee has no conflict of interest or good standing violations and, therefore, staff recommends that the Corporation authorize the grant to the Grantee as described in these materials.



FOR CONSIDERATION

February 20, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Procurement of Planning Services

REQUEST FOR: Authorization to Enter into Contracts for Planning Services; and
Authorization to Take Related Actions

CONTRACT SUMMARY

Contractors:

AECOM, Inc. (for Niagara County engagement)
125 Broad Street
New York, NY 10004

AKRF, Inc. (for Montgomery County engagement)
34 South Broadway, Suite 401
White Plains, NY 10601

Cameron Engineering & Associates, LLP (for Herkimer, Oneida and Madison
Counties engagement)
100 Sunnyside Boulevard, Suite 100
Woodbury, NY 11797

Scope of Services: Through the New York Rising Community Reconstruction (NYRCR) Program, consultant services from three firms will be used to provide planning support in the five counties of Herkimer, Madison, Montgomery, Oneida and Niagara to complete a NYRCR Plan that includes a county-wide risk assessment and resilience strategy and analyzes potential development opportunities or obstacles. In addition, community specific recovery strategies

and projects will be developed in the communities and municipalities within those five counties that were most damaged in 2013 the summer flooding. Impacted municipalities will be provided with relevant deliverables. The project will be managed by the New York State Department of State, Office of Planning and Development in partnership with ESD staff.

Contract Term: Each firm will be retained for a twelve month contract period.

Contract Amounts: Each contract will not exceed the following amounts, inclusive of contingency and all out-of-pocket reimbursements:

AECOM: \$262,000
AKRF: \$300,000
Cameron: \$900,000
Total: \$1,462,000

Funding Source: The contract will be funded from the Urban and Community Development Program.

BACKGROUND

Over the past two years, New York has suffered natural disasters causing widespread damage to lives, homes, businesses, core infrastructure, government property and the economy. In the summer of 2013, flooding in five upstate counties damaged or destroyed as many as 500 housing units, and at least 150 businesses, including farms and farm operations. While the damage was severe, it fell below the level which triggers federal assistance.

Through the NYRCR Program, funds will be used to provide planning support in the five counties of Herkimer, Madison, Montgomery, Oneida and Niagara to complete a NYRCR Plan that includes a county-wide risk assessment and resilience strategy and analyzes potential development opportunities or obstacles. In addition, community specific recovery strategies and projects will be developed for communities and municipalities in the five counties to address damages from the 2013 summer flooding. Impacted municipalities will be provided with relevant deliverables.

New York State has allocated \$3 million to each of the five Counties to assist with implementation of those plans.

For each contract approved by the Board, the New York State Department of State (“DOS”) will convene a NYRCR planning committee for the impacted county. The members of the NYRCR planning committees will not be paid. Each committee will include, among others, a representative from the County, and affected City(s), Town(s) or Village(s), elected legislative representative(s), members of the public, including representatives of vulnerable populations, as well as the leaders of established organizations and businesses in the damaged communities.

The committees will be a resource of local knowledge for the three planning firms (AECOM, AKRF and Cameron).

CONTRACTOR SELECTION PROCESS

In May 2013, the Corporation advertised in the Contract Reporter and requested bids from real estate development and planning related consulting firms to pre-qualify to serve the Corporation in 10 different practice areas. On August 22, 2013, the Directors approved a slate of 36 practitioners in the practice area of "Urban Design and Master Planning" studies.

On January 17, 2014, ESD staff sent letters to eight pre-qualified planning consulting firms requesting proposals to work with ESD, DOS and the NYRCR planning committees to complete NYRCR Plans for five counties through three separate contracts for: 1) Niagara County,; 2) Herkimer, Oneida and Madison Counties; and 3) Montgomery County. The eight firms were selected based upon the firms' general skills, experience and abilities. Firms were allowed to submit proposals for all three contracts; however they were advised that no firm would be awarded more than one contract.

On January 27, 2014, the DOS received proposals from AECOM, AKRF and Cameron Engineering to complete the NYRCR county wide risk assessment and resiliency strategy. Both AECOM and Cameron have proposed to subcontract with EDR, one of the other eight consulting firms that received the solicitation; AKRF has proposed subcontracting with Elan, another firm among the eight. Thus, five of the firms who received the solicitation are proposed to participate either as a contractor or subcontractor. The large size and tight deadline schedule may have discouraged the remaining three firms from responding.

Staff recommends awarding a contract to each of the firms. Specifically, AECOM will provide planning services for Niagara County; Cameron will provide planning services for Herkimer, Oneida and Madison Counties; and AKRF will provide planning services for Montgomery County. All three firms were evaluated based upon assessment of the firm's experience, capacity, approach, cost and M/WBE participation. The selection team consisted of ESD's Vice President of Real Estate Development, the Senior Director of Community Development and Rebuilding Programs, and the Director of Environmental Programs, as well as two DOS Coastal Resource Specialists. The team unanimously agreed that AECOM, AKRF, and Cameron Engineering will provide an excellent level of experience and a superior level of expertise to accomplish the work plan and tasks described.

