
Section 4 Implementation Strategy

4.1 Implementation Strategy

Concurrently with the completion of the Master Development Plan an Implementation Strategy is being presented to ensure that the Plan is implemented within its general parameters. The Project Team has proposed a Master Development Plan that contemplates approximately 3.6 million square feet of mixed-use development, including research and technology space, office, academic facilities, residential, learning center/hotel, community-oriented retail, and landscaped park and outdoor recreation space. The Master Development Plan redefines and strengthens linkages among the surrounding community, the University at Albany campus (the "University") and the Harriman Research and Technology Park. Potential development sites are identified, along with other infrastructure improvements and modifications. The Plan is designed to afford maximum flexibility through phasing of the development process and establishment of broad ranges of development capacity in each functional category.

In order to observe the stated objectives of the Master Development Plan, and to accommodate the continued occupancy of existing New York State governmental tenants, implementation strategies and options should incorporate the following key elements:

1. Formulation of a mechanism by which State of New York, as the current owner of the campus, or an intermediate Management/Disposition Entity, can transfer ownership or possession to the developer on a parcel-by-parcel basis.
2. Creation of a flexible implementation process that permits phased development to be supported by market-driven uses.
3. Ensuring that operation and maintenance of the existing facilities are sustained until the services are terminated by closure or renovation of remaining buildings or provided by other means.
4. Formulation of construction/disposition/renovation criteria that encourage economic development objectives, adherence to the Master Development Plan's vision and goals, local and regional fiscal benefits, and acceptable financial returns.

Early implementation of the mixed-use options outlined in the Phase I program recommendations is critical to create momentum, tap into unmet demand for the recommended uses, and subsequently attract demand for the longer term uses. Given that certain Phase I uses, such as residential units (with ground floor retail) and a learning center/hotel would likely be particularly attractive to the development community, it is important to describe development of a Phase I in a Developer RFP that outlines the proposed uses, provides ranges in terms of density, and requires developers to construct residential/hospitality uses concurrently with the office/tech space.

4.1.1 Ownership and Legal Structure

While the stated preference has been to select a Master Developer for the development of the Campus, it should be noted that there are alternative models for governing a project with mixed and multiple uses that have been successfully employed throughout the industry:

- a) ***Single Master Developer***: Under this development structure the developer essentially takes down the ownership or control of the entire site, either through a sale of fee simple interest or

long-term ground lease. This can occur as a single transaction or through a series of parcel transfers over time. This approach is commonly found in instances where a public entity owns the land but does not wish, or lacks the capacity, to undertake large-scale development. Military base closures are frequently structured this way in order to make a large transaction more workable by reducing the amount of initial capital investment required. Take-down of individual parcels can occur either as driven by market conditions or on a scheduled program. Formal, detailed master development planning can be simplified or avoided in favor of a more evolutionary strategy. Greater emphasis must be placed on the creation of a comprehensive Land Disposition and Development Agreement (“LDDA”) that provides long term guidelines by which the parties will be governed as the project progresses, and defines the mutual obligations of the parties, performance timelines, and other terms. Some of the advantages and disadvantages of this form of development structure are summarized in the matrices found on pages 4.17 to 4.18, “Implications of Potential Development/Build-out Scenarios for the Harriman Research and Technology Park”.

- b) **Multiple Developers:** Under this approach, land transfers are made according to market-driven proposals as developers define individual growth opportunities, often in accordance with their particular specialties, such as office buildings, retail centers, and owned or rented residential segments. While this is a more traditional method for development to occur, it requires that the Management/Disposition Entity have, observe, and guide developers under a land-use plan that includes building scales, zoning and setback requirements, architectural material and design standards, and specified infrastructure elements and responsibilities. If properly controlled, this form of development can produce higher returns, shorter development periods, and diversity of product offerings. (See page 4.17, Implications of Potential Development/Build-out Scenarios for Harriman Research and Technology Park).

Since both the Single Master Developer and Multiple Developer approaches are likely to involve incremental transfer of operation and control of the site, a Management/Disposition entity will need to be identified. This entity would be either HRTDC, OGS, an existing local or state development corporation, or a newly-created project-specific not-for-profit corporation composed of representatives of the City of Albany, the State of New York, HRTDC, the University and local business leaders and community members. This body, as a Management/Disposition entity, would retain overall authority concerning all real estate transactions and economic development incentives, and would assure consistency and adherence to Master Development Plan objectives. In any model where there is phased disposition of project lands, this entity would also operate as a "land bank," to retain title to parcels not yet being transferred for development, or to hold title during the term of any ground leases.

The corporation would have authority to transact any appropriate business, action or decision, within its established powers. It should have a board and committees that set and guide overall policies for development of the Campus. Committee functions and subject areas could include finance, audit, personnel, covenants, conditions and restrictions. The corporate board should be organized so that appropriate activities could be held in confidence (such as land sales or lease negotiations) but otherwise should be as transparent as possible, utilizing safeguards and controls to assure the public that the Park is being operated in an open and proper manner.

The corporation should create covenants for the development of the Park that would be enforced by a Design Board, including land use, building coverage ratios, parking, landscaping, recreational facilities and permitted activities. The Design Board should have representatives of the Park Owners, Tenants, the University and neighbors. Care must be taken to structure the organization of the Design Board such that it enhances, but does not hinder, the application of appropriate design criteria to proposed projects.

The corporation, in cooperation with others, could allocate office/research space and funding to an incubator facility located at the Campus. It could also encourage entrepreneurship and, in cooperation with the University, technology transfer.

