

NYS Urban Development Corporation Meeting

Via Teleconference

Thursday, 8/20/2020

9:30 - 11:30 AM ET

I. Corporate Actions

A. Approval of the Minutes of the July 16, 2020 Directors' Meeting

071620 Draft ESD Minutes - Page 5

B. Annual Financial Reports

Approval of Certain Annual Financial Reports and Authorization to Take Related Actions

Annual Financial Reports - Page 25

Annual Financial Reports - EG Certification - Page 30

Annual Financial Reports - EK Certification - Page 31

Annual Financial Reports - NYS UDC Final FS 2020 - Page 32

C. New York City (New York County)—Moynihan Station Civic and Land Use Improvement Project (the “Project”)

Authorization for Revolving Credit Financing; and Authorization to Take Related Actions

Moynihan Station LUIP - Revolving Credit Financing - Page 108

D. Statewide – Empire State Entertainment Diversity Job Training Development Fund - State Finance Law section 97-ff and Chapter 50 of the Laws of 2020

Authorization to Adopt Guidelines Creating the Empire State Entertainment Diversity Job Training Development Fund; Authorization to Take Related Actions

Empire State Entertainment Diversity Job Training Development Fund - Page 113

Empire State Entertainment Diversity Job Training Program Guidelines - Page 116

II. Projects

A. Elma (Western New York Region – Erie County) – Steuben Foods- Hemp Processing Program – New York Works Economic Development 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

Steuben Foods - Hemp Processing Program - Page 124

Steuben Foods - Hemp Processing Program Photograph - Page 132

B. Utica (Mohawk Valley Region – Oneida County) – MMRI Life Sciences Initiative Capital – Life Sciences Initiative Fund (Capital Grant)

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

MMRI Life Sciences Initiative Capital - Page 133

MMRI Life Sciences Initiative Capital Photographs - Page 143

C. Old Forge (Mohawk Valley Region – Herkimer County) – Enchanted Forest Expansion Capital – Upstate Revitalization Initiative (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

Enchanted Forest Expansion Capital - Page 145

Enchanted Forest Expansion Capital Photographs - Page 154

D. Newark (Finger Lakes Region – Wayne County – IEC Electronics Capital – Upstate Revitalization Initiative (Capital Grant)

Affirmation of the Directors June 25, 2020 Findings and Determinations Pursuant to Section 16 (2) of the Act; Affirmation of the General Project Plan
IEC Electronics Capital - Page 155
IEC Electronics Capital - Negative Comment Transcript - Page 158
IEC Electronics Capital 062520 Board Materials - Page 160

E. Savannah (Finger Lakes Region – Wayne County) and Binghamton (Southern Tier Region - Broome County) – Pure Functional Foods–Hemp Processing Program - New York Works Economic Development 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
Pure Functional Foods - Hemp Processing Program - Page 172
Pure Functional Foods - Hemp Processing Program Photographs - Page 180

F. Penn Yan (Finger Lakes Region – Yates County) – Laurentide Inn Capital – Downtown Revitalization Initiative (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
Laurentide Inn Capital - Page 183
Laurentide Inn Capital Photographs - Page 193

G. Regional Council Award-Priority Project-Poughkeepsie (Mid-Hudson Region – Dutchess County) – Schatz Bearing 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
Schatz Bearing Capital - Page 195

H. Regional Council Award – Priority Project – Saratoga Springs (Capital Region – Saratoga County) – SPAC Improvement Capital – Regional Council Grant Fund (Capital Grant)

Findings and Determinations Pursuant to Section 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions; Determination of No Significant Effect on the Environment
SPAC Improvement Capital - Page 206
SPAC Improvement Capital Photographs - Page 217

I. Endicott and Johnson City (Southern Tier Region – Broome County) – AgZeit Capital – Upstate Revitalization Initiative - Greater Binghamton 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
AgZeit Capital - Page 219

J. Regional Council Award – Priority Project – Binghamton (Southern Tier Region – Broome County) – Calice Advanced Manufacturing Center 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
Calice Advanced Manufacturing Center Capital - Page 232
Calice Advanced Manufacturing Center Capital Photographs - Page 241

K. Regional Council Award – Long Island City (New York City Region – Queens County) – NYSDEC Dredge Team and Study Working Capital – Port Authority Bi-State Dredge Fund (Working Capital Grant)

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

L. Regional Council Award – Priority Project –Bronx (New York City Region – Bronx County) – Grow NYC Capital – Upstate Agricultural Economic Development Fund (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

Grow NYC Capital - Page 250

M. Market New York Grant Program (Working Grants)

Findings and Determinations Pursuant to sections 10(g) of the Act; Authorization to Make Grants and Take Related Actions

Market New York Program Grantees

A. Get Outside: Four-Season Destination Strategy Working Capital - Natural History Museum of the Adirondacks d/b/a The Wild Center - \$366,300

B. A Marketing Plan for Expansion Working Capital - Historic Hudson Valley – \$428,104

C. Diamonds of the Hall of Fame Collection Video Series Working Capital - National Baseball Hall of Fame & Museum, Inc. – \$317,250

Market NY Grant Program - Page 264

N. Restore New York Communities – Capital Grants

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

Grantees

A. Town of Wilna - Dock Street Rehabilitation RESTORE NY V – (Jefferson County) \$772,000

B. Village of Canajoharie - Exit 29 Redevelopment/Beechnut RESTORE V & IV – (Montgomery County) -\$6,000,000

C. Village of Canajoharie - Exit 29 Redevelopment/Beechnut RESTORE V & IV– (Montgomery County) -\$500,000

D. City of Schenectady - Downtown Revitalization RESTORE NY IV – (Schenectady County) - \$980,000

E. Village of Sylvan Beach – Sylvan Beach 616 Main Street RESTORE IV – (Oneida County) - \$500,000

Restore New York Communities Capital Grants - Page 281

III. Administrative Actions

A. Mission Statement and Related Performance Measures

Re-examination of Mission Statement and Related Performance Measures

Mission Statement and Performance Measures - Page 312

B. Land Bank Program

Approval of Land Bank Application and Authorization to Take All Related Actions

Land Bank Program - Page 315

C. Large-Scale Construction Projects – Diversity Compliance

Authorization to Enter into an Amendment to the Letter Agreement with the Metropolitan Transportation Authority Construction and Development Company and the New York State

Thruway Authority Regarding Diversity Compliance and Other Related Services; and
Authorization to Take Related Actions
Large-Scale Construction Projects - Diversity Compliance - Page 318

D. New York City (New York County) – Empire Station Complex Project

Authorization to Amend a Contract with FX Collaborative Architects LLP for Architectural,
Planning and Design Guidelines Services and Authorization to Take Related Actions
Empire Station Complex - FXC Planning Contract Amend - Page 323

E. New York City (New York County) – Empire Station Complex Project

Authorization to Amend a Contract with VHB Engineering, Surveying, Landscape
Architecture and Geology, P.C. for a Neighborhood Conditions Study and Authorization to
Take Related Actions
Empire Station Complex - VHB Planning Contract Amend - Page 328

IV. For Information

A. Fiscal Year 2019-2020 Performance Measurement Report

Performance Measurement Report Memo FY19-20 - Page 332
Performance Measurement Report FY19-20 - Page 334

B. Fiscal Year 2019-20 Budget Variance Reports

FY2019-20 Budget Variance Report Cover Memo - Page 336
FY2019-20 Departmental Budget Variance Report - Page 337
FY2019-20 Subsidiary Capital Budget Variance Report - Page 341
FY2019-20 Subsidiaries Operating Budget Variance Report - Page 342

C. Fiscal Year 2020-21 Budget Variance Reports (First Quarter)

FY2020-21 Budget Variance Report (First Quarter) Cover Memo - Page 343
FY2020-21 Departmental Budget Variance Report (First Quarter) - Page 344
FY2020-21 Subsidiary Capital Budget Variance Report (First Quarter) - Page 347
FY2020-21 Subsidiary Operating Budget Variance Report (First Quarter) - Page 348