Pursuant to State Finance Law Section 139-j and 139-k and the Corporation's policy related thereto, staff has: a) considered AECOM's, Cameron Engineering's and AKRF's ability to perform the services provided for in the proposed contract; and b) consulted the list of offerers determined to be non-responsible bidders and debarred offerers maintained by the New York State Office of General Services. Based on the foregoing, staff considers AECOM, AKRF and Cameron Engineering to be responsible.

SCOPE OF WORK

Selected firms will be assigned to provide technical assistance to NYRCR planning committee(s) for all requirements and activities associated with the NYRCR Program within eight months of the start of the contract. The Firms will issue regular status reports during the planning process. The proposed contracts will be “time and materials” based, not to exceed the amount awarded. Disbursement to each contracted firm will be based upon documented expenses, product deliverables and progress reports. Specific deliverables include: 1) Work Plan; 2) Public Engagement Strategy; 3) Reconstruction Projects and Actions; 4) Community Vision; 5) Asset Inventory; 6.) Risk Assessment;7) Needs and Opportunities Assessment; 8)Reconstruction Strategies, Projects, Programs and Actions; 9) Coordination with Regional Planning;;10) Conceptual NYRCR Plan; and 11) Final NYRCR Plan.

CONTRACT TERM, PRICE AND FUNDING

The term of the contracts will be for twelve months. Further extension of these contracts requires authorization from the Directors. The upset amount of each contract set forth above under “Contract Summary,” for a total not to exceed amount of \$1,462,000. The source of funding is New York State Capital Funds.

NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY

ESD’s Non-Discrimination and Contractor & Supplier Diversity policies will apply to this contract. AECOM, AKRF and Cameron Engineering shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise (“MWBEs”) for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 23%. The overall goal shall include a Minority Business Enterprise (“MBE”) Participation Goal of 13% and a Women Business Enterprise (“WBE”) Participation Goal of 10% related to the total value of ESD’s funding.

ENVIRONMENTAL REVIEW

ESD staff has determined that the proposed authorization constitutes a Type II action as defined by the New York State Environmental Quality Review Act and its implementing regulations. No further environmental review is required in connection with the authorization.

REQUESTED ACTIONS

The Directors are requested to authorize the Corporation to enter into the following contracts for the services and substantially in accordance with the terms and conditions as set forth in these materials, and to make determinations of responsibility as to each of the contracts below:

- AECOM, Inc. for Niagara County in an amount not to exceed \$262,000;
- AKRF, Inc. for Montgomery County in an amount not to exceed \$300,000;
- Cameron Engineering & Associates, LLP for Herkimer, Oneida and Madison Counties in an amount not to exceed \$900,000;

and to authorize related actions.

RECOMMENDATION

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

ATTACHMENTS

Resolutions

February 20, 2014

EMPIRE STATE DEVELOPMENT – Authorization to Enter into Contracts for Planning Services;
and Authorization to Take Related Actions

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 each of the firms of AECOM, Inc., AKRF, Inc. and Cameron Engineering & Associates, LLP to be responsible; and be it further

RESOLVED, that the Corporation is hereby authorized to enter into contracts as set forth below for the purposes and services, and substantially on the further terms and conditions, set forth in the Materials:

- AECOM, Inc. for Niagara County in an amount not to exceed \$262,000;
- AKRF, Inc. for Montgomery County in an amount not to exceed \$300,000;
- Cameron Engineering & Associates, LLP for Herkimer, Oneida and Madison Counties in an amount not to exceed \$900,000;

and be it further

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

* * *

FOR CONSIDERATION

February 20, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Procurement of Legal Services

REQUEST FOR: Authorization to Enter Into a Contract with the Law Firm of Gonzalez Saggio & Harlan to Provide Legal Services in Connection with Disposition of the Former Arthur Kill Correctional Facility in Staten Island and to Take Related Actions

I. CONTRACT SUMMARY

Counsel: Gonzalez Saggio & Harlan ("**Counsel**")

Scope of Services: Counsel would provide legal services to the Corporation in connection with disposition of the former Arthur Kill Correctional facility in Staten Island.

Contract Amount: \$300,000

Funding Source: It is expected that the contract would be funded in its entirety from an imprest account to be funded by the potential project developer and to be maintained at and by ESD.

II. BACKGROUND

New York State is in the process of disposing of surplus State owned properties, including mental health facilities and correctional facilities. At the request of the Governor's Office, an ad hoc committee of agency heads and staff from the NYS Office of General Services, the Division of Budget, and Empire State Development ("**ESD**" or the "**Corporation**") have engaged in discussions focused on disposition of these large institutional properties. These deliberations verified that many of the facilities require creative approaches in order to transfer them from State ownership and to avoid the continued carrying costs and potential liabilities associated with depreciating properties. Some of the facilities can be sold in the private marketplace while others can be dedicated to economic development purposes consistent with ESD's mission and the needs of the surrounding community. In order to assist in ESD's participation in these

dispositions, staff recommends the retention of real estate counsel. Among other projects, ESD currently is assisting in the potential disposition of the former Arthur Kill Correctional Facility in the Rossville section of Staten Island (the “**Arthur Kill Work**”).