It is also possible that the State would retain title until each parcel is transferred to a developer. Utilities and common area expenses would be billed or allocated to the respective properties under a formula contained in a comprehensive operating agreement ("Operating Agreement"), between the parcel developers and OGS. Under this development structure, the State could continue to act as a land bank, retaining overall site control and ownership, providing required services. Parcels transfers could be by conveyance of fee simple interests or long term ground leases. Agreements would be needed on the nature and cost allocation of infra-structure improvements or modifications resulting from the impact of the take-down of individual parcels.

4.1.2 Development Oversight and Coordination

The Management/Disposition entity will have oversight on all real estate transactions, economic development incentives, and consistency and adherence to Master Development Plan objectives. Because it is likely that adherence to long term redevelopment objectives could result in lower land values in the nearer term, it is critical that this entity be empowered with selecting developers or tenants based on overall economic development goals, and not merely on the basis of highest financial offers. In addition, the entity should also have the power to secure financing to complete public infrastructure requirements and extend low-cost tax-exempt financing. This entity will also provide a communication channel between private developers and other stakeholders including academic institutions, community groups, and tenants thereby assuring that new development projects respect previously recognized community concerns regarding scale and placement.

4.1.3 Design and Construction

A flexible General Project Plan ("GPP") should be developed in accordance with the Master Development Plan and Implementation Strategy. This would accommodate a phased redevelopment of the Harriman Campus over the long term based on emerging market conditions. The overall GPP should emphasize a phased development approach that identifies a set of anticipated uses for each parcel, and also include provisions to revise those uses at a later stage without having to revise the GPP. Accordingly, in addition to designating potential uses for each parcel, a list of secondary uses for each parcel, as well as the criteria under which such uses can be implemented, can be submitted as part of the General Project Plan. Such criteria would be flexible enough to account for a variety of factors, including, but not limited to, the following:

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- > Changes in market conditions for a given parcel use;
 - > A need to accommodate changes in location and scale and single versus multi-tenant occupancy;
 - > Variations in the product mix, style of architecture, footprint and positioning of structures.
 - > Recommendations and improvements resulting from transportation and traffic studies.
 - > Changing government and regulatory codes and requirements.

4.2 Development Strategy

4.2.1 Privatization Strategy

The privatization of the Harriman Campus will result in a reduction of State operating and maintenance expenses and ultimately a return of the Campus property to the City of Albany's tax rolls. This process requires the participation of various stakeholders. OGS will have the responsibility for relocating existing state agency tenants and maintaining those areas of the Campus that have not yet become part of the Research and Technology Park. As parcels of property are disposed to a Master Developer or multiple developers, OGS will be able to reduce its current operating expenses and mitigate future capital expenditures.

The Plan describes the role of the University as assisting the redevelopment project by acting as the academic partner and catalyst for science and technology-based activities which will, in turn, generate potential tenants. By creating positive linkages to the administration, faculty and students of the University, the project will derive much-needed support in the academic community as the preferred location for University-based growth and facility expansion. Adequate provision must be made to accommodate those requirements in product mix as growth at the University gathers momentum. Beyond these important roles, the University has expressed and demonstrated a serious commitment to partnering with private sector entities in a host of academic and research fields, including, but not limited to nanotechnology, cancer genomics, the life sciences, social sciences, public policy, and computing and information technologies. The College of NanoScale Science and Engineering, the College of Computing and Information, the School of Business and other academic programs will become critical players in any privatization strategy for redevelopment of the Park, seeding the ground for new, entrepreneurial start-up companies. The Park is uniquely situated to capitalize on this growth.

Once development begins to evolve, there will be an increasing need for collaboration with the City on such matters as zoning, transportation and transit, housing and related municipal services. Private developers will need cooperation from the City in getting zoning changes, site plan approvals and similar Planning Board reviews. Maintaining a close dialogue with all departments of the City will prove beneficial to redevelopment efforts. As privatization of parcels begins to occur, the City will need to begin planning to provide municipal services for the privately held components of the project and, in return, will begin to build its real property tax base and receive real property taxes or payments in lieu of taxes ("PILOT" payments). The property is currently zoned as C-O Commercial Office, which does not permit some of the uses contained in the Plan. Re-zoning for mixed uses, through a Planned Unit

Development “PUD” ordinance, or other zoning structure permitting mixed-use development, is likely to be necessary for successful long term development.

The City has prepared an outline of some of the steps involved in a development project in a brochure entitled “Understanding the Development Review Process” which is available at www.AlbanyNY.org under “Fast Finder- Development Brochure.”

Albany Mayor Gerald D. Jennings has recently announced the start of preparation of a Comprehensive Master Plan for the City that will be prepared collaboratively with the Common Council. The “Capitalize Albany” plan and the Harriman Campus Development project outline are also available on the City's website at www.AlbanyNY.org on the Economic Development pages. Community and Neighborhood Associations and individual community members need to continue to be contacted and kept involved to assure that they are well informed of developer plans and have been given ample opportunity to provide comment.

ESDC will be actively involved with tenant attraction and, together with the City, will assist in the development of appropriate State and Local Economic Development Incentives. For this plan to succeed it will require the complete support and backing of the State and much of this support customarily comes through Empire State Development Corp. and its subsidiaries in the form of grants, low-cost loans, Empire Zone status, job credits and tax relief measures. ESDC can also act as the coordinator for development actions requiring approvals, procedural efforts and support documentation from other State agencies. HRTDC and ESDC will assist and facilitate the transfer of property from OGS for private sector development.