D. ESD Risk Management Consulting Services

Extension of Contracts
Risk Management Services Contract Extension - Page 349

NEW YORK STATE URBAN DEVELOPMENT CORPORATION

d/b/a Empire State Development

Meeting of the Directors

Conducted Via Teleconference

July 16, 2020

MINUTES

In Attendance Howard A. Zemsky - Chair
Directors: Eric J. Gertler
Hilda Rosario Escher
Cesar A. Perales
Linda Sun, Designee - Superintendent of NYS Department of
Financial Services

Present for ESD: Simone Bethune, Senior Project Manager
Douglas Bressette, Treasurer
James Fayle, Director - Central New York Regional Office
Elizabeth Fine, Executive Vice President - Legal and General Counsel
Ed Hamilton, Executive Vice President - Administration
Felisa Hochheiser, Director of Compliance
Elaine A. Kloss, Chief Financial Officer
Edwin Lee, Senior Vice President and Director of Economic Incentives
Cara Longworth, Director - Long Island Regional Office
Holly Leicht, Executive Vice President - Real Estate Development &
Planning
Kathleen Mize, Deputy Chief Financial Officer and Controller
Richard Newman, Executive Vice President and Chief of Staff
Pravina Raghavan, Executive Vice President - Small Business and
Technology Development
Michael Reese, Director - Mohawk Valley Regional Office
Debbie Royce, Corporate Secretary
Matt Watson, Senior Vice President and Executive Director - NYSTAR
Goldie Weixel, Senior Managing Attorney
Kevin Younis, Chief Operating Officer

DRAFT – SUBJECT TO REVIEW AND REVISION

Before the meeting was formally called to order by the Chair, the Corporate Secretary of the New York State Urban Development Corporation (“UDC”) d/b/a Empire State Development (“ESD” or the “Corporation”) welcomed everyone to the meeting and conducted a roll call of the Directors to determine that a quorum was present.

Following the roll call and confirmation that a quorum was present, the meeting of the Directors of ESD was called to order at 9:30 a.m. by Chair Zemsky. He noted for the record that due to public health concerns, this meeting would be conducted by teleconference as authorized by an Executive Order of the Governor.

Next, the Chair noted that the public had been given an opportunity to comment on the Agenda items by submitting their written comments at or before 4:30 p.m. yesterday. He noted that no comments were received on any of the Agenda items.

Chair Zemsky then asked the Directors if they had any conflicts of interest to note on any of the Agenda items and no conflicts were noted at this time. He then reminded everyone to please mute their phones when not speaking and to state their names before speaking.

The Chair then called for a motion to approve the Minutes of the June 25, 2020 Directors’ Meeting. There being no changes or corrections, upon motion duly made and seconded, the following resolution was unanimously adopted:

DRAFT – SUBJECT TO REVIEW AND REVISION

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT JUNE 25, 2020
MEETING OF THE DIRECTORS OF THE NEW YORK STATE URBAN DEVELOPMENT
CORPORATION

RESOLVED, that the Minutes of the meeting of the Corporation held on June 25, 2020, 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.

* * *

Next, Chair Zemsky asked Director Gertler to provide the President’s Report on the Corporation’s most recent activities.

Among other things, Director Gertler was pleased to note that nine of New York State’s ten Regions are in Phase Four of reopening and congratulated Felisa Hochheiser on recently being named ESD’s Director of Compliance.

The Chair then called on Michael Reese, Director of ESD’s Mohawk Valley Region and Matt Watson to present the first four items on the Agenda for the Directors’ consideration.

The first project Mr. Reese presented involved a Regional Council Capital Fund grant in the amount of \$1.4 million to Oneida County – Griffiss International Airport Building 100 to be used to fund a portion of the cost for renovations to hangar space, office space, incubator and unmanned aerial and vehicle operations space.

The second project Mr. Reese presented involved a Regional Council Capital Fund grant

DRAFT – SUBJECT TO REVIEW AND REVISION

in the amount of \$1.2 million to the Amsterdam Industrial Development Agency (“AIDA”) on behalf of Valley View Hospitality to be used to fund a portion of the costs of constructing a new hotel facility. He noted that the project will create 14 jobs, has a total project cost of cost \$5,979,000 and was completed this month.

The last project Mr. Reese presented involved a Regional Council Capital Fund grant in the amount of \$1.5 million to the Matt Brewing Company and will be used to fund a portion of the cost of construction and renovations, as well as the purchase of machinery and equipment.

Mr. Reese noted that the project includes the construction of a new brew house, tank, farm and process building, as well as installing new, state-of-the-art brewing equipment, which will allow the company to ultimately double its production.

Lastly, Mr. Reese noted that the total project cost is \$34,500,000, will retain 122 full-time employees, and was completed in April 2020.

The Chair then called on Matt Watson to present the last project from the Mohawk Valley Region for the Directors’ consideration.

Mr. Watson explained that the Directors were being asked to approve a Cyber Security Assistance grant for the First Quarter of 2020. He further explained that a grant in the amount of \$990,000 was received from the Department of Defense’s Office of Economic Adjustment to help New York State companies meet required cyber security standards.

DRAFT – SUBJECT TO REVIEW AND REVISION

Mr. Watson noted that the recipient companies must meet these standards in order to be part of any tier of the Department of Defense’s supply chain.

Mr. Watson also noted that NYSTAR released an RFP for the single award of \$900,000 in capital grants with the remaining \$90,000 going towards administrative costs.

Lastly, Mr. Watson noted that digital workshops and training will be held through the grant period and 50 of the companies will help New York State entities maintain current defense contracts and increase sales.

Following the full presentations of all four projects, the Chair called for questions or comments from the Directors. Director Gertler asked for clarification regarding the cost of the AIDA Hotel project.

Mr. Reese explained that the total project cost is \$5.9 million and that ESD’s grant of \$1.2 million represents 20 percent of that cost.

The Chair then called for any further questions or comments from the Directors. Hearing none and noting that no comments were received from the public, upon motion duly made and seconded, the following resolutions were unanimously adopted:

Regional Council Award – Priority Project – Rome (Mohawk Valley Region – Oneida County) – Griffiss International Airport Building 100 – 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

DRAFT – SUBJECT TO REVIEW AND REVISION

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 Griffiss International Airport Building 100 -- 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 Designate 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 Designate 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 Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Oneida County a grant for a total amount not to exceed One Million and Four Hundred Thousand Dollars (\$1,400,000) 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 Designate 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 Designate 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 Designate or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

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DRAFT – SUBJECT TO REVIEW AND REVISION

Regional Council Award – Priority Project – Amsterdam (Mohawk Valley Region – Montgomery County) – AIDA Southside Hotel – Regional Council Capital Fund (Capital Grant) – Findings and Determinations Pursuant to Section 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 AIDA Southside Hotel - 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 Designate 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 Designate 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 Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Amsterdam Industrial Development Agency a grant for a total amount not to exceed One Million Two Hundred Thousand Dollars (\$1,200,000) 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 Designate 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 Designate 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 Designate or his designee(s) be, and

DRAFT – SUBJECT TO REVIEW AND REVISION

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

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Regional Council Award – Priority Project – Amsterdam (Mohawk Valley Region – Montgomery County) – AIDA Southside Hotel – Regional Council Capital Fund - RC7 Capital – Determination of No Significant Effect on the Environment

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

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Regional Council Award – Utica (Mohawk Valley Region - Oneida County) Matt Brewing 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 Matt Brewing 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 Designate 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 Designate 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 Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to a grant for a total amount not to exceed One Million Five Hundred

DRAFT – SUBJECT TO REVIEW AND REVISION

Thousand Dollars (\$1,500,000) from the Regional Council Capital Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer Designate 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 Designate 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 Designate 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 – Utica (Mohawk Valley Region – Oneida County) – Matt Brewing Capital – Regional Council Capital Fund (Capital Grant) – Determination of No Significant Effect on the Environment

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

* * *

Utica (Mohawk Valley Region – Oneida County) – DOD Cyber Security Assistance – Federal DOD OEA CYBER 2020 Fund (Working Capital) – Findings and Determinations Pursuant to Section 10(g) of the Act; Authorization to Make a Grant and to Take Related Actions

BE IT RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation (the “Materials”), relating to the DOD Cyber Security Assistance – Federal OEA DOD CYBER 2020 Fund (Working Capital) (the “Project”), the Corporation hereby determines pursuant to Section 10 (g) of the New York State

DRAFT – SUBJECT TO REVIEW AND REVISION

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 Designate or his designee(s) be, and each of them hereby is, authorized to make a grant for a total amount not to exceed Nine Hundred Thousand (\$900,000) from the Corporation’s Federal OEA DOD CYBER 2020 award 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 Designate 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 Designate 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 applicable approvals; and be it further

RESOLVED, that the President and Chief Executive Officer Designate or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of ESD 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 Chair then called on James Fayle, Director of ESD’s Central New York Regional Office to present the next item on the Agenda for the Directors’ consideration.

