

FOR CONSIDERATION

March 26, 2026

TO: The Directors

FROM: Hope Knight

SUBJECT: Annual Operating Budget

REQUEST FOR: Authorization to Adopt the Annual Operating Budget, Including Certain Subsidiary Operating Support and Non-Programmatic Capital Expense Authorization for Fiscal Year (FY) 2026-27 and to Take Related Actions

I. BACKGROUND

State Finance Law requires that prior to the commencement of each fiscal year on April 1 the Directors of the New York State Urban Development Corporation, doing business as Empire State Development (“ESD” or “the Corporation”), adopt the Corporation’s annual operating budget.

ESD’s FY2026-27 annual operating budget (the “Budget”) of approximately \$161.0 million includes operating costs associated with the administration and oversight of existing economic development programs, such as the Governor’s Office of Semiconductor Expansion, Management and Integration (“GO-SEMI”), ConnectAll, the State Small Business Credit Initiative (“SSBCI”) and various statewide real estate projects, as well as additional programs in Governor Hochul’s proposed FY2026-27 Executive Budget. These initiatives require additional support, including from federal funding, to allow for effective management and supervision by ESD staff. GO-SEMI provides centralized leadership and coordination across New York State government spanning permitting, infrastructure, workforce and incentives to ensure Micron’s success. Simultaneously, by fostering a thriving in-state semiconductor ecosystem and leading national and global attraction and recruitment, GO-SEMI is establishing New York as the premier destination for the industry’s future. Also included is operating support provided to certain ESD subsidiaries.

The operating budget includes expenses associated with the administration of economic development programs and projects on behalf of the State but does not include any proposed programmatic State appropriations for specific programs that have been included in the Governor’s proposed FY2026-27 Executive Budget or prior years’ Enacted budgets.

This Budget includes approximately \$95.2 million of total personal services expenses, including salaries and fringe benefits, which will allow ESD to successfully develop, launch and manage existing, new and expanded programmatic portfolios with the staff required to do so, particularly

within ConnectAll, GO-SEMI, SSBCI, the Division of Science, Technology and Innovation/NYSTAR and Workforce Development and areas that directly support those initiatives, such as IT, Loans & Grants, Finance and Legal.

The Budget also includes approximately \$58.5 million for non-personal services expenses. This will support office occupancy costs, consultants, IT enhancements and communication, insurance, office services and staff professional development programs.

Subsidiary operating support of \$7.3 million includes the operating expenses of Erie Canal Harbor Development Corporation (\$1.5 million), Harlem Community Development Corporation, Operating and Capital (\$4.3 million), Queens West Development Corporation (\$0.5 million) and USA Niagara (\$1.0 million). These and other subsidiary operating and capital budgets will be presented separately to the respective Board members.

If any changes are required to the ESD budget after the adoption of the State's FY2026-27 Budget, or any other time during the fiscal year, they will be brought to the Board for approval.

Director approval is also requested for the Corporation's FY2026-27 Non-Programmatic Capital Expense Budget totaling approximately \$12.0 million. This authorization includes: support to continue to ensure safe, functional, and compliant work environments across ESD locations, enhancements to the loans (GDA) payment process, and other initiatives including, but not limited to AI.

The details of the proposed FY2026-27 ESD Operating Budget, including certain Subsidiary Operating Support and the Annual Non-Programmatic Capital Expense Budget, are attached for your review.

II. REQUESTED ACTIONS

The Directors are requested to adopt the Corporation's FY2026-27 Annual Operating Budget, including certain Subsidiary Operating Support and the FY2026-27 Annual Non-Programmatic Capital Expense Budget as set forth in the attachments and to delegate authority to the appropriate officers to take related actions.