Transfer of State lands to private parties by sale or lease is governed by State statutes. While State lands may be sold by public auction, this approach is not conducive to development under a Master Development Plan. The most workable conveyance process involves several steps: First, under to Section 30-a of the Public Lands Law, a state agency having jurisdiction over lands, (with limited exceptions) *"may determine that such lands are no longer necessary or useful to the purposes of such agency, and [the agency's chief administrator] is hereby authorized to declare the same abandoned. Upon the filing of a declaration of abandonment such lands with an approval thereof by the commissioner of general services such lands shall become unappropriated state lands. . ."*

Then, once the abandonment is declared by the agency and approved by OGS, pursuant to Section 13-a of Chapter 174 of the Laws of 1968 the Commissioner of OGS *"shall have power, in his discretion, from time to time to grant and convey to the corporation [ESDC], upon such terms and conditions including consideration as the commissioner of general services may fix and determine, unappropriated state landswhich the corporation shall certify to be necessary or convenient for its corporate purposes."*

Section 5 of Chapter 174 of the Laws of 1968, among other powers, gives ESDC broad powers to receive ownership of such lands, and to "sell, assign, exchange, transfer, convey, lease, mortgage or otherwise dispose of or encumber" its real property, subject to review and approval by the Public Authorities Control Board.

The Campus's privatization would involve gradually scaling back the State's presence as state employees move into new or renovated office space throughout the Capital Region. Phasing of development and the Master Development Plan parcelization should take into consideration the schedule of vacancy for state office buildings in the campus.

Plans are underway for the demolition of Buildings 1 and 1A to coincide with the Department of Civil Service's pending relocation to downtown Albany in June or July of 2006. The Cafeteria (Building 3) has recently been closed and the Department of Transportation has relocated from Buildings 4, 5, 7 & 7A to a newly renovated building in the Town of Colonie. The HRTDC office and the Harriman Business Center incubator have been established in Building 7A, which also houses the State's Office of Homeland Security, while Building 4 is partially occupied by the Division of Budget and the Campus Daycare Center. Building 7 currently houses test lab space for the Departments of Agriculture and Markets and Transportation. The Department of Corrections (Building 2), Department of Taxation and Finance (Buildings 8, 8A and 9), Department of Labor (Building 12), OGS Administrative Offices and Service Center (Building 18) and the Department of Education (Building 21) are not expected to be vacated in the foreseeable future. The State Police Academy (Building 22), Department of Public Safety (Building 24) and the State Forensic Lab (Building 30) are all located outside the Campus Ring Road and are not currently included in the redevelopment plans.

The existing utility infrastructure (Central Utility Plant, Electric Substation and Utility Infrastructure) provides service for the existing Harriman Campus Buildings, as well as the Public Safety Building, NY State Police Forensic Lab and the NY State Police Academy. The Harriman substation also provides electricity for the University at Albany and Albany NanoTech Campuses.

For the State of New York it will become necessary to consider the costs and benefits to be derived from the privatization of existing agency buildings. The capitalization of an income stream derived from rental payments by the State for continued occupancy in Campus buildings may prove sufficiently attractive to a developer to warrant a full, market-level purchase price. Privatization could also result in the avoidance of significant capital investment and reductions in operating and maintenance expenses by the State. However, the State agencies involved would have to budget rental costs that they had not previously incurred. Prospective developer candidates should be asked to submit financial and business plans indicating their approach to the treatment of such transactions as this will have a significant impact on the overall implementation of the Master Development Plan. Identifying a continued occupancy strategy for these agencies will require close collaboration with the developer, OGS, agency management and HRTDC, given the critical, on-going nature of their respective functions.

4.2.2 Parcelization Strategy

While the Proposed Master Development Plan has been tentatively subdivided into several large parcels, the Parcelization Plan (Drawing 28 in the Appendices) does not constitute an actual Phasing Plan. Parcel A, located at the Northwestern portion of the site adjacent to Washington Avenue, has been designated as the logical location for Phase 1 of the proposed new development to begin. The Master Development Plan calls for initial development to occur along Washington Avenue as it contains largely commercial property development and is situated away from the residential neighborhoods to the south, along

Western Avenue. Parcelization should allow flexibility for subsequent phases, with parcels reconfigured to suit the development needs of interested developers and users of the Park. The size and location of future development cannot be accurately predicted and is not the subject of the Plan. A flexible strategy has been devised in order to permit future discussion of locations for development sites, parking requirements, bicycle and pedestrian pathways, removal or placement of roadways and establishment of common area amenities.

One of the critical elements of the Plan is the ongoing occupancy of the Departments of Taxation and Finance and the Labor Department. As noted above, given the probability of long-term occupancy on the Campus by those agencies, it is necessary to consider development and parcelization plans that accommodate the existing Buildings 8, 8A, 9 and 12 and their respective parking facilities. This has an impact on any take-down schedule that could be devised by a developer and is a major contributing factor in the addition, modification or elimination of sections of the ring road system, Campus ingress and egress patterns and the staging of new construction.

Similarly, the State Police Complex is also an important consideration in the planning and parcelization process. Much of the Complex's construction is new, expensive to replicate, and heavily used. Therefore, developers are not encouraged to consider this area for redevelopment in any short term strategies. The location of these facilities acts as an impediment to establishing stronger physical connections with the University. As development of the Park proceeds it may be possible to consider creating a site that would permit one or more of these uses to occupy alternative facilities elsewhere within the Park area.

4.2.3 Disposition Strategy

A. Master Developer Single Conveyance Process (Refer to Flow Chart on Page 4.15)

Under the Master Developer/Single Conveyance format, a private developer would acquire the development rights to the Harriman Campus through fee simple ownership or a long-term ground lease. Under the long-term ground lease arrangement, the Master Developer leases the property for a certain number of years as negotiated with the State, after which title to the fee and improvements reverts back to the State. The ground lease can be structured in a number of ways, depending on the collective goals of the developer and the ground lessor. Several factors can influence this decision, such as the taxable status of the property, up-front cash requirements, or the need for ongoing control over the pace and scale of improvements, and zoning impacts.