III. COUNSEL SELECTION PROCESS

In April 2012, ESD staff advertized for legal counsel in the following areas: real estate and land use; environmental; construction; condemnation, bankruptcy; labor; taxation; bond financing; foreclosure and, in each case, related litigation. Sixty-six firms responded (including Counsel), the responses were evaluated, and in September 2012 the Directors approved a Pre-Qualified Counsel List. Counsel was pre-qualified in the areas of real estate and land use, environmental, construction, labor, bond financing (junior tier), and foreclosure.

ESD staff solicited bids for legal services from three of the pre-qualified firms, all three responded, and, after review of the responses, two of the firms were interviewed by General Counsel and legal staff. Staff recommends the retention of Counsel as legal counsel for the Arthur Kill Work based on: (a) knowledge and expertise of the firm; (b) prior satisfactory work which the firm has performed for ESD; (c) rate proposal; and (d) the pre-qualification process and the post-solicitation interview. Counsel is a national firm with experience in all facets of real estate law and commercial and residential real estate transactions. Counsel is a NYS-certified Minority Business Enterprise (“MBE”).

IV. SCOPE OF WORK

Counsel would advise the Corporation in real estate, environmental, and other related legal matters in connection with ESD’s participation in the Arthur Kill Work, which may include but not be limited to drafting, negotiating, and finalizing the following types of documents: transfer documents including contracts and restrictive declarations as necessary; and closing documents including title review. Counsel also would assist ESD in complying with environmental regulations, and would be authorized to subcontract for environmental legal counsel and environmental consultants, as necessary, but only up to amounts included within the recommended overall \$300,000 contract limit. Counsel also would coordinate documentation with other involved agencies.

V. CONTRACT PRICE AND FUNDING

The maximum amount of the contract shall be \$300,000. Counsel would work at an hourly rate. At present Counsel’s rates are: \$450 per hour for senior partners and senior counsel; \$400 per hour for partners; \$300 per hour for associates; and \$90 per hour for paralegals. As noted above, the source of funding will be an internal ESD Imprest Account funded by potential developer.

VI. RESPONSIBLE PARTY

Pursuant to State Finance Law Section 139-j and 139-k and the Corporation’s policy related thereto, staff has: (a) considered Counsel’s ability to perform the services provided for in the proposed contract; and (b) consulted the list of offerers determined

to be non-responsible bidders and debarred offerers maintained by the New York State Office of General Services. Base on the foregoing, staff considers Counsel to be responsible.

VII. ENVIRONMENTAL REVIEW

Staff has determined that the proposed authorization constitutes a Type II action as defined by the New York State Environmental Quality Review Act (“SEQRA”) and the implanting regulations for the New York Department of Environmental Conservation. No further environmental review is required in connection with this authorization.

VIII. NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY

ESD’s Non-Discrimination and Contractor & Supplier Diversity policies will apply to this contract. Counsel shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprises (“MWBEs”) for any contractual opportunities generated in connection with this procurement, and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR Section 142.8) to achieve meaningful participation of MWBEs in relation to this procurement.

As noted above, Counsel is a NYS-certified MBE and may utilize its own certification status for the above MWBE participation requirements.

IX. REQUESTED ACTION

The Directors are asked to authorize the retention of Gonzalez Saggio & Harlan as counsel to the Corporation for such legal services as are described in these materials for a maximum amount of \$300,000. Compensation will be at rates not to exceed ESD limits.

X. RECOMMENDATION

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

XI. ATTACHMENT

Resolutions

February 20, 2014

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT - Authorization to Enter Into a Contract with the Law Firm of Gonzalez Saggio & Harlan to Provide Legal Services in Connection with Disposition of the Former Arthur Kill Correctional Facility in Staten Island and to Take Related Actions

RESOLVED, that in accordance with the materials presented to this meeting, a copy of which is hereby ordered to be filed with the records of the Corporation (the "Materials"), the Corporation hereby finds the law firm of Gonzalez Saggio & Harlan ("Counsel") to be responsible; and be it further

RESOLVED, that the Corporation is hereby authorized to enter into a contract with Counsel in an amount not to exceed \$300,000, for the purposes and services, and substantially on the terms and conditions, as set forth in the Materials; and be it further

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

* * *

Empire State Development

FOR CONSIDERATION

February 20, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: New York (Kings County) – Atlantic Yards Land Use Improvement and Civic Project (the “Project”)

REQUEST FOR: Authorization to Amend the Contract with STV Inc. to Provide Owner’s Representative Technical Services for the Project

Contract Summary

Consultant STV Inc. (“STV”)

Work STV would continue to review design and construction documents, observe construction activity, monitor site safety, attend progress meetings with developer staff, and coordinate with and report to ESD on a regular basis. Reimbursement would continue to be on an hourly basis for time spent by STV staff.

Term The existing contract, which began as a two-year contract and has been extended once for an additional two years, expires as of March 2014. It is proposed that the contract be extended for another two years, to March 2016.

Contract Amount At present, \$2,500,000 (of which \$1,250,000 was for the initial contract period and \$1,250,000 was for the first two-year extension). It is proposed that contract amount for the second two-year extension also be \$1,250,000, which would bring the total contract amount to \$3,750,000 for a six-year contract term.

Funding Source The contract to date has been, and any amendment of the contract will be, funded in its entirety from an imprest account funded by the Project developer (affiliates of the Forest City Ratner companies; collectively “FCRC”) and maintained at and by ESD.