Mr. Fayle explained that the Directors were being asked to approve a Regional Council Capital grant in the amount of \$1.8 million to Knowles in Cazenovia, which will be used to renovate their current facility and install new machinery and equipment to expand its production capacity.

Mr. Fayle noted that the project will add 41 new jobs to its current workforce of 284

DRAFT – SUBJECT TO REVIEW AND REVISION

which puts them 9 jobs short of their goal.

Following the full presentation, the Chair called for questions or comments from the Directors. Hearing none and noting that no comments were received from the public, upon motion duly made and seconded, the following resolution was unanimously adopted:

Regional Council Award – Priority Project – Cazenovia (Central Region – Madison County) – Knowles Cazenovia Thin Film Commercial Expansion 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 Knowles Cazenovia Thin Film Commercial Expansion 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 Designate 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 Designate 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 Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Knowles Precision Devices a grant for a total amount not to exceed One Million Eight Hundred Thousand Dollars (\$1,800,000) 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 Designate 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 Designate of the Corporation or his

DRAFT – SUBJECT TO REVIEW AND REVISION

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 Designate 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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The Chair then called on Cara Longworth, Director of ESD’s Long Island Regional Office to present the next item on the Agenda for the Directors’ consideration.

Ms. Longworth explained that the Directors were being asked to approve a Regional Council Capital Fund grant in the amount of \$300,000 to Adelphi University, which will be used to fund a portion of the construction and purchase of equipment for its Lab for Tomorrow project.

Ms. Longworth noted that the total project cost was \$1.8 million and has been completed.

Following the full presentation, the Chair called for questions or comments from the Directors. Hearing none and noting that no comments were received from the public, upon motion duly made and seconded, the following resolution was unanimously adopted:

DRAFT – SUBJECT TO REVIEW AND REVISION

Garden City (Long Island Region – Nassau County) – Adelphi University Labs for Tomorrow 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 Adelphi University Labs for Tomorrow 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 Designate 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 Designate 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 Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Adelphi University a grant for a total amount not to exceed Three Hundred Thousand Dollars (\$300,000) 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 Designate 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 Designate 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 Designate 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

DRAFT – SUBJECT TO REVIEW AND REVISION

discretion consider to be necessary or proper to effectuate the foregoing resolutions.

* * *

The Chair then called on Simone Bethune to present the Restore New York Communities Capital grants and the Non-Discretionary Consent Calendar items on the Agenda for the Directors' consideration.

Ms. Bethune explained that the Directors were being asked to approve three Restore New York grants.

The first project Ms. Bethune presented involved a grant in the amount of \$1 million to the Village of Warsaw – 283-287 North Main Street in the Finger Lakes Region and will be used to demolish and reconstruct a 31,450 square-foot hotel.

Ms. Bethune noted that the project included the development of 2.5 acres of land into a three-story, 67-room micro-hotel, inn and suites which opened in June 2020 at a total cost of approximately \$6.1 million.

Ms. Bethune also noted that the project advanced the revitalization of downtown Warsaw by creating hospitality jobs and turning a blighted building into a community asset.

The second project Ms. Bethune presented involved a grant in the amount of \$987,000 to the Village of Massena – The Old Mill Rehabilitation in the North Country and will be used to

DRAFT – SUBJECT TO REVIEW AND REVISION

rehabilitate a vacant, former grain mill into 11,000 square-feet of mixed-use space.

Ms. Bethune noted that the project is estimated to be completed in September 2021 at a cost of approximately \$1.5 million and will create a residential and commercial operation consisting of two apartments and a local brewery on the main floor.

The third project Ms. Bethune presented involved a grant in the amount of \$1 million to the City of Hornell – Marion Rohr Redevelopment in the Southern Tier Region and will be used to rehabilitate and transform a 20th century historic building into a state-of-the-art multi-family, loft-style apartment building with available commercial space.

Ms. Bethune noted that 24,000 square-feet will be converted into 23 market-rate apartments and 6,000 square-feet will be converted into commercial space.

Ms. Bethune further noted that the project is estimated to cost approximately \$5 million and is expected to be completed in April of 2021.

Ms. Bethune then proceeded to present the three Non-Discretionary projects on the Agenda for the Directors' consideration.

The first project Ms. Bethune presented involved a grant in the amount of \$500,000 to the Queens Chamber of Commerce for various initiatives within the Borough to support small-businesses with technical assistance, webinars and marketing, including COVID reopening and

DRAFT – SUBJECT TO REVIEW AND REVISION

relocation services.

The second and third projects Ms. Bethune presented involved two grants to The Saratoga County Foundation in the amounts of \$150,000 and \$300,000, respectively, and will be used to fund a portion of the creation of a safe and secure facility for recreation, training, drills, classes and graduations of Saratoga stationed U.S. Navy Sailors and their families.

Ms. Bethune noted that The Saratoga Foundation partnered with the U.S. Navy to identify ways to assist the community and designed and built a 7,000 square-foot field house on the Saratoga Springs space. She noted the project was completed in December 2019.

Following the full presentation of both the Restore NY and the Non-Discretionary projects, the Chair called for questions or comments from the Directors. Regarding the Queens Chamber of Commerce grant, Director Gertler asked if the money was given directly to the Chamber or if it went through an Entrepreneurial Assistance Center.

Ms. Bethune stated that the funds were given directly to the Queens Chamber of Commerce, which would be operating small business training programs with its own staff.

The Chair then called for any further questions or comments from the Directors. Hearing none and noting that no comments were received from the public, upon motion duly made and seconded, the following resolutions were unanimously adopted:

DRAFT – SUBJECT TO REVIEW AND REVISION

Statewide – Restore NY Communities (Capital Grants) – Findings and Determinations Pursuant to Sections 10(g) and 16-n of the Act; Authorization to Adopt the Proposed General Project Plans; 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 New York Communities Initiative 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 Designate 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 Designate 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 Designate 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 Designate 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 Designate 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 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

DRAFT – SUBJECT TO REVIEW AND REVISION

Restore New York Communities Initiative Program – Projects Summary Table

	Grantee	Project Name	Project #	Grant	Village, Town, City	County
A.	Village of Warsaw	Village of Warsaw – 283-287 North Main Street RESTORE NY V	131,754	\$1,000,000	Warsaw	Wyoming
B.	Village of Massena	Village of Massena - The Old Mill Rehabilitation RESTORE NY V	131,746	\$987,000	Massena	St. Lawrence
C.	City of Hornell	City of Hornell - Marion-Rohr Redevelopment RESTORE NY V	131,761	\$1,000,000	Hornell	Steuben
	Total RESTORE NY – 3 Projects	TOTAL		\$2,987,000		

RESOLVED, that the President and Chief Executive Officer Designate of the Corporation or her 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 – (Working Capital and 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 to Take Related Actions

RESOLVED, that on the basis of these materials, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Local Assistance Project 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(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 Designate 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 Designate of the Corporation or his designee(s) that no substantive negative testimony or comment has

DRAFT – SUBJECT TO REVIEW AND REVISION

been received at the public hearings 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 Designate 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 Local Assistance Program, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer Designate 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 Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to a make a grant to the party and for the amount listed below from the Local Assistance program, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer Designate 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 Designate 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; (2) receipt of all other necessary approvals; and (3) receipt of funds

Local Assistance – Project Summary Table

	Project Name	Project #	Grantee	Assistance Up To
	Local Assistance (Assembly)			
A.	Queens Chamber of Commerce Working Capital 2019-20	133,054	Chamber of Commerce of the Borough of Queens	\$500,000
	Local Assistance (Base Retention)			
B.	Saratoga County Foundation Capital	AC246	Saratoga County Foundation, Inc.	\$150,000
C.	Saratoga County Foundation Capital	AC247	Saratoga County Foundation, Inc.	\$300,000
	TOTAL NON-DISCRETIONARY PROJECTS - 3		TOTAL	\$950,000

DRAFT – SUBJECT TO REVIEW AND REVISION

and be it further

RESOLVED, that the President and Chief Executive Officer Designate 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.