Under this arrangement, the Master Developer normally provides financing for new buildings, while the public sector typically provides incentives, and, potentially, infrastructure modifications. For the Harriman project, these would include financing for such items as ring road demolition and connections, roundabouts, road improvements, building demolition, asbestos removal, open space and parks, as well as structured parking. The Master Developer would normally also be responsible for all phases of site development, construction, and marketing of the project, as well as day-to-day asset management.

The selection process for a Master Developer would involve preparation of a solicitation by HRTDC and its advisors, in cooperation with ESDC and OGS. A selection committee would identify qualified

candidates by evaluating submissions, conducting interviews, and considering the information received in light of conformance to the principles of the Master Development Plan and the RFP's selection criteria. Once a preferred Master Developer candidate is recommended and selected, the LDDA and Operating Agreements would be negotiated with the Developer and submitted for agency approvals. Upon receipt of those approvals, additional approvals would be sought from the New York State Attorney General, the New York State Comptroller, as well as the Public Authorities Control Board, where applicable. The LDDA and Operating Agreements would clearly identify the corresponding roles and responsibilities of the parties, the proposed land use mix, conveyancing structure, and timing of development.

The Master Developer would be responsible for obtaining the necessary regulatory approvals that include any proposed zoning changes, SEQRA update, and other necessary reviews, approvals and permitting.

B. Multiple Developer Parcelization Process (Refer to Flow Chart on Page 4.16)

With developers catering to specific market niches, a mixed-use development could be implemented with a Multiple Developer Parcelization Process. Under this arrangement, HRTDC, or some other state or local government entity, would act as the Master Developer and would implement redevelopment of the Campus by dividing the Campus into multiple development parcels for sale or long-term lease to multiple individual developers. Portions of the Campus would be made available to interested developers. In this manner, the Harriman Research & Technology Development Corporation (HRTDC) would create the Development Framework as expressed in the Market Assessment and Master Development Plan. A Management/Disposition entity would be identified or created that would manage the development process, oversee real estate transactions, secure grants and funding, and maintain and enhance the basic infrastructure in the Park in coordination with OGS. The Management/Disposition entity would also ensure that development goals, economic objectives and architectural and design standards are met. This Management/Disposition entity could be OGS, HRTDC, a local development authority, or a newly-formed corporation.

The Management/Disposition entity could secure entitlements that include grants, Empire Zone designation, or other incentives that would be attractive to developers. Under this process, the Management/Disposition entity could seek preliminary approvals, permits, and financial incentives so that private entities that are selected to develop parcels for permitted uses are provided with “shovel-ready” sites.

The Management/Disposition Entity would act as a “land bank” and parcelize the campus into multiple parcels for sale or long-term lease to multiple developers. As market demand evolves, the Management/Disposition Entity would market tracts and issue RFP's for individual parcels. Upon request, OGS would declare the parcel as “surplus” and transfer title to ESDC for subsequent transfer of individual parcel title to selected developers.

4.3 Regulatory Process

4.3.1 State Environmental Quality Review Act

The implementation of the Master Development Plan will be subject to the State Environmental Quality Review Act (SEQRA), and will likely require the preparation of an amendment or supplement to the original SEQRA submission. In view of the prior SEQRA filing, preparation of a Supplemental Draft Generic Environmental Impact Statement (SDGEIS) to address the potential significant environmental impacts of proposed changes to the planning for the future development of the Campus appears to be the most logical and efficient way to move forward.

The initial step of the process will include the preparation of a public scoping document and a scoping session that will allow the public and agencies an opportunity to comment on issues that should be addressed in the EIS. Once the scoping process is complete, the SDGEIS will be prepared to address identified concerns. The new SDGEIS will require a revised traffic impact study, and a Phase IA Archeological Assessment should be considered. Since the site has previously been significantly disturbed, sign-off from the NYS Office of Parks, Recreation, and Historic Preservation may be required. This could occur through the Phase IA and documentation of the disturbance.

Additional analyses will be required, including an assessment of potential land use impacts, community character impacts, air quality impacts, effects on community services such as utilities, protective services, parks and recreation facilities and local schools; economic and socioeconomic impacts, construction related impacts, air quality impacts, and possibly others that may be identified through the process.

4.3.2 Zoning

As noted above, the entire Campus is currently zoned as C-O Commercial Office, which is not the optimal classification for the re-development envisioned by the Master Plan.

As an alternative to seeking Special Use Permits or Variances under the existing Zoning Ordinance, it may also be appropriate to consider seeking amendment of the City zoning ordinance to provide for an alternative zoning classification permitting creation of a Planned Unit Development or other zoning amendments permitting mixed uses similar to those contemplated by the Master Development Plan.

It should be noted that the State is not required to comply with local zoning requirements and several existing facilities at the Campus may not qualify as permitted uses under current zoning. Once the site or portions of the site are transferred to the control of a private entity, they may become subject to local land use regulations, depending on the method of transfer, and the nature of the interests, if any, retained by the State.

4.3.3 Planned Unit Development

A Planned Unit Development ("PUD") zoning ordinance provision could allow the property to be developed in a more flexible manner than what is normally allowed under conventional zoning regulations. PUDs achieve greater design flexibility and economies of scale within a community during development, and allow and encourage the use of innovative and creative planning and design techniques to develop environmentally and socially compatible projects. Currently, the City of Albany does not have a PUD ordinance. Accordingly, it would be necessary to adopt one, either through recommendation by

the Planning Board and adoption by the City's Common Council, or as part of the adoption of the new Comprehensive Master Plan currently being prepared. Once the PUD ordinance has been adopted it would be feasible to apply for re-classification of the Campus as a PUD.