ATTACHMENTS

Resolution

Proposed FY2026-27 Annual Operating Budget, including certain Subsidiary Operating Support
Proposed FY2026-27 Annual Non-Programmatic Capital Expense Budget

March 26, 2026

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT – Annual Operating Budget - Authorization to Adopt the FY2026-27 Annual Operating Budget, Including Certain Subsidiary Operating Support and the FY2026-27 Annual Non-Programmatic Capital Expense Budget and to Take Related Actions

RESOLVED, that the Corporation hereby adopts the Corporation’s FY2026-27 Annual Operating Budget, including certain subsidiary operating support and the FY2026-27 Annual Non-Programmatic Capital Expense Budget, based upon the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation (the “Materials”); and be it further

RESOLVED, that the proper corporate officers be, and they hereby are, authorized to take related actions as he or she may, in his or her sole discretion, deem necessary or proper to effectuate the foregoing.

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New York State Urban Development Corporation d/b/a
 Empire State Development
 Annual Operating Budget, including certain Subsidiary Support
 for Fiscal Year 2026-27 in comparison to the Board Approved Budget for Fiscal Year 2025-26

	<u>Proposed Budget</u> <u>FY 2026-27</u>	<u>Board Approved</u> <u>FY 2025-26</u>
EXPENSES		
<u>Personal Services (including fringe benefits)</u>	\$ 95,215,259 (a)	\$ 98,954,043
<u>Non-Personal Services</u>		
Consultant Fees	\$ 34,173,304 (b)	\$ 38,929,284
Occupancy Expenses	9,551,000 (c)	8,234,000
Accounting and Legal Fees	3,952,500 (d)	4,532,500
Computers and Equipment/Software/Telephone	4,198,022 (e)	3,585,288
Outside Services and Expenses	2,166,500 (f)	2,579,200
Insurance	2,131,900 (g)	1,973,595
Travel and Meals	1,171,818 (h)	1,056,018
On-Line Services/Training/Conferences/Subscriptions	841,960	496,260
Office Supplies and Expenses	303,899	310,899
<u>Total Non-Personal Services</u>	<u>\$ 58,490,903</u>	<u>\$ 61,697,044</u>
<u>Total Personal and Non-Personal Expenses</u>	<u>\$ 153,706,162</u>	<u>\$ 160,651,087</u>
<u>Total Subsidiary Operating Support</u>	<u>\$ 7,336,770 (i)</u>	<u>\$ 6,284,277</u>
GRAND TOTAL - ALL EXPENSES	<u><u>\$ 161,042,932</u></u>	<u><u>\$ 166,935,364</u></u>
FUNDING SOURCES		
Commercial Revenue/Administrative and Other Fees/Investment Income/Other Revenue	\$ 111,351,831 (j)	\$ 126,169,931
Bond Financing Fees	5,200,000	5,200,000
Program specific NYS Appropriations, Federal Funding, Other Third Party Funding	44,491,101 (k)	35,565,433
GRAND TOTAL - FUNDING SOURCES	<u><u>\$ 161,042,932</u></u>	<u><u>\$ 166,935,364</u></u>

(a) Represents staffing required to ensure the successful continuation and oversight of current programs and the launch of statewide new and expanded programmatic portfolios.

(b) Includes resources to provide support to ESD staff in continuing the expansion of the GO-SEMI, Global, ConnectAll and Workforce Development programs, as well as MWBD initiatives, several real estate housing and development projects and internal digitization.

(c) Supports costs and leases for ESD locations including SBRC (Semiconductor Business Readiness Center) occupancy cost.

(d) Reflects a decrease, with a large federal funded allocation removed.

(e) Provides for software, hardware and IT enhancements to support existing and new program needs.

(f) Reflects a decrease in a federal funded allocation.

(g) Provides for an expected increase in general liability, and other insurance costs and premiums.

(h) Anticipates increased staff travel related to statewide and global programs, projects and initiatives.

(i) Supports the operating and capital expenses for Harlem Community Development Corporation, Erie Canal Harbor Development Corporation, Queens West Development Corporation and USA Niagara Development Corporation.

(j) Includes the expected continuation of investment income and consistent commercial revenue.

(k) Represents the receipt of committed federal and state funding for programs and initiatives including GO-SEMI, ConnectAll, SSBICI, NYSTAR, Global, Life Sciences and Workforce Development.