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ESD Project No. C0001

Background

The Project, located on 22 acres in Brooklyn at Flatbush and Atlantic, includes the approximately 18,000-seat Barclays Center sports and entertainment venue (the “Arena”), open since September 2012, and the development of: improved and reconfigured subway facilities and Long Island Rail Road Vanderbilt Yard; 16 new buildings, primarily for residential, but also for office, retail, and potentially hotel use; and eight acres of publicly accessible open space. The residential component of the Project will include 2,250 affordable housing units. FCRC is developing the Project; FCRC’s construction management team includes Turner Construction (“Turner”), Skanska USA Building Inc. and Posillico Inc.

Original Solicitation and Contract

As befitting a Project of this size, ESD has maintained an Owner’s Representative on site since construction began, and STV has served in such capacity since March 2010 pursuant to an initial two year contract and one two-year extension. The current STV contract extension expires in March of 2014.

The contract opportunity was publicly bid in the Contract Reporter. A rigorous evaluation of the qualifications of the ten respondents was made, and five were selected to present to ESD staff. After presentations, EarthTech was considered the best suited team for this assignment, and STV was deemed the second most qualified consultant.

EarthTech was retained in 2008 and its work was satisfactory. However, in 2008, EarthTech was acquired by the much larger AECOM, Inc., and in November 2009 AECOM also acquired Ellerbe Becket, the architect of record for the Arena. This acquisition created an irreconcilable conflict (EarthTech could not be overseeing the work of its now-affiliate Ellerbe Beckett), and therefore EarthTech withdrew.

Based on the prior public solicitation process: (a) staff recommended, and in March 2010 the ESD Directors authorized, retention of STV to replace EarthTech as ESD’s Owner’s Representative at the Project for a two-year period; and (b) an exemption from further advertising was granted. STV’s work as Owner’s Representative has been satisfactory, and thus staff recommended, and in January 2012, ESD Directors authorized, a two-year extension of the STV contract, to March 2014. An exemption from advertising in the Contract Reporter was granted in connection with such extension in light of STV’s ongoing experience and performance.

Prior Work

Since March 2010, STV, on behalf of ESD, has: (a) reviewed design and construction documents; (b) monitored all aspects of Project construction, including but not limited to construction of the Arena, MTA transit work, and LIRR train yard work, including for conformity to the Project’s General Project Plan, Design Guidelines, and other Project documents; (c) reviewed and monitored implementation of FCRC’s Site Safety Plan for protection of the public and of Project site workers, including but not limited to provisions to: protect streets and sidewalks (including sidewalk bridges and construction fencing); protect adjacent properties;

safeguard site ingress and egress and material storage; and monitor activities such as truck marshalling, use of cranes, and waste disposal; (d) attended regular progress meeting with FCRC, Turner, and various contractors as necessary; (e) reviewed contractor requisitions; and (f) prepared regular reports to, and met regularly with, ESD concerning Project site conditions, conformity with Project documents, construction schedule, and anticipated activities and issues.

Current Status

Commencement of construction of the first residential building began in 2012 and is currently in progress. Improvements to the LIRR train yard are continuing. Commencement of construction of the next building is required by May 2015.

Proposal

As construction continues on the Project site, there is a continuing need for Owner's Representative oversight. STV has performed the above-described work in a satisfactory manner. STV obviously has acquired significant, Project-specific, relevant experience and expertise, and future work will be directly relevant to, and will substantially build upon, STV's work under its current contract. Therefore, STV is uniquely qualified to continue this oversight work, and continuity will yield both time and cost efficiencies and will avoid delays. Advertising for and potentially retaining a new Owner's Representative can be expected to create continuity problems in review, meetings, and oversight that may endanger important Project milestones.

Accordingly, staff recommends an additional two-year extension of this contract, for the same \$1,250,000 dollar limit as for each of the original contract and initial extension. As stated above, the original STV contract approved by the Directors in March 2010 was for \$1,250,000 and two years. Then, in January 2012, the Directors authorized a two-year extension for an additional \$1,250,000, bringing the current total contract amount to \$2,500,000 for the initial four years. Such existing contract expires in March 2014. Staff now recommends that the contract be further extended, for an additional two years and for an additional \$1,250,000, bringing the total contract amount to \$3,750,000 through a six-year term ending March 2016. The amended contract will continue to be funded, in its entirety, from the imprest account funded by FCRC.

Given STV's general expertise and specific Project familiarity, staff also has requested that an exemption from advertising these additional services in the Contract Reporter be granted.

Pursuant to State Finance Law Section 139-j and 139-k and the Corporation's policy related thereto, staff has: (a) considered STV's ability to perform the services provided for in the proposed amendment; and b) consulted the list of offerers determined to be non-responsible bidders and debarred offerers maintained by the New York State Office of General Services. Base on the foregoing, staff considers STV to be responsible.

Environmental Review

Staff has determined that the proposed contract amendment constitutes a Type II action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implanting

regulations for the New York Department of Environmental Conservation. No further environmental review is required in connection with the proposed contract amendment.

Design and Construction (“D&C”)

ESD D&C staff will continue to: monitor STV staffing levels, work activity, and work product; monitor STV performance; and review STV requisitions and authorize payment as appropriate.