4.4 Economic Incentives

Economic incentives are an important component in a redevelopment project where the cost of infrastructure, demolition, and asbestos abatement are substantial enough to deter private developers from investing in the project. A combination of public funding sources is needed to help lower the risk for private developers and to help make the project more feasible from a financial sense. Economic incentives and public funding could help achieve economic development goals in addition to physical development goals for the project. While some programs help provide for infrastructure and the physical environment, economic development grants and funding sources are equally important to help achieve job creation, as well as technology advancement. Some of these funding tools are the following:

- > Grants;
- > Payment-in-lieu of tax (PILOT);
- > Empire Zone Designation;
- > LEED Certification; and
- > TIF-like Structures (Tax Increment Financing)

4.4.1 Grants

A combination of state and federal funds is usually needed to initiate or subsidize public infrastructure development. Customarily, this would include the cost of creation or improvements to parks, trails, bike paths, brown-fields remediation and demolition, asbestos abatement and improvements to transportation and transit facilities. In New York State, many of these programs are administered by ESDC as the economic development agency of the State. A partial list of available local, state and federal grants is included in the Appendices.

4.4.2 PILOT

Title to the Campus currently rests with the State of New York. As such, there are no property taxes payable to any local entity. It is anticipated that as new buildings are constructed or land and existing buildings are converted to private ownership, they will become subject to real property taxes. At that point, it may be appropriate to negotiate with the City for a Payment of Lieu of Taxes "PILOT" agreement.

Private developers may also qualify for real estate tax incentive programs, such as Empire Zone status or ten-year declining exemption under Real Property Tax Law §485B. Respondents are urged to contact the City of Albany's Division of Economic Development for additional information.

In the City of Albany, the City of Albany Industrial Development Agency (CAIDA), a public benefit corporation administered by the Albany Local Development Corporation (ALDC), provides low-cost

financing through Industrial or Civic Facility Revenue Bonds. Under this set-up, CAIDA purchases land and/or improvements in a project or equipment using the proceeds of bonds sold by CAIDA. Under a separate agreement, the private firm leases the facilities from CAIDA. Lease payments are then used to retire the bond obligations. Several forms of tax savings are available from CAIDA:

- > Real property owned by CAIDA is exempt from local property taxes. PILOT agreements are negotiated with the private developer to provide full or partial remuneration to one or more of the taxing jurisdictions. Project beneficiaries can take advantage of the ten-year declining exemption under Section 485-B of the New York State Real Property Tax Law.
- > Projects in certain areas of the City of Albany may be eligible for the Urban Reinvestment Tax Incentive Program (URTIP). Eligible areas include the Business Improvement Districts, the Albany Economic Development Zone and those sites that qualify for Community Development Block Grant assistance. This enhanced property tax abatement is modeled after the Section 485-E of the New York State Real Property Tax Law. Eligible projects receive a seven year 100% abatement of the increase in assessed value resulting from the project. The abatement is reduced by 25% in each of the next 4 years until taxes are paid on 100% of the assessed value of the property.
- > Mortgages on CAIDA properties are exempt from the New York State Mortgage Recording Tax.
- > Purchases of supplies and materials for CAIDA projects are exempt from New York State and local sales taxes.

4.4.3 Empire Zone

Empires Zone designation (“EZ”) could be requested for the Harriman Research and Technology Park to provide additional incentives for businesses to relocate to the Park. Empire Zones provide enhanced sales, property, and business tax credits for businesses locating and expanding in one of New York's Empire Zones. The intended effect of the Empire Zones Program is to give companies that increase employment the opportunity to operate on an almost "tax-free" basis. These benefits are available for up to 10 years in designated areas of the State, with additional savings available on a declining basis in years 11 through 15. Firms locating in Empire Zones are eligible for special tax credits that relate to capital investment, jobs, wages, sales taxes, and real property taxes, and are further discussed in the Appendices. The City of Albany controls the designation and qualification of Empire Zones within its corporate limits and would be the applicable entity to approve any contemplated EZ status for the Campus.

4.4.4 LEED® Certification

The use of sustainable design could provide economic incentives to the development project through Leadership in Energy and Environmental Design (“LEED®”) Certification, which could be sought for individual buildings in the Harriman Research and Technology Park. LEED®, is the United States Green Building Council’s (USGBC) third party green building certification program. Part II of Chapter 63 of the Laws of 2000 established a Green Building Tax Credit, which provides for tax incentives to owners

and tenants of eligible buildings and tenant spaces that meet certain "green" standards. These standards increase energy efficiency, improve indoor air quality, and reduce the environmental impacts of large commercial and residential buildings in New York State, among other benefits. Green Building Eligibility and Credit Components are further discussed as part of the Appendices. In addition to economic incentives, the use of sustainable design for new and redeveloped buildings could also serve as an important tool in efforts to attract an environmentally sensitive technology workforce.