* * *

There being no further business, the meeting was adjourned at 10:00 a.m.

Respectfully submitted,

Debbie Royce
Corporate Secretary

FOR CONSIDERATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Annual Financial Reports

REQUEST FOR: Approval of Certain Annual Financial Reports and Authorization to Take Related Actions

I. Background

The Public Authorities Law (the “Law”) requires annual approval by the New York State Urban Development Corporation and Subsidiaries (the “Corporation”) and certifications by the President and Chief Executive Officer Designate and Chief Financial Officer of certain financial reports (the “Report”). The Report consists of financial information set forth in the independent audit required by the Law. The independent audit (the “Audit”), entitled New York State Urban Development Corporation and Subsidiaries Consolidated Financial Statements and Independent Auditors’ Report March 31, 2020 and 2019 (the “Consolidated Financial Statements”), which contain the required information, is attached hereto.

The Report is being presented today instead of before June 30, 2020, as required under the Law, consistent with Executive Order No. 202.11 that allows the Director of the Authorities Budget Office (the “ABO”) to disregard reporting deadlines during the current state of emergency. The ABO encouraged all public authorities to make reasonable efforts to submit the required reports as timely as is practicable, but no later than 90 days after the original deadline. The COVID-19 pandemic affected the ability of both the ESD financial team and the independent audit firm to safely work in ESD’s NYC office and prevented the audit firm from being able to conduct certain on-site audit testing and other processes required under their auditing standards before the original June 30 deadline. It should be noted that the delay is only due to restrictions in place and related to COVID-19 and it is not related to the Corporation’s financial performance or operating results.

II. The Report

The Report includes the following:

1. Independent Auditors' Report (pages 1-3)
 - In this report the independent audit firm lists both Management's and Auditor's Responsibility and renders its opinion as to whether the Consolidated Financial Statements present fairly, in all material respects, the financial position of the Corporation and the changes in financial position and the cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

This report contains an unmodified (clean) opinion reflecting that the Consolidated Financial Statements present fairly, in all material respects, the financial position of the Corporation and the changes in the financial position and the cash flows thereof for years then ended in accordance with accounting principles generally accepted in the United States of America.

2. Management's Discussion and Analysis (pages 4-20)
 - This is not a required part of the basic financial statements, but is supplementary information required by the Government Accounting Standards Board and in accordance with accounting principles generally accepted in the United States of America. It is considered to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. The auditors apply certain limited procedures to the supplementary information in accordance with auditing standards generally accepted in the United States of America, but do not express an opinion.
3. Consolidated Financial Statements (pages 21 – 66)
 - Consolidated Statements of Net Position (pages 21-22);
 - Consolidated Statements of Revenue, Expenses and Changes in Net Position (pages 23-24);
 - Consolidated Statements of Cash Flows (pages 25-26); and
 - Notes to Consolidated Financial Statements (pages 27-66).
4. Required Supplementary Information (pages 67-69)
 - Schedule of Changes in the Corporation's Total OPEB and Related Ratios (page 67);
 - Schedule of Corporation's Proportionate Share of the Net Pension Liability (page 68); and
 - Schedule of Corporation's Employer Pension Contributions (page 69).

5. *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* (pages 70-71)

- This report, which is addressed to the Board of Directors, includes the definition of a deficiency in internal control over financial reporting, a material weakness and a significant deficiency and reports whether the audit firm has discovered any deficiencies in internal control that would be considered material weaknesses or significant deficiencies. The report also includes the audit process for obtaining reasonable assurance that the consolidated financial statements are free from material misstatement through tests of the Corporation's compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters, non-compliance with which could have a direct and material effect on the financial statements.

This report indicates that for the limited purpose of determining the audit procedures, no deficiencies in internal control that would be considered material weaknesses were identified and for the purpose of assuring they are free from material misstatement, disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

6. *Independent Auditors' Report on Investment Compliance* (pages 72-73)

- This report, which is addressed to the Board of Directors, includes sections defining Management's and Auditors' Responsibility and an opinion whether the Corporation exercised compliance with the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York. In addition, the report includes all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws and regulations that have a material impact on the Corporation's compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts and grant agreements, and abuse that has a material effect on the subject matter.

This report indicates that the Corporation and its subsidiaries complied, in all material respects, with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York for the recently completed fiscal year and there are no matters that are required to be reported under Government Auditing Standards.

III. **Audit Committee**

The Audit and Budget Committee of the Corporation has reviewed the Report and recommends approval by the Board of Directors.

IV. Related Filing Requirements

As required under the Law certain annual reports, including various reports not of a financial nature, but including the Report, will be submitted to the Governor, the Chairman and ranking minority member of the Senate Finance Committee, the Chairman and ranking minority member of the Assembly Ways and Means Committee and the State Comptroller, within ninety (90) days after the end of the Corporation's fiscal year, but not later than June 30. However, as noted above, this submission has been delayed due to COVID-19.

As also required by the Law, the Audit will be submitted to the Governor, the Chairman and ranking minority member of the Senate Finance Committee, the Chairman and ranking minority member of the Assembly Ways and Means Committee and the State Comptroller, within thirty (30) days after receipt thereof by the Corporation, but not later than June 30. However, as noted above, this submission has been delayed due to COVID-19.

V. Certifications

The Report has been certified in writing by the President and Chief Executive Officer Designate and Chief Financial Officer of the Corporation that based on the officer's knowledge (a) the information provided therein is accurate, correct and does not contain any untrue statement of material fact; (b) does not omit any material fact which, if omitted, would cause the Report to be misleading in light of the circumstances under which such statements are made; and (c) fairly presents in all material respects the financial condition and results of operations of the Corporation as of, and for, the periods presented in the Report.

Attachments

Resolutions

Certifications

New York State Urban Development Corporation and Subsidiaries Consolidated Financial Statements and Independent Auditors' Report March 31, 2020 and 2019

August 20, 2020

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

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

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

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

WHEREAS, an independent audit has been prepared for the fiscal year ended March 31, 2020;

WHEREAS, the Corporation has reviewed said Report and found it to be satisfactory; and

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

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

* * *

CERTIFICATION

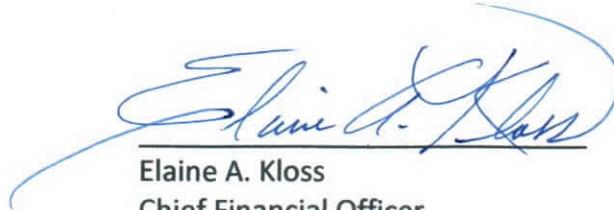
I hereby certify that to the best of my knowledge (a) the information provided in the New York State Urban Development Corporation and Subsidiaries Consolidated Financial Statements and Independent Auditors' Report for the years ended March 31, 2020 and 2019 is accurate, correct and does not contain any untrue statement of material fact; (b) does not omit any material fact which, if omitted, would cause the financial statements to be misleading in light of the circumstances under which such statements are made; and (c) fairly presents in all material respects the financial condition and results of operations of the New York State Urban Development Corporation d/b/a Empire State Development as of, and for, the periods presented in the financial statements.



Eric Gertler
President and Chief Executive Officer Designate

CERTIFICATION

I hereby certify that to the best of my knowledge (a) the information provided in the New York State Urban Development Corporation and Subsidiaries Consolidated Financial Statements and Independent Auditors' Report for the years ended March 31, 2020 and 2019 is accurate, correct and does not contain any untrue statement of material fact; (b) does not omit any material fact which, if omitted, would cause the financial statements to be misleading in light of the circumstances under which such statements are made; and (c) fairly presents in all material respects the financial condition and results of operations of the New York State Urban Development Corporation d/b/a Empire State Development as of, and for, the periods presented in the financial statements.