Non-Discrimination; Contractor and Supplier Diversity

ESD’s Non-Discrimination and Contractor and Supplier Diversity policies will apply.

Requested Actions

The Directors are requested to authorize ESD to amend a contract with STV Inc. by extending the term for an additional two years and increasing the compensation permitted under the Contract by an additional \$1,250,000 to a new total not to exceed \$3,750,000, for work in connection with the Project as described in these materials.

Recommendation

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

Attachment

Resolutions

February 20, 2014

New York (Kings County) – Atlantic Yards Land Use Improvement and Civic Project –
Authorization to Amend the Contract with STV Inc. to Provide Owner’s Representative
Technical Services for the Project

RESOLVED, that based upon the materials presented at this meeting and ordered filed with the records of the corporation (the “Materials”), the Corporation hereby finds STV Inc. to be responsible; and be it further

RESOLVED, that on the basis of the Materials, the Corporation be, and hereby is, authorized to amend its existing contract with STV Inc. to provide additional Owner’s Representative services in connection with the Atlantic Yards Land Use Improvement and Civic Project; and be it further

RESOLVED, that such amendment will extend the term for an additional two years and increase the compensation available under the contract by an additional \$1,250,000; and be it further

RESOLVED, that the total compensation for services pursuant to this contract, as amended, shall not exceed \$3,750,000, including reimbursables; and be it further

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

* * *



FOR CONSIDERATION

February 20, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Renewal of Corporate Insurance Policies

REQUEST FOR: Authorization to Purchase Corporate Insurance Policies; and to Take Related Actions

BACKGROUND

ESD is required to purchase various types of insurance coverage to ensure the protection of its board members, employees, assets and subsidiaries.

Certain forms of insurance protect against financial losses due to liability claims and damage or theft of ESD property. These types of insurance include Directors & Officers Liability/ Employment Practices Liability, Commercial General Liability, Excess Umbrella Liability, Automobile Liability, Workers' Compensation, Real and Personal Property, and Employee Crime and Dishonesty insurance.

Policies may be placed with several different carriers, as ESD seeks to purchase each policy at the lowest cost among highly-rated carriers.

Insurance Marketing and Placement:

Selection of Cool Insuring Agency: Through a competitive solicitation process, in December of 2009, ESD procured Cool Insuring Agency as ESD's primary insurance consultant and broker. Cool is a reputable insurance broker with significant experience working with State agencies and local municipalities. Among other clients, Cool is the insurance broker for the New York State Insurance Fund, the State University of New York (SUNY) and the New York City Economic Development Corporation (NYC-EDC), as well as several public benefit corporations.

Insurance Marketing & Placement Process: In renewing our corporate insurance policies, ESD's Insurance and Risk Management staff partnered with Cool to confirm the appropriate levels of coverage and authorized Cool to solicit quotes from highly-rated insurance carriers. As a result of this marketing effort, Cool has recommended purchase of the following policies as set forth below. All of the recommended carriers carry a minimum financial strength rating of A (Excellent), as per AM Best.

<u>Insurance</u>	<u>Policy Description</u>	<u>Carrier / Rating</u>	<u>2013-14 Premiums</u>	<u>2014-15 Premiums</u>
Directors & Officers Liability/Employment Practices Liability	\$3 million aggregate coverage/shared limits	National Union A (Excellent)	\$113,686	\$117,907
Commercial General Liability	\$2 million general aggregate coverage/ \$1 million per occurrence	Philadelphia Indemnity A++ (Superior)	\$139,789	\$150,960
Excess Umbrella Liability	\$25 million general aggregate	Philadelphia Indemnity A++ (Superior) & Admiral A (Excellent)	\$83,608	\$76,463
Automobile Liability	\$1 million aggregate coverage/ \$1 million per occurrence	Philadelphia Indemnity A++ (Superior)	\$6,171	\$9,450
Real & Personal Property	\$24 million total coverage	Hartford A (Excellent)	\$27,543	\$27,298
Employee Crime & Dishonesty	\$5 million aggregate	Great American A (Excellent)	\$7,900	\$7,900
Workers' Compensation	All ESDC employees/ Corporate Liability protection	Hartford A (Excellent)	\$84,514	\$91,677
Total Premium cost:			\$463,211	\$481,655

Insurance Term and Cost:

The total premium cost for the purchase of all insurance policies is \$481,655. This cost represents an \$18,444 or approximately 4% increase over last year's premiums of \$463,211. The increase was driven primarily by:

- 1) an increase in the premiums for the commercial general liability coverage as a result of the rising risk premiums across all carriers, particularly in the New York City area.

- 2) an increase in Workers' Compensation coverage due to State Worker's Compensation Rating Board increases and ESD claims experience. The Rating Board increases rates based upon annual actuarial analysis and a review of medical benefit costs.

As these policies are for the benefit of both the Corporation and its subsidiaries, renewal premium payments will be reimbursed to the Corporation based upon an allocation from certain ESD subsidiaries. The Corporation and its subsidiaries achieve optimal pricing through this cost-sharing arrangement due to economies of scale, as opposed to purchasing separate, smaller policies.

NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY:

There are no NYS certified MWBE insurance carriers. However, there are opportunities to do business with MWBE firms as part of ESD's contract for insurance advisory and brokerage services with Cool. At this time, MWBE participation with Cool is approximately 15% and Cool continues to explore avenues to further increase participation.

ENVIRONMENTAL REVIEW:

ESD staff has determined that the requested authorization to purchase corporate insurance policies 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.

REQUESTED ACTION:

The Directors are requested to authorize the purchase of the insurance policies set forth above, with the respective carriers indicated, for a total premium cost of \$481,655.

ATTACHMENTS:

Resolution

February 20, 2014

Renewal of Corporate Insurance Policies – Authorization to Purchase Corporate Insurance Policies; and to Take Related Actions

RESOLVED, that based upon the materials presented to the Directors at this meeting, a copy of which is hereby ordered to be filed with the records of the Corporation, that the Chairman and Chief Executive Officer of the Corporation or Chief Financial Officer or his/her designee(s) are hereby authorized, in the name and on behalf of the Corporation, to enter into all contracts, agreements and instruments, as the Chairman and Chief Executive Officer of the Corporation or Chief Financial Officer or his/her designee(s) shall deem necessary or appropriate in connection with the purchase of the Corporation's Directors & Officers Liability/Employment Practices Liability with National Union, Excess Umbrella Liability insurance with Philadelphia Indemnity & Admiral; Commercial General Liability and Auto Liability insurance with Philadelphia Indemnity; Real & Personal Property and Workers' Compensation Insurance with Hartford; and Employee Crime & Dishonesty insurance with Great American Insurance, for 2014-2015 at an annual premium of \$481,655.

RESOLVED, that all actions heretofore taken on behalf of the Corporation in regard to the replacement of the foregoing insurance policies are hereby approved, ratified and confirmed.

Empire State Development

FOR CONSIDERATION

February 20, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: StartUp-NY

REQUEST FOR: Authorization to Enter into a Funding Agreement with the Research Foundation for the State University of New York; Authorization to Take Related Actions

Background

StartUp-NY (“StartUp” or the “program”) is a groundbreaking new initiative of Governor Andrew M. Cuomo to promote entrepreneurialism and job creation by providing major incentives for businesses to relocate, start up or significantly expand in New York State. Through affiliations with public and private universities, colleges and community colleges, businesses will have the opportunity to operate free of State and local taxes within zones designated by academic institutions on or near their campuses. Employees of businesses locating within these zones will pay no State or local personal income taxes and the businesses may qualify for additional tax incentives.

Interagency Cooperation

StartUp requires a high degree of cooperation and coordination among a number of State entities. Under the enabling legislation, the Commissioner of Economic Development plays a key role in program implementation. Under the Commissioner’s directions, the Department of Economic Development, working closely with the Corporation, will:

- approve plans submitted by colleges and universities to designate campus space as tax-free areas;
- track the vacant land and space of private universities designated as tax-free areas;
- review applications by businesses to locate in tax-free areas;
- grant permission to apply to otherwise ineligible businesses that satisfy certain job creation requirements;
- allocate a number of jobs to be eligible for personal income tax exemptions to businesses accepted into the program; and
- terminate businesses from StartUp that no longer meet program requirements.

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In addition, ESD is responsible for coordinating among other State entities that play pivotal roles in program operation, including: the Department of Taxation and Finance, which is responsible for determining the eligibility of individuals and businesses for tax benefits under the program and for developing a tax factor to determine the extent to which existing State businesses have created new operations in tax-free areas; and the State University of New York ("SUNY"), which submits plans to designate vacant land or space as tax-free areas, receives applications from businesses to participate in the program, and forwards those applications it decides to accept to ESD for review.

SUNY is aided in its program activities by the College of Nanoscale Science and Engineering ("CNSE") and the Research Foundation for the State University of New York ("SUNY RF"). CNSE was established as a combined vision of government, academia and industry, with the common goal of propelling the State to a leadership position in technology and economic development. CNSE seeks to help revitalize the State's economy by accelerating the commercialization of technologies by providing technology deployment, market deployment and economic outreach and business assistance. SUNY RF supports CNSE's efforts to increase technology transfer and commercialization by increasing the business community's access to SUNY/CNSE's assets.

Program Staff

StartUp builds upon the extensive economic development programs and activities currently conducted by the Corporation and DED, including ESD's Business Incubator and Innovation Hot Spot Program. Given this programmatic synergy, the Corporation, under its authority to provide advisory, consultative and technical assistance and advice to any entity, is devoting in-house staff to work closely with staff of DED, SUNY and SUNY RF on activities necessary for implementation and ongoing operation of the StartUp program.

Successful Program implementation, however, requires staff and expertise beyond that which is currently available within participating State entities. To address this need, Ms. Leslie Whatley was identified as possessing experience, skills and contacts that would help ensure the success of the program.

Ms. Whatley has extensive real estate and management experience across multiple industry sectors and geographies. Most recently she served as Global Head of Corporate Real Estate at Morgan Stanley. Prior to that she was the Global Head of Corporate Real Estate at JPMorgan Chase, and earlier in her career she held several leadership positions in GM's Real Estate staff. In these positions, Ms. Whatley was responsible for portfolio strategy, space planning, data management, transaction management and project management. Ms. Whatley has served as the Chairman of the Board of CoreNet Global, the global real estate association, and is currently a member of the Executive Board of the NYU Schack Institute of Real Estate. Ms. Whatley earned both a Bachelor's Degree in Economics and a Master's Degree in Business Administration from the University of Michigan.