The New York State Research and Development Authority (“NYSERDA”)’s green building services offer technical assistance in attaining the United States Green Building Council’s LEED® green building certification. Cost shared assistance is offered in meeting the requirements of LEED® on a point-by-point basis, and guidance is provided on credit achievement and USGBC submittal requirements. Under the LEED® certification program, green building design focuses on five main categories:

- > *Sustainable Sites*: The Sustainable Sites category encourages good stewardship of the land, taking care to minimize adverse project impacts on surrounding areas during and after construction. This category asks the building owner to consider appropriate site selection, urban redevelopment, and brownfield development. It also encourages the use of alternative transportation to the facility, reducing site disturbance, and storm water management. Credit is given to projects that achieve a reduced heat island effect and reduce light pollution.
- > *Water Efficiency*: The Water Efficiency category encourages the thoughtful use of water. Credit is given to building and landscape designs that reduce the use of potable water for irrigation, and wastewater. Credit is given for a total reduction in potable water use through various water conservation strategies in the building.
- > *Energy and Atmosphere*: The Energy and Atmosphere category requires that the building undergo fundamental commissioning to insure that the building systems are operating in the way they were designed to operate. This category also requires that the building achieve a minimum energy performance, and that it eliminate the use of CFC-based (Chlorinated Fluorocarbon) refrigerants in new building heating ventilation, air conditioning and refrigeration. Credit is given for projects that further optimize energy performance, consider the use of renewable energy onsite, and purchase green power from a utility company. Additional credits are given for more extensive commissioning and long-term continuous measurement and verification of building performance.
- > *Materials and Resources*: The Materials and Resources category requires that collection and storage of recyclables is provided for in building design and operations. This category also encourages the use of recycled materials, locally manufactured environmentally responsible materials, certified wood and re-used materials. Credit is given to projects that can re-use a portion of the existing building on the site and to projects that implement a construction waste management plan.
- > *Indoor Environmental Quality*: The Indoor Environmental Quality category seeks to ensure that green buildings have optimal lighting, thermal comfort and healthy indoor air quality for their

occupants. The category requires that the building meets a minimum IAQ performance standard, and controls environmental tobacco smoke. Credits are given for Carbon Dioxide monitoring, increased ventilation effectiveness, indoor air quality management during and after construction, the use of low emitting materials, coatings, paints and finishes and allowing occupants to control the systems in their personal workspace.

4.4.5 Tax Increment Financing

Tax Increment Financing ("TIF") is a mechanism used to capture the future tax benefits of real estate improvements to pay the present cost of those improvements. A local jurisdiction does this by freezing property tax assessments at a base year. In future years, all the tax revenue up to the base year assessment continues to go to the taxing jurisdictions (city, county, school district). Incremental tax revenue collected from rising property values is allocated to the TIF district through its governing agency. The tax increment is often used to pay the debt on bonds that were issued to help fund the redevelopment. The bond proceeds are often used to finance public infrastructure such as parking and road improvements or to support more directly a specific project through property acquisition, environmental remediation, loans, or other development costs. TIF allows increased tax revenue to be retained and reinvested back into the designated district. The downside with TIFs is that a redevelopment project may not generate the anticipated private investment. The demand for municipal services also increases as development takes place. However, incremental taxes are not available to fund such services until after the district expires.³⁴ New York State has no underlying legislation to authorize the creation of TIFs. Development impacts are assessed through a mechanism similar to the TIF. This is undertaken through the Generic Environmental Impact Study ("GEIS"). A case in point is expansion of the Albany International Airport in the Town of Colonie, where a Transportation Improvement District subject to impact fees was established through the GEIS. The town of Colonie and Albany County jointly conducted a Generic Environmental Impact Study (GEIS) in 1991 to refine the land use plan for the Wolf Road/Airport area and establish an implementation plan for highway and other infrastructure elements. With assistance from the Capital District Transportation Committee ("CDTC"), the Town of Colonie crafted the GEIS statement of findings by identifying the maximum feasible and desirable transportation plan, and scaling the amount of development over the next fifteen years to fit that plan's capacity. The plan calls for some projects to be publicly financed, some privately and some jointly.

The Town of Colonie pioneered the use of GEIS mitigation fees for implementation of the plan. Using SEQRA as the legal basis for the fees and carefully calculating each development's contribution to the need for mitigation allows Colonie to avoid the legal prohibition (established in the Guilderland case in the 1980's) against generic "impact fees." The approach also eliminates the need for significant traffic mitigation studies of each and every development in the area.

Mitigation fees are calculated based on the development's percentage consumption of new peak-hour, peak-direction traffic capacity by link and the cost by link of creating that capacity. The Town of Colonie has adapted an even-handed application of this process by assessing itself mitigation fees when it constructed two town buildings in the GEIS area. Other areas of Colonie have since benefited from the GEIS approach.

³⁴ International Economic Development Council (IEDC), "Real Estate Development and Reuse," 2002.

Over 15 years, resulting mitigation fee assessments exceeded \$12.0 million dollars. Mitigation fees have been used to fund new collector roads and service roads. Mitigation fees have also been used to partially fund CDTA shuttle service in the area. Mitigation fees also have been used to “over-match” more than \$30 million dollars in Transportation Improvement Projects (TIP).³⁵