Elaine A. Kloss
Chief Financial Officer

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES
Consolidated Financial Statements
And Independent Auditors' Report
March 31, 2020 and 2019

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 20
Consolidated Financial Statements:	
Consolidated Statements of Net Position	21 - 22
Consolidated Statements of Revenue, Expenses and Changes in Net Position	23 - 24
Consolidated Statements of Cash Flows	25 - 26
Notes to Consolidated Financial Statements	27 - 66
Required Supplementary Information:	
Schedule of Changes in the Corporation's Total OPEB Liability and Related Ratios	67
Schedule of Corporation's Proportionate Share of the Net Pension Liability	68
Schedule of Corporation's Employer Pension Contributions	69
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	70 - 71
Independent Auditors' Report on Investment Compliance	72- 73

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
New York State Urban Development
Corporation:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of New York State Urban Development Corporation and Subsidiaries (the "Corporation"), a component unit of the State of New York, as of and for the years ended March 31, 2020 and 2019, and the related notes to consolidated financial statements, which collectively comprise the Corporation's consolidated financial statements as listed in the table of contents.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An

audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of New York State Urban Development Corporation and Subsidiaries, as of March 31, 2020 and 2019, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 20, the Schedule of Changes in the Corporation's Total OPEB Liability and Related Ratios on page 67, the Schedule of Corporation's Proportionate Share of the Net Pension Liability on page 68, and the Schedule of Corporation's Employer Pension Contributions on page 69 be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 12, 2020, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corporation's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
August 12, 2020

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis

March 31, 2020 and 2019

Our discussion and analysis of New York State Urban Development Corporation and Subsidiaries' ("UDC" or the "Corporation"), doing business as Empire State Development ("ESD"), financial performance provides an overview of the Corporation's financial activities for the fiscal year ended March 31, 2020. Please read it in conjunction with the Corporation's consolidated financial statements.

Overview

Economic Development Programs and Initiatives

ESD continued its efforts to foster economic development throughout New York State during fiscal 2020. Its mission is to promote a vigorous and growing State economy, encourage business investment and job creation, and support diverse, prosperous local economies across New York State through the efficient use of loans, grants, tax credits, real estate development, marketing and other forms of assistance. To support the Corporation in carrying out its economic development mission, ESD invests strategically in infrastructure, innovation, place-making and revitalization, tradable sectors and workforce development; is transparent and responsive to the needs of diverse communities across the State through the active participation of ten Regional Economic Development Councils ("REDC" or "Regional Council"); supports the retention and health of existing businesses, the retention of populations, and the development of new businesses and industries that will contribute to the development of the 21st century economy; promotes equality of economic opportunities for minority- and women-owned businesses ("MWBES"); provides early-stage support for new ventures, including the research and development of new technologies; and strengthens New York State's innovation-based economy through partnerships with acclaimed universities, promoting entrepreneurialism through the development of incubators and next-generation manufacturing and technology hubs across the State. In addition, the State Legislature has provided the Corporation with various statutory powers, including the power to issue bonds, offer tax benefits to developers, condemn real property and waive compliance, where appropriate, with certain local codes and laws.

To enhance ESD's business outreach and emphasize local priorities, New York's REDC initiative was established in 2011, supported, in part, by funding via the Regional Council Capital Fund as part of the State's fiscal year budget. Since 2011, the Regional Council Capital Fund, which is administered by ESD, has made available over \$1.33 billion of capital grant funding for the State's REDC initiative, which continues to help drive regional and local economic development across New York State in cooperation with ten Regional Councils. Regional Council Capital Funds are allocated among the State's ten regions, each represented by a Regional Council, through a competitive process that includes each Regional Council's development and implementation of a five-year regional strategic plan that sets out a comprehensive vision for economic development and specific strategies to implement that vision. ESD's role in the State's REDC initiative is to administer the Regional Council Capital Fund and other annual funding that is awarded through a competitive Consolidated Funding Application review process.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Economic Development Programs and Initiatives, Continued

During fiscal 2020, the ESD Directors and Chief Executive Officer ("CEO") approved financial assistance for over 320 companies and organizations through the REDC initiative and other programs. These programs include the Buffalo Regional Innovation Cluster, the New York Works Program, the Empire State Economic Development Fund, the Market NY Program, the Upstate Revitalization Initiative, the New NY Broadband Program and the Restore NY Communities Initiative, which promote the economic development and health of New York State by facilitating the creation and/or retention of jobs or increased economic activity. During this period, the \$970 million ESD investment is expected to leverage an additional \$2 billion in total investment, resulting in the retention and creation of over 18,000 jobs.

The Buffalo Regional Innovation Cluster, known as the Buffalo Billion, was established in fiscal 2013 with a \$1 billion investment in Western New York ("WNY") to attract private sector investment and promote the creation of sustainable jobs. The program is focused on three sector strategies (advanced manufacturing, health and life sciences and tourism) and three core strategies (entrepreneurship, workforce and smart growth). Projects were developed to be catalytic and transformative, leveraging the region's assets and moving the needle for WNY. In fiscal 2018, an additional \$400 million was used to launch a second phase which builds on the success of initiatives that have already made dramatic improvements to the region's quality of life, creating new economic opportunities for all Western New Yorkers. Phase II investments are focused around four central strategic areas: (1) implementing revitalization and smart growth efforts; (2) improving workforce development and job training; (3) growing the region's target industry sectors of advanced manufacturing, tourism, agriculture, energy, and health and life sciences; and (4) fostering a culture of entrepreneurship and innovation. Among the current projects are the East Side Corridor Economic Development Fund; The Buffalo Blueway; Buffalo Manufacturing Works; Northland Workforce Training Center and Northland Corridor Redevelopment; 43North; Niagara Falls Strategic Land Acquisition Program; Workforce Development Challenge; University at Buffalo Innovation Hub; Restore the Gorge; Buffalo Niagara Talent Attraction Initiative; NFTA Light Rail Extension; and Better Buffalo Fund.

During fiscal 2020, the New NY \$500 million Broadband Program (the "Program") focused on implementation of its statewide portfolio of broadband deployment projects. Across its three funding rounds to date, the Program has supported over 120 individual projects, with 33 different partner broadband providers. These projects address over 250,000 unserved and underserved locations across the State, and leverage a total of \$728 million in public/private funding. Over 90 percent of the Program's funding was awarded to projects that address unserved areas of the State, connecting these communities for the first time. Between projects supported by the Program and additional State-secured broadband commitments, New York State has secured a \$1 billion public/private investment that will ensure 99.9 percent of New Yorkers have access to broadband - with 99 percent at download speeds of 100 Megabits per second (Mbps) or greater, and the remainder at speeds of 25 Mbps. Certain projects are also leveraging additional support from the federal Connect America Fund.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Economic Development Programs and Initiatives, Continued

During 2019, Governor Cuomo announced an Upstate Cellular Coverage Task Force (the "Task Force") to develop recommendations to enhance cellular coverage in upstate New York, including the Adirondacks and Catskills. The ESD Broadband team convened and led this Task Force, which brought together industry experts, community leaders, government officials, environmental constituencies, and other key stakeholders. Over the course of four meetings, the Task Force reviewed existing policies, potential constraints, and available resources to expanding cellular coverage. In the 2020 State of the State, Governor Cuomo announced a comprehensive plan to put New York on a path to full cellular service coverage, with particular focus on the estimated 1,950 miles of uncovered major roadways in the state.

Over the past nine years, New York State has helped small businesses secure over \$1.3 billion in loan capital, and provided mentorship, training, and technical assistance to tens of thousands of firms, resulting in the launch of over 10,000 new small businesses. Much of that activity is conducted through programs administered by ESD. ESD also continued to successfully support small business, providing approximately \$28.5 million in loans through the Small Business Revolving Loan Fund; issuing approximately \$15 million in loans through the Capital Access Program; providing nearly \$69.7 million in loans through the Linked Deposit Program; issuing approximately \$21.2 million in credits through the Surety Bond Assistance Program; providing over \$4.9 million in loans through the Bridge to Success Loan Program; and issuing approximately \$1.2 million in loans through New York State Trust Funds. In addition to the successful loan programs, ESD continued to assist entrepreneurs through the Entrepreneurship Assistance Centers ("EAC"), which gives vital courses and classes in how to start and run a business. EAC have assisted in launching 175 new businesses and expanding 957 existing businesses. ESD also continued providing counseling to small businesses with Business Mentor NY, which is the State's first one-on-one pro bono mentoring program, geared to help small businesses overcome challenges and spur growth. Since inception, over 9,800 mentors and entrepreneurs have enrolled and over 4,700 engagements have been initiated.