New York State Urban Development Corporation d/b/a
 Empire State Development
 Subsidiary Operating Support
 for Fiscal Year 2026-27 in comparison to the Board Approved Budget for Fiscal Year 2025-26

	<u>Proposed Budget</u> <u>FY 2026-27</u>	<u>Board Approved</u> <u>FY 2025-26</u>
<u>EXPENSES</u>		
<u>Personal Services (including fringe benefits)</u>	\$ 3,241,168	\$ 3,112,020
 <u>Non-Personal Services</u>		
Insurance	\$ 326,703	\$ 264,981
Occupancy Expenses	171,616	171,616
Accounting and Legal Fees	65,750	65,750
Consultant Fees	65,000	65,000
Computers and Equipment/Software/Telephone	63,600	63,600
Other Outside Services and Expenses	49,500	49,500
Office Supplies and Expenses	23,500	23,500
On-Line Services/Training/Conferences/Subscriptions	5,100	5,100
Travel and Meals	10,000	10,000
Harlem Office Renovations incl. New Lease and Build-Out	<u>3,314,833</u>	<u>2,453,210</u>
 <u>Total Non-Personal Services</u>	 \$ 4,095,602	 \$ 3,172,257
 <u>Total Personal and Non-Personal Expenses</u>	 <u>\$ 7,336,770</u>	 <u>\$ 6,284,277</u>

NOTE: Consists of operating expenses for Erie Canal Harbor Development Corporation, Harlem Community Development Corporation, Queens West Development Corporation and USA Niagara Development Corporation. ESD does not provide operating support for other subsidiaries.

New York State Urban Development Corporation d/b/a
 Empire State Development
 Annual Non-Programmatic Capital Expense Budget
 for Fiscal Year 2026-27 in comparison to the Total Board Approved Budget for Fiscal Year 2025-26

	<u>Proposed Budget</u>	<u>Board Approved</u>
	<u>FY 2026-27</u>	<u>Total FY 2025-26</u>
VOIP routers and telephones	\$ 15,000	
Dell Servers - refresh existing and outdated servers that are not virtualized	15,000	
Miscellaneous Software	25,000	
Miscellaneous Peripheral devices, projectors, printers, etc. equipment refresh	25,000	
Dell Replacement PC - refresh outdated workstations	40,000	
Zoom Videoconfering Support	50,000	
ITS Enterprise support charges	80,000	
SDWAN ongoing and support	100,000	
VMWare Infrastructure Upgrade	100,000	
Wi-Fi Implementation	100,000	
Data center upgrade	100,000	
Video Conferencing Equipment & Service	125,000	
Cybersecurity professional services	150,000	
Cybersecurity network vulnerability testing and mitigation	150,000	
Cybersecurity Threat Prevention Expand and Upgrade	150,000	
Media Services	150,000	
New employee IT equipment for staff	175,000	
Google Enterprised & AI Support Service	200,000	
New Systems Implementation	200,000	
Peoplesoft Managed Services	200,000	
FormRouter Development and Support	300,000	
Miscellaneous IT expense at 655 Third Avenue	300,000	
ITS WebNY Drupal Migration from version 7 to 9	400,000	
Mobile Devices - laptops, tablets, etc.	500,000	
Peoplesoft Migration to Cloud Services	500,000	
Support for GDA payment process	500,000	
Digitalization Support Services	500,000	
Azure Cloud Services	650,000	
Horizon Cloud VDI Services	650,000	
Support Microsoft Dynamics CRM System EA Agreement	700,000	
New and renewal licenses to maintain our critical application infrastructure (Database, VmWare, Windows Operating System)	750,000	
Engineering Services	900,000	
Managed Services Critical Infrastructure (NetApp, ESXi)	900,000	
Application Development Professional Services to support department needs	950,000	
Continued statewide office relocations, renovations and furnishings	1,330,000	
	<u>\$ 11,980,000</u> (a)	<u>\$ 11,005,000</u> (b)

(a) Includes funding to support continued statewide office relocations, renovations, and furnishings to ensure safe, functional, and compliant work environments across ESD locations; enhancements to the GDA payment process, an executive-mandated initiative to address and streamline payment bottlenecks in order to improve processing efficiency and internal controls; and provision for the procurement and replacement of agency vehicles necessary to support statewide operations and program delivery.

(b) Represents only the Board approved total as the details change from year to year.