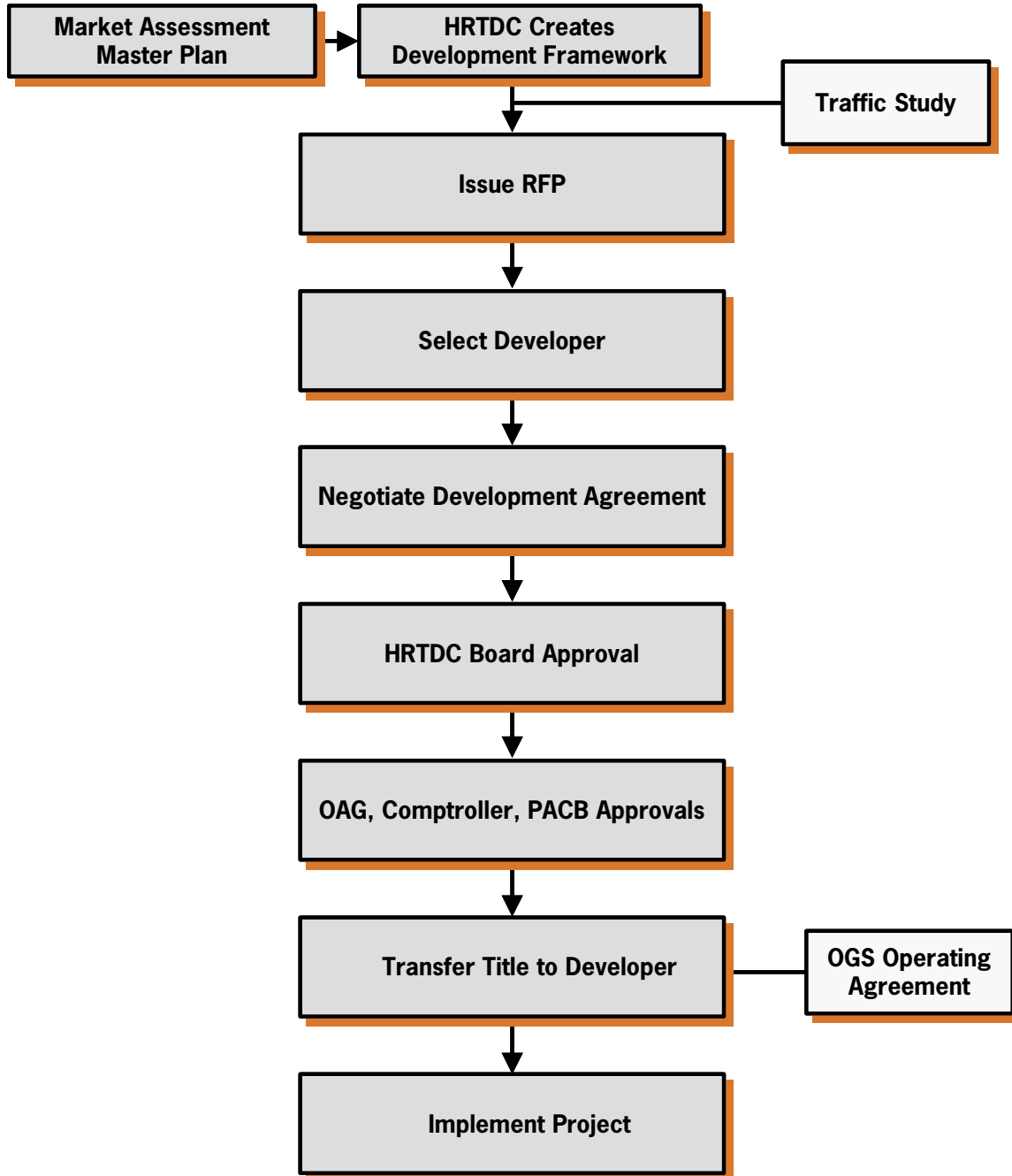
4.4.6 Transportation Study

In 2005, the Capital District Transportation Committee (“CDTC”), in concert with HRTDC, the city and county of Albany, the University at Albany, the State Employees Federal Credit Union, the Capital District Physicians Health Plan and Washington Avenue Associates, LLC, received a U S Department of Transportation (“USDOT”) grant to retain a consultant to conduct a Transportation Linkage Study to examine transportation and traffic conditions within and around the Harriman, University and NanoTech Campuses.

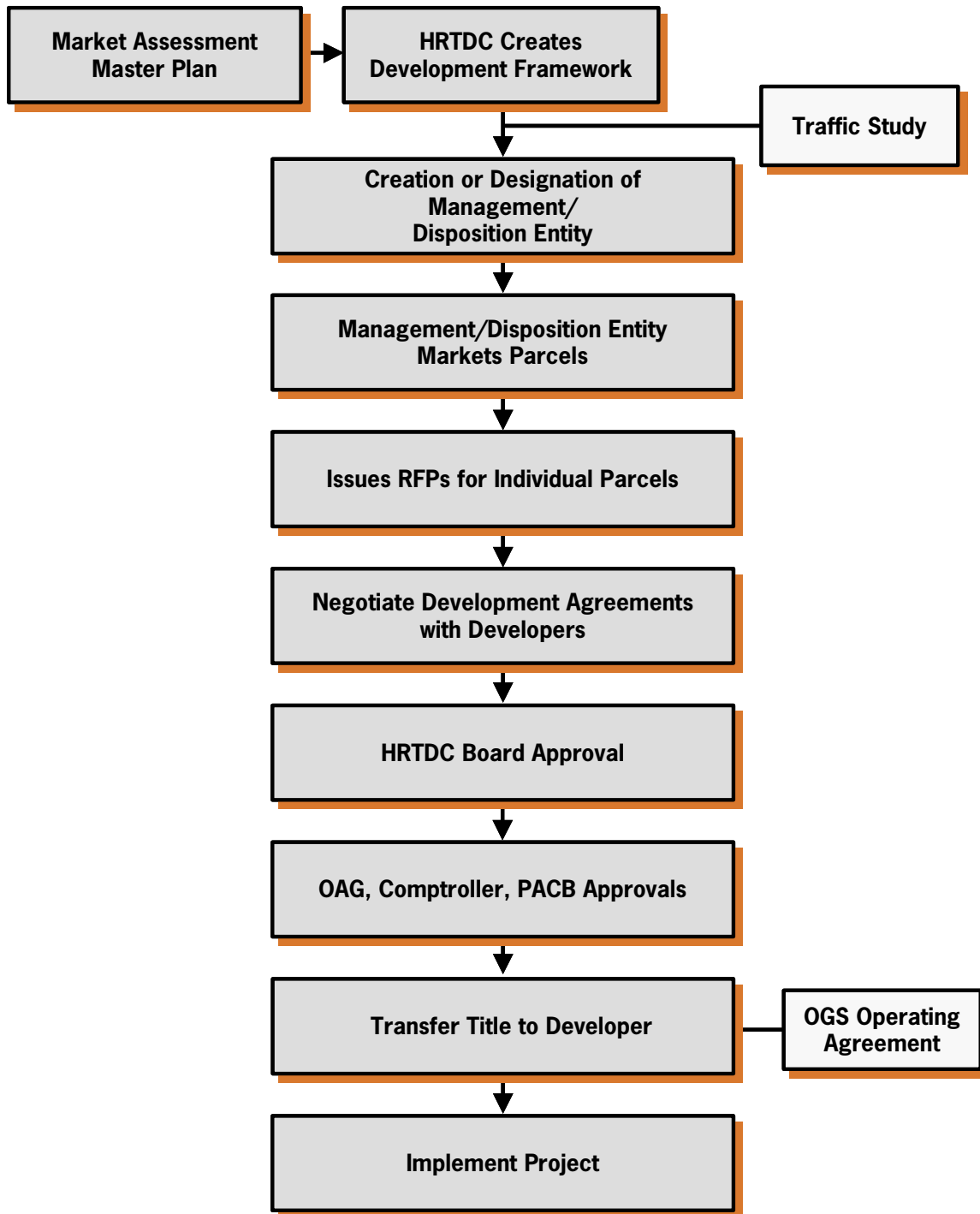
The consultant will make recommendations for short and long-term improvements to the roads, streets, signaling, signage and infrastructure for the area bounded by Western Avenue, Brevator Street, Washington Avenue, Fuller Road, I-90 and Route 85. Included in this study will be suggestions to further enhance traffic flow. A Request for Expressions of Interest for the Harriman Campus Transportation Linkage Study was issued in February of 2006 and it is anticipated that a Consultant will be selected prior to June 1, 2006. Funding in the amount of \$100,000 is being made available by the participants and USDOT for this study.