ESD also continued to manage the NY Venture investment funds, including the \$100 million NYS Innovation Venture Capital Fund ("NYSIVCF" or the "Fund"). This Fund invests in eligible seed and early stage small businesses located, or in writing agree to be located, in New York State that (i) have the potential to generate additional economic activity in the State and (ii) are working in emerging technology fields or have the potential to achieve technological advances, innovation, transformation or development. Venture-backed companies are the economic engines responsible for most net new job growth nationally. During the fiscal year, the Fund made direct equity investments in 21 companies totaling \$13 million. NYSIVCF also provides funding for the Technology Commercialization Program, an \$8 million fund-of-funds investment program, which supports pre-seed investment opportunities throughout the State and, during the fiscal year, invested an additional \$1 million into 12 companies.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Economic Development Programs and Initiatives, Continued

ESD's NYSTAR, Division of Science and Technology, primarily uses grants from the U.S. Federal government to increase the programs and services it offers. It supports over 70 centers that assist companies to commercialize technologies or access and utilize Research & Development capabilities of universities and the private sector.

In March 2020, the COVID-19 pandemic disrupted small businesses across New York State. Responding quickly to their needs, at their March 2020 meeting, the ESD Directors approved over \$7 million in State funding to 70 non-profit centers, Entrepreneurship Assistance Centers, Small Business Development Centers and Community Development Financial Institutions. This enabled them to provide business counseling on loan applications and grant programs and allowed over 50 additional counselors to remotely counsel small businesses to start on the path to recovery.

In addition to the programs above, ESD continues to administer and manage a robust marketing program to help drive the State economy. The program has multiple components, broadly focused in two areas: (1) increasing the State's tourism through consumer and trade programs that heighten the visibility of New York's world class tourism attractions as ideal vacation destinations; and (2) attracting companies looking to expand, move or begin their operations in New York. Marketing activities include the development and placement of broadcast, print and out of home advertising, digital marketing, including both social media and paid search, experiential marketing and a presence at select trade shows and events. Marketing effectiveness research and media analytics are conducted on a monthly basis to ensure ESD is reaching its goals in website visits, perceptual changes and, ultimately, job creation and economic impact.

Economic Development Tax Incentives

ESD administers the Excelsior Jobs Program that provides job creation and investment incentives to firms in certain targeted industries, ranging from biotechnology to manufacturing. Businesses in these industries that create and maintain jobs or make significant financial investments in New York State are eligible to apply for up to four tax credits through the New York State Department of Taxation and Finance.

ESD also administers the New York State Film Tax Credit Program, which is designed to increase the film production and post-production industry presence in and overall economic benefits to New York State. Program tax credits totaling \$420 million per year, which do not flow through ESD, can be allocated and used to encourage companies to produce film and television projects in the State and help create and maintain film industry jobs.

Subsidiaries and Economic Development Projects

In addition to assisting businesses, the Corporation continues to support major development and redevelopment efforts throughout the State through its many subsidiaries and its involvement in significant economic development projects. Some of the more significant projects are presented below.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Moynihan Station Development Corporation

As part of the mission of Moynihan Station Development Corporation ("MSDC"), ESD purchased the James A. Farley Post Office ("Farley") building in fiscal 2007 to redevelop the Moynihan Station. The acquisition was financed with (1) \$130 million from the U.S. Postal Service; (2) \$105 million from ESD; (3) \$30 million from the Port Authority of New York and New Jersey (the "Port Authority"); and (4) a \$75 million loan from Citibank that was repaid in full in May 2017.

The project is advancing in two distinct phases. Phase 1 included a new commuter concourse underneath the Farley Building grand staircase. Phase 2 is the redevelopment of the historic landmarked Farley Building to accommodate relocated Amtrak operations and expanded Long Island Rail Road ("LIRR") passenger amenities within a new Moynihan Train Hall surrounded by more than 1 million square feet of retail and commercial office space.

In January 2016, ESD initiated a solicitation process for a Master Developer-Builder Team for Phase 2. Multiple submissions were received and subject to an extensive process of competitive review that resulted in the selection of the joint venture composed of The Related Companies, Vornado Realty Trust and Skanska USA. In June 2017, ESD and the joint venture executed a 99-year Master Lease and a Development Agreement. In a parallel effort, agreements defining the terms of occupancy and operations of Phase 1 and Phase 2 facilities by Amtrak and the LIRR, as well as the terms of continuing occupancy and operations of the United States Postal Service, were finalized. Construction on Phase 2 began in early 2017 and is targeted for substantial completion in December 2020.

Funding for Phase 2 was provided by (1) a \$700 million New York State budget appropriation; (2) a \$230 million up-front payment made by the Moynihan Interim Tenant LLC c/o Vornado Realty Trust pursuant to a Lease Agreement; (3) \$150 million from the Port Authority; (4) \$105 million from Amtrak; (5) \$100 million from the Metropolitan Transit Authority; (6) \$62 million in federal grants; and (7) a \$526 million loan from the U.S. Department of Transportation ("USDOT"). The loan will be repaid using Payments-in-lieu-of-Taxes ("PILOT") paid by the Master Developer to ESD under an agreement that also includes New York City. ESD initiated draws on the USDOT loan in October 2019 and the Developer has made all PILOT payments in accordance with the agreement.

During fiscal 2020, MSDC completed significant construction required for the planned relocation of Amtrak intercity rail operations from existing Pennsylvania Station into the redeveloped Farley Building. All train hall structural work has been completed and finishes have started, including platform escalators, baggage elevators and removal of much of the construction shielding. The start-up and commissioning were begun with the initial testing of the major infrastructure equipment and completion of the train shed area.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

New York Convention Center Development Corporation

The assets of New York Convention Center Development Corporation ("NYCCDC") were transferred to ESD in 2005 and NYCCDC issued \$700.0 million in revenue bonds to fund the expansion and renovation of the Jacob K. Javits Convention Center (the "Javits Center"). The bonds were secured by a hotel unit fee, which generated \$53.2 million and \$52.8 million for the fiscal years ended March 31, 2020 and 2019, respectively. The \$735.2 million construction related to the original expansion and renovation of the Javits Center was completed in 2014.

Although these improvements enhanced the existing facilities, the operations and the ability to compete in the evolving convention center marketplace were challenged by a lack of meeting room space and truck parking. An additional expansion of the Javits Center was deemed necessary to address these challenges so that the facility could meet industry standards, host larger and more diverse events, and accommodate truck traffic generated by such events. To advance these goals, in April 2016, New York State passed legislation enabling NYCCDC to develop an expansion of the Javits Center under the design-build delivery method.

The new facilities expansion will include: a 480,000 square feet on-site truck marshaling facility, including twenty-seven (27) new loading docks; 92,000 square feet of new prime exhibit space; 98,000 square feet of new state-of-the-art meeting room and ballroom space; 113,000 square feet of pre-function space; a roof terrace accommodating 1,500 people for outdoor events; an expanded green-roof area; and LEED Silver certification. An important, but separate, component of the expansion is construction of a transformer building and the relocation of certain utilities. When concluded, the transformer building will supply utilities both to the existing and expanded Javits Center.

In fiscal 2017, as part of the funding sources of the expansion, NYCCDC issued \$420.2 million in Senior and Subordinated Lien Revenue Bonds Series 2016A and Series 2016B (Hotel Unit Fee Secured) (the "Series 2016 Bonds") to pay certain of the costs of expanding and renovating the Javits Center, fund certain accounts and pay the costs of issuance of the Series 2016 Bonds. Funding is also provided through a \$1.0 billion New York State budget appropriation and previously issued available bond proceeds. Other sources may be provided as required.

The transformer construction budget is \$98.5 million and the expansion construction budget is \$1.3 billion. Expansion construction is expected to be completed in 2021.

As of May 2020, the expansion is in the last year of a four-year construction schedule. Construction is 75% complete. Concrete pours for the truck garage and steel erection for the remainder of the expansion are complete. Exterior cladding is 50% complete and interior trade work has commenced, including but not limited to, electrical, plumbing, and HVAC. The transformer building is essentially complete, currently powers the existing Javits Center and is ready to power the expansion upon completion. In addition, stand-by generator power is operational and available for the first time in the Javits Center.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

New York Convention Center Development Corporation, Continued

NYCCDC continues to evaluate the impacts of COVID-19 at both the expansion and transformer sites. The expansion site was 'paused' beginning March 28, 2020 and partially re-started April 25, 2020. Transformer work continued as essential construction related to the use of existing the Javits Center as a COVID-19 field hospital.