Ms. Whatley was hired by SUNY RF and has been serving as the Executive Vice President for the StartUp program since August 3, 2014. This is a full-time position, devoted exclusively to the StartUp-NY program and related activities. The EVP is the senior executive responsible for oversight of the program, including timely implementation, coordination among participating entities, communication with the Executive Chamber and monitoring of ongoing program operation.

Funding

Given the similar roles played by SUNY RF and ESD in working with the private sector to promote economic development, particularly with respect to advance technology initiatives, and their joint role with respect to StartUp, ESD is requested to participate in the funding for the new EVP position. The salary for this position was set at \$168,000, plus fringe benefits, currently calculated at 41% of the annualized base salary (“Total Compensation”). ESD is requested to fund half of the Total Compensation for this position, and 100% of the EVP’s business-related out-of-pocket and travel expenses. ESD would not be responsible for any increase in Total Compensation without its consent.

Requested Action and Recommendation

The Directors are requested to authorize the Corporation to enter into an agreement with SUNY RF for the joint funding of the position of Executive Vice President for the StartUp-NY initiative, substantially on the terms and conditions set forth above, effective as of August 3, 2013. Based on the foregoing, I recommend that you approve the requested action.

Attachment

Resolutions

February 20, 2014

NEW YORK STATE URBAN DEVELOPMENT CORPORATION - Authorization to enter into a
Funding Agreement with the Research Foundation for the State University of New York;
Authorization to Take Related Actions

BE IT RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is ordered filed with the records of the Corporation (the "Materials"), the Corporation is hereby authorized to enter into a joint funding agreement with the Research Foundation for the State University of New York for the position of Executive Vice President, StartUp-NY, substantially on the terms and conditions set forth in the Materials, effective as of August 3, 2013; and be it further

RESOLVED, that all actions heretofore or hereafter taken on behalf of the Corporation in furtherance of these resolutions be and they hereby are ratified and confirmed as the acts and deeds of the Corporation.

FOR CONSIDERATION

February 20, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: New York City (Richmond County) – Disposition of Arthur Kill Correctional Facility for Development

REQUEST FOR: Conditional Designation of Developer; Authorization to Take Related Actions

Summary of Proposed Action

Conditional Developer: Broadway Stages, Inc.

Site: Arthur Kill Correctional Facility, 2911 Arthur Kill Road, in the Rossville section of Staten Island, NY 10309 (the “Site”)

Proposed Action: Conditional Designation of Broadway Stages as Developer of a film production studio and back-lot on the Site. The proposed project and any contractual documentation remain subject to all public approval processes as required by law, including but not limited to further review by the ESD Directors.

Site Overview:

The Site was acquired by the State in 1967 for mental hygiene purposes but was used as a correctional facility from 1976 until 2011, when it was closed by the New York State Department of Corrections and Community Supervision (“DOCCS”). The Site is approximately sixty-nine (69) acres and currently has forty-three (43) buildings including eight (8) barrack-style housing units, a mess hall, an administration building, an infirmary, a gymnasium, as well as storage, security and utility buildings. The total square footage of the buildings is approximately 341,330 square feet. There is also a parking lot for approximately six hundred (600) cars and outdoor recreational facilities on the site.

Selection Process:

On May 22, 2013 Empire State Development (ESD) issued a Request for Proposals (the “RFP”) seeking proposals to redevelop the decommissioned Site in a manner that would create new economic opportunities for New Yorkers along the Rossville Waterfront and maintain consistency with surrounding land uses. In accordance with existing plans for the West Shore

developed by the New York City Department of City Planning, New York City Economic Development Corporation (NYCEDC) and the City of New York (City), the RFP prohibited the development of all residential uses on the site and encouraged commercial, industrial, and recreational uses. The RFP specifically encouraged destination retail; maritime and light-industrial development; commercial recreational; and public recreation and waterfront access or pedestrian and bicycle connections. (Note that this was the second RFP issued by ESD for the Arthur Kill Correctional Facility. The first RFP issued in June 2012 did not result in development.)

On September 12, 2013, five (5) proposals were received in response to the RFP. On October 10, 2013, all five teams were invited for in-person presentations along with a question and answer session. Teams were given several key questions by staff to respond to prior to the presentation and were asked questions during the presentation. The ESD review team consisted of two members of the Real Estate Development Department and one member of the Portfolio Management & Project Finance Department. After reviewing all of the proposals, evaluating the presentations, and having the opportunity to ask each team additional questions, the review team scored the proposals on a scale from 1 to 10 (with 1 being the lowest and 10 being the highest) on the following criteria:

- Consistency with development goals
- Consistency with NYC's "Working West Shore 2030" Report
- Economic Impact on the West Shore of State Island
- Financial Feasibility
- Purchase Price
- Development Team Qualifications
- Employment Impact
- Environmental Impact
- Schedule and Timing

As a result of this process, Broadway Stages, Inc. ("Broadway Stages") was ranked the highest. In the opinion of staff, the Broadway Stages proposal, summarized below, would most expeditiously activate the Site and best bring economic benefit to the area in a manner consistent with the goals of the RFP.