³⁵ Capital District Transportation Committee.

Master Developer Single Conveyance Process



Multiple Developer Parcelization Process



Implications of Potential Development/Build-out Scenarios for the Harriman Research and Technology Park

Critical Issues	Advantages	Disadvantages
Compatibility with Long-term Redevelopment Vision		
Master Developer	<ul style="list-style-type: none"> > Greater likelihood of developer committing to a unified vision > Implementation under a single development agreement > Economies of scale that can occur from having a master developer may result in a more efficient phasing and implementation 	<ul style="list-style-type: none"> > Aggregates project risk in single entity > Initial delays/problems may impact subsequent developments > Lesser oversight and control by public agencies > Ability of stakeholders, such as UAlbany, community groups, etc to influence or adjust master plan to address its expansion needs might be constrained
Multiple Developers/Parcelization	<ul style="list-style-type: none"> > Distributes risk among multiple entities > Implementation of different phases/sites retain a larger degree of independence from one another > More oversight and control by public agencies 	<ul style="list-style-type: none"> > Multiple developers and ownership/lease structures may result in conflicting priorities among users > Different sites may also lack thematic design consistency in terms of building/landscape design
Attractiveness of Development to Private Developer Community		
Master Developer	<ul style="list-style-type: none"> > Increased likelihood of attracting larger, more capable and financially-established developers > Need for multiple regulatory approvals may be reduced > Provides opportunity for developer to create a single, major destination > Provides longer holding period for developer to amortize upfront costs and receive financial returns 	<ul style="list-style-type: none"> > Could requires significant upfront private financial commitment (absent public subsidies) > Limits involvement of smaller developers which may have specialized expertise in particular land use or local/regional I experience (except for JVs) > Developer (as opposed public sector) determines the order in which certain program elements are phased-in
Multiple Developers/Parcelization	<ul style="list-style-type: none"> > Permits participation of smaller and local/regional developers > Permits selection of developers who may not be capable of supporting entire project, but are most well suited for a particular program element > Allows for additional flexibility in reconsidering land uses not originally included in master plan 	<ul style="list-style-type: none"> > Multiple designation processes may require multiple regulatory reviews and approvals > Fragmented development process may introduce construction and operational conflicts among separate developers > Staging and phasing issues need to be addressed

Implications of Potential Development/Build-out Scenarios for the Harriman Research and Technology Park (cont.)

Public Sector Benefits and Commitments		
Master Developer	<ul style="list-style-type: none"> > One-shot disposition process reduces multiple RFP, disposition processes > Returns land to City tax roll more quickly > May require lesser upfront public sector commitment > Developer is responsible for SEQRA, PUD, and other regulatory issues 	<ul style="list-style-type: none"> > Sale/lease agreements need to include specific use, easement, and other kinds of covenants and restrictions > Lessens public sector's leverage during negotiation and planning process > May require deeper incentives to attract master developer > Public sector will not get any benefit from "land banking"
Multiple Developers/Parcelization	<ul style="list-style-type: none"> > Potentially smaller and directed public incentives package is required > Parcelization ensures prominent public role in overall development 	<ul style="list-style-type: none"> > Requires public sector to hold "leftover" parcels > "Land banked" parcels take longer to return to City tax rolls
Ongoing Operational Requirements		
Master Developer	<ul style="list-style-type: none"> > Results in a private entity dedicated to maintaining, managing and securing entire site > Minimizes need for and expense of public staffing/oversight structures 	<ul style="list-style-type: none"> > Permits a single entity to have control of largest development tract in region and influence market for significant time period > Default of single developer may undermine operation of other project components
Multiple Developers/Parcelization	<ul style="list-style-type: none"> > Sufficiently distributed control such that it is not concentrated in a single entity > Developer default has less of an impact on other project components than in a master developer model 	<ul style="list-style-type: none"> > Lack of a unified project management structure forces public sector to establish such an entity > Public sector staffing and financial resource requirements may be significant over time

Appendices