Harlem Community Development Corporation

The mission of Harlem Community Development Corporation ("HCDC") is to formulate and implement a comprehensive program to revitalize the Harlem community. HCDC has three primary departments, Business Services, Community Development and the Weatherization Assistance Program ("WAP"), and each has an area of expertise that contributes to the mission. Business services and economic development continues to be HCDC's primary focus, complementing ESD's efforts in the areas of business attraction and retention, entrepreneurial assistance, New York State MWBE Certification, marketing and promoting of tourism, arts, culture, dining and entertainment in Upper Manhattan.

HCDC continues to engage the community by providing grants and technical assistance to facilitate the development and marketing of mixed-use facilities and community development projects. HCDC also supports various other community initiatives, programs and events, workforce development programs and initiatives, provides one-on-one U.S. Department of Housing and Urban Development ("HUD") certified housing counseling services, and co-sponsors home buyer education and financial literacy workshops and seminars.

HCDC works closely with ESD staff, NYC & Co, the Upper Manhattan Empowerment Zone, locally-based Community Development Financial Institutions, Entrepreneurship Assistance Centers, Business Improvement Districts, merchant associations and chambers of commerce to coordinate economic development initiatives and opportunities including marketing, business development, small business lending and technical assistance.

Through its WAP Program, HCDC continues to maximize the benefits available to promote the health, safety and well-being of Upper Manhattan-based low-income residents of multi-family rental and co-operative buildings. WAP is funded through the U.S. Department of Energy ("DOE") and overseen by New York State Homes and Community Renewal ("HCR"). It plays an important role in the preservation of hundreds of low-income housing units annually by improving energy efficiency and residents' quality of life. WAP is actively seeking new sources of revenue (federal, state, city, utilities, foundations and private) in an effort to sustain its effectiveness in the community. In addition, WAP is looking to include more sustainable energy initiatives within its portfolio.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Lower Manhattan Development Corporation

New York State designated ESD as the lead agency to provide assistance to businesses affected by the events of September 11, 2001. HUD gave ESD the ability to draw grant funds of up to \$700.0 million to fund these efforts. In November 2001, the ESD Board of Directors authorized the creation of the Lower Manhattan Development Corporation ("LMDC") to assist in the economic recovery and revitalization of lower Manhattan following the events of September 11, 2001. HUD provided LMDC the authority to draw grants up to \$2.8 billion to fund these efforts. As of March 31, 2020, more than \$3.3 billion of the total \$3.5 billion of HUD funding has been disbursed by both ESD and its subsidiary, LMDC, to qualified businesses and individuals.

Atlantic Yards/Pacific Park Brooklyn Project

ESD continues to be actively involved in the Atlantic Yards/Pacific Park Brooklyn Project, which is the redevelopment of 22 acres of underutilized land in downtown Brooklyn. The general project plan that was adopted in July 2006 and modified in June 2009, includes the Barclays Center, transit and infrastructure improvements, an upgraded Long Island Rail Road ("LIRR") train yard, 16 residential and commercial towers, and eight acres of open space. The residential development includes an affordable component. Four residential buildings are open with 63% as affordable units. Publicly accessible open space is active and commercial and retail tenants are in place.

The LIRR Yards are at substantial completion and it has significantly improved operations, providing an easier access point to the Atlantic Terminal station from the train yards. Foundational footings for the future platform overbuild and the residential buildings have been installed.

The ESD Board approved a 2014 Modified General Project Plan ("MGPP") that accelerates development and ensures the timely arrival of key project deliverables for the community. The Atlantic Yards Community Development Corporation continues to facilitate progress of the project. Construction activities at the site are monitored in coordination with an owner's representative and a mitigation monitor ensures the Developer's compliance with the project's Memorandum of Environmental Commitments.

Erie Canal Harbor Development Corporation

Erie Canal Harbor Development Corporation ("ECHDC") is guided by its vision to revitalize Western New York's waterfront and restore economic growth to Buffalo based on the region's legacy of pride, urban significance and natural beauty. ECHDC has made significant advancements to the waterfront development and its goal to accomplish public/private partnerships. Its strategic investment in infrastructure and programming has resulted in unprecedented private investment in Buffalo's waterfront. Since its inception, ECHDC has invested over \$117 million of public funding into the region's waterfront with a private investment of over \$500 million. During fiscal 2020, ECHDC has: (1) funded over 2,000 events and activities at Canalside bringing over 1.5 million visitors to Buffalo; (2) concluded construction of the Explore and More Children's Museum which opened in May 2019; (3) utilized the Canals in the winter for skating and other events; (4) pursued the redevelopment of

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES
Management's Discussion and Analysis, Continued

Erie Canal Harbor Development Corporation, Continued

the Outer Harbor lands with ESD, NYS Parks and consultants; (5) provided events and programming on the ECHDC owned Outer Harbor land; and (6) continued implementation of Outer Harbor access and activation improvements, which focus on the development of several derelict and former industrial parcels emphasizing industrial heritage, ecology, access, water's edge, recreation and comfort.

USA Niagara Development Corporation

As another commitment to Western New York, USA Niagara Development Corporation ("USAN") continues its mission of dedication to the support and promotion of economic development initiatives in downtown Niagara Falls by leveraging private investment through targeted public investments in start-up capital, key infrastructure improvements, and organizational assistance. The overarching principle of USAN's development strategy is simultaneously working on implementation of different types of projects with various development cycles, from smaller, short-term efforts to setting the stage for larger future projects. This approach has proven to be successful as USAN has completed or substantially completed portions of approximately 42 projects and is actively working on six other efforts in various stages of development, totaling nearly \$400 million.

These projects range from key downtown streetscape infrastructure projects to improve the setting for downtown investment to middle-range efforts to reconnect downtown to its waterfront and to begin sensible infill development on shovel-ready downtown sites. Over the last several years, USAN has participated in seven hotel projects, adding approximately 600 new rooms and renovating 357 existing rooms. Proposed future projects include the restoration of the historic Hotel Niagara (estimated at \$42 million). USAN is also working with NYS Parks on new outdoor recreation programming to capitalize on the world-class outdoor recreation assets along the Niagara Falls waterfront.

USAN acquired a portfolio of 31 individual properties (the "Anderson Properties") totaling approximately ten acres of land in downtown Niagara Falls for the fair market value of \$14.7 million. During fiscal 2020, a developer was selected for several of the properties which will become vibrant, mixed-use commercial developments within the Third Street Business District. These efforts represent a balance between strategic redevelopment of underutilized existing assets and progressive facilitation of new growth. Moreover, the intent is to pursue redevelopment in a manner that embodies the best principles of sound, sustainable community and tourism development.

Other Economic Development Projects

Other examples of ESD's economic development and redevelopment include NYS-IBM Artificial Intelligence Hardware Center, Athenex, Applied Materials, Materials Engineering Technology Accelerator and AIM Photonics.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES
Management's Discussion and Analysis, Continued

The following is a summary of the Corporation's financial information as of and for the years ended March 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
	(In thousands)	
Assets		
Current assets:		
Cash, equivalents and temporary investments	\$ 224,802	216,751
Other current assets	<u>2,238,870</u>	<u>2,777,976</u>
Total current assets	<u>2,463,672</u>	<u>2,994,727</u>
Non-current assets:		
Investment securities restricted or designated for state revenue bonds	834	17,753
Loans and leases receivable	90,709	95,184
Due from State of New York	13,725,980	12,556,059
Due from Port Authority of New York and New Jersey	-	36,057
Due from New York Job Development Authority	27,298	26,914
Real property and office equipment, net	4,265,435	3,417,286
Other non-current assets	<u>180,917</u>	<u>190,606</u>
Total non-current assets	<u>18,291,173</u>	<u>16,339,859</u>
Total assets	<u>20,754,845</u>	<u>19,334,586</u>
Deferred outflows of resources	<u>103,793</u>	<u>68,174</u>
Liabilities		
Current liabilities:		
Bonds and notes payable	1,354,330	1,100,264
Other current liabilities	<u>452,069</u>	<u>388,703</u>
Total current liabilities	<u>1,806,399</u>	<u>1,488,967</u>
Non-current liabilities:		
Bonds and notes payable	14,253,523	13,552,482
Other non-current liabilities	<u>315,228</u>	<u>334,163</u>
Total non-current liabilities	<u>14,568,751</u>	<u>13,886,645</u>
Total liabilities	<u>16,375,150</u>	<u>15,375,612</u>
Deferred inflows of resources	<u>287,805</u>	<u>357,717</u>
Minority interest	<u>430,349</u>	<u>337,820</u>
Net position		
Restricted:		
Appropriations repayable under prescribed conditions	197,554	197,554
Other restricted for specific purposes	<u>61,592</u>	<u>340,928</u>
Total restricted	259,146	538,482
Net investment in capital assets	<u>3,506,188</u>	<u>2,793,129</u>
Total net position	\$ <u>3,765,334</u>	<u>3,331,611</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