Proposed Project Terms

Subject to requisite approvals, Broadway Stages would undertake a redevelopment plan for the Site consistent with the RFP and with Broadway Stage's response to the RFP, generally as set forth below. Pursuant to standard ESD practice, Broadway Stages also has committed to paying all costs incurred by ESD in reviewing the Broadway Stages proposal.

- One-time, all cash, non-contingent payment of not less than seven million dollars (\$7,000,000) for fee simple interest in the Site, with a 10% non-refundable deposit.
- Commitment to operate a first-class working film production studio space for a

minimum of twenty (20) years.

- One hundred thousand (100,000) square feet of new construction sound stages to be built within approximately twenty-four (24) months of closing, with a capital investment of not less than \$20,000,000.
- Commitment to commence partial operations within approximately six months of closing.
- Commitment to work with Local 52 (“IATSE”) for new union members, and to work with IATSE to promote new apprenticeship programs to Staten Island residents through on-site training programs
- Commitment to achieve MWBE participation of 13% for NYS Certified Minority Business Enterprises and 10% for NYS Certified Women Business Enterprises in Site development contracts.
- Commitment to achieve a minority workforce participation of 13% and women workforce participation of 10%, a Staten Island workforce participation rate of 40% and a New York workforce participation rate of 75%.
- Site operations fees paid by developer until closing.

RESPONSIBLE PARTIES

Pursuant to State Finance Law Section 163 and ESD’s policy related thereto, staff has: (a) considered the ability of Broadway Stages to perform the services as set forth in these materials; (b) conducted an investigation of Broadway Stages’ financial capability, legal authority to do business, integrity and past contractual performance, finding all to be satisfactory; and (c) consulted the list of offerers determined to be non-responsible bidders and debarred offerers maintained by the New York State Office of General Services. Based on the foregoing, staff finds Broadway Stages to be responsible.

NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY

ESD’s Non-Discrimination and Contractor & Supplier Diversity policies will apply. Broadway Stages would commit to the MWBE participation described above.

ENVIRONMENTAL REVIEW

ESD staff has determined that the requested authorization to conditional designation constitutes a Type II action as defined in the State Environmental Quality Review Act (“SEQRA”) and the implementing regulations for the New York Department of Environmental Conservation, and therefore no environmental review is required for this designation. ESD will undertake appropriate environmental review for the proposed development prior to any final commitments, and therefore will ensure that no actions related to this authorization that are subject to SEQRA will be undertaken until any necessary SEQRA review is completed.

REQUESTED ACTIONS

The Directors are requested to Conditionally Designate Broadway Stages as the Developer of the proposed Arthur Kill Correctional Facility project substantially on the terms and conditions

set forth in these materials, and to find Broadway Stages to be a responsible party. The proposed project and any contractual documentation remain subject to all public approval processes as required by law, including but not limited to further review by the ESD Directors.

RECOMMENDATION

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

ATTACHMENTS

Resolutions

Site Plan

February 20, 2014

NEW YORK CITY (RICHMOND COUNTY) – Proposed Development at Arthur Kill Correctional Facility – Conditional Designation of Developer; Authorization to Take Related Actions

BE IT RESOLVED, that based on the materials presented at this meeting (the “Materials”), a copy of which is hereby ordered filed with the records of the Corporation, the Corporation hereby finds Broadway Stages, Inc. to be responsible; and be it further

RESOLVED, that in accordance with the Materials, the Corporation hereby Conditionally Designates Broadway Stages, Inc. as the Developer of the Arthur Kill Correctional Facility project, subject to all public approval processes as required by law, including but not limited to further review by the ESD Directors; and be it further

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.

* * *

Arthur Kill Correctional Facility Site Plan

2911 Arthur Kill Road
Staten Island, New York



FOR INFORMATION

February 20, 2014

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Budget Variance Reports through December 31, 2013

In accordance with applicable law, attached are the variance reports for the third quarter of fiscal year 2013-14 for the department operating budgets, as well as subsidiary operating and capital budgets.

During the first nine months of fiscal year 2013-14, total departmental spending was approximately \$ 29.3 million, or 58% of the total budget of approximately \$50.4 million. It is projected that the Corporation will end the current fiscal year under budget by approximately \$5 million, or 10%. This is primarily attributable to the existence of staff positions (including fringe benefits provision) that remain vacant. In addition, it is expected that certain fixed expenses (i.e. other post employment benefit cost) will be less than their budgeted amounts.

Total subsidiary spending for operations, excluding HCDC Weatherization and LMDC, was approximately \$3.2 million (75%) of the total budget of \$4.2 million. Operating spending as compared to the budget was on target for the period and is expected to end the current fiscal year within budget. Spending for HCDC's Weatherization Program and LMDC is shown separately as both are federally funded.

Total subsidiary spending for capital work was approximately \$118 million, or 37%, as compared to the total of all subsidiaries' capital budgets of \$315 million. The variance in spending reflects a time lag in billing which is common with large scale construction and capital projects. Much of the capital work completed throughout the period is generally not invoiced until 60 days after the work has ended. Since these costs are not readily measurable, they are not reflected in this report.