SUMMARY OF CONSOLIDATED STATEMENTS OF REVENUE,
EXPENSES AND CHANGES IN NET POSITION

	<u>2020</u>	<u>2019</u>
	(In thousands)	
Operating revenue:		
Interest and finance income from:		
Residential projects	\$ 5,283	2,612
Nonresidential projects	16,498	9,933
Interest on state revenue bonds	1,288	4,144
Hotel tax revenue	53,168	52,788
Reimbursed grants	198,173	246,813
Economic development grants	943,229	899,532
State appropriation for programs	407,872	707,489
Other revenue	<u>103,889</u>	<u>96,877</u>
Total operating revenue	<u>1,729,400</u>	<u>2,020,188</u>
Operating expenses:		
Interest on state revenue bonds	1,288	4,144
Interest on subsidiary project bonds	28,517	29,009
Reimbursed grants	60,848	41,792
Economic development grants	950,566	905,988
General and administrative	130,383	131,150
Subsidiary program and administrative	13,047	23,370
Provision for recoveries on loans and leases receivable and investments in other assets	2,681	2,842
Depreciation	<u>37,847</u>	<u>37,330</u>
Total operating expenses	<u>1,225,177</u>	<u>1,175,625</u>
Minority interest	<u>(92,529)</u>	<u>(126,954)</u>
Operating income	<u>411,694</u>	<u>717,609</u>
Non-operating revenue	662,864	637,454
Non-operating expenses - interest and other costs on state revenue bonds	<u>640,835</u>	<u>621,381</u>
Change in net position	433,723	733,682
Net position at beginning of year	<u>3,331,611</u>	<u>2,597,929</u>
Net position at end of year	\$ <u>3,765,334</u>	<u>3,331,611</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Liquidity

The Corporation's cash, cash equivalents and temporary investments totaled approximately \$224.8 million and \$216.8 million at March 31, 2020 and 2019, respectively. The \$8.0 million increase is primarily due to the receipt of payments related to residential projects and a project on Roosevelt Island.

Capitalization

As of March 31, 2020, ESD had \$14.3 billion in State revenue bonds outstanding. These bonds are issued on behalf of the State to provide the Corporation with funds for economic development activities, State Facilities, housing projects and other State supported financing activities. The State revenue bonds debt service is funded by New York State.

In March 2020, ESD issued \$381.5 million in State Sales Tax Revenue Bonds: \$338.5 million Series 2020A (Tax-Exempt) and \$43.0 million Series 2020B (Federally Taxable) (the "Series 2020 Bonds"). The Series 2020 Bonds were issued for the purpose of, together with other available moneys, refunding various series of bonds issued by the New York Local Government Assistance Corporation and pay the cost of issuance, including swap termination payments in connection with certain bonds.

In October 2019, ESD issued \$1,672.9 million in State Sales Tax Revenue Bonds: \$1,148.9 million Series 2019A (Tax-Exempt) and \$524.0 million Series 2019B (Federally Taxable) (the "Series 2019 Bonds"). The Series 2019 Bonds were issued for the purpose of financing Authorized Purposes. Proceeds of the Series 2019 Bonds were used to (a) finance or reimburse all or a portion of the costs of programs and projects within the State, including (i) capital projects for economic development initiatives, correctional facilities, environmental projects, military, State police and homeland security projects and facilities, housing programs, information technology projects, MTA Transportation facilities, State office buildings and youth program and other facilities (ii) SUNY grants, and (b) refund certain outstanding State-supported debt previously issued by the Corporation and the New York State Thruway Authority. In addition, proceeds of the Series 2019 Bonds were used to pay all or part of the cost of issuance of the Series 2019 Bonds.

In January 2019, ESD issued \$1,543.8 million in State Personal Income Tax Revenue Bonds (General Purpose): \$741.5 million Series 2019A (Tax-Exempt) and \$802.3 million Series 2019B (Federally Taxable) (the "Series 2019 PIT Bonds"). The Series 2019 PIT Bonds were issued for the purpose of financing Authorized Purposes. Proceeds of the Series 2019 PIT Bonds were used to finance or reimburse all or a portion of the costs of programs and projects throughout the State, including information technology projects, housing assistance projects and programs, economic development projects, MTA Transportation Facilities and State facilities projects. In addition, proceeds of the Series 2019 PIT Bonds were used to pay all or part of the cost of issuance of the Series 2019 PIT Bonds.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Interest Rate Transactions

The remaining balances of the interest rate swap agreements were \$361.9 million and \$374.7 million at March 31, 2020 and 2019, respectively. During fiscal 2020, the notional amount of the interest rate swap agreements in connection with the Service Contract Revenue Refunding Series 2008A Bonds (Variable Rate Demand Notes) decreased from \$150.8 million at March 31, 2019 to \$138.0 million at March 31, 2020.

Under the swap agreements, the Corporation effectively converted terms of the underlying debt obligation from a variable rate to a fixed rate. Under the terms of the agreement, the Corporation pays a fixed rate of 3.578% to the related counter-party and receives a variable rate equivalent to 65% of the 30-day LIBOR rate. The maturities of the swaps are equal to the maturities of the Series 2008A Bonds and amortization began in 2017 with a final maturity in 2030. Since the Corporation is fully reimbursed by the State for all swap-related payments, no gains or losses will be recognized.

The remaining \$223.9 million interest rate swap balance supports the State Personal Income Tax Revenue Bonds, Series 2004A-3, with amortization ranging from 2025 to 2033. The Corporation receives a variable rate equivalent to 65% of the 30-day LIBOR rate and pays a fixed rate to the related counterparties of 3.49%. Since the Corporation is fully reimbursed by the State for all swap-related payments, no gains or losses will be recognized.

The fair value of the swaps is recorded as deferred inflows of resources and the related deferred loss as deferred outflows of resources.

Investment Ratings

As of March 31, 2020, the Corporation's outstanding debt had ratings from among three major rating agencies. Below are some representative issues:

<u>Issue</u>	<u>Underlying Ratings</u>	
	<u>Moody's</u>	<u>Fitch</u>
State Sales Tax Revenue Bonds Series 2019A, 2019B	Aa1	AA+
State Personal Income Tax Revenue Bonds Series 2019A, 2019B	Aa1	AA+
NY Convention Center Development Corporation Senior Lien Revenue Bonds Series 2016A	Aa3	N/A
NY Convention Center Development Corporation Subordinated Lien Revenue Bonds Series 2016B	A2	N/A

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Change in Net Position

The change in net position for the year ended March 31, 2020 was \$433.7 million compared with \$733.7 million in the prior year. The \$300.0 million decrease is primarily due to a reduction in New York State budget appropriations for the expansion of the Javits Center and the Moynihan Station Development project.

Revenue

Operating revenue in the 2020 fiscal year was approximately \$1,729.4 million compared with \$2,020.2 million in fiscal year 2019. The \$290.8 million decrease is primarily due to the following:

- State appropriation for programs decreased by \$299.6 million due to a decrease of \$302.0 million in New York State budget appropriation funding for the Javits Center expansion and the Moynihan Station Development project (the "MSD Project") which was offset by an increase of \$2.4 million in convertible loan project-related income;
- Reimbursed grants revenue decreased by \$48.6 million due primarily to decreases of \$41.7 million in the reimbursement of program administration expenses and \$38.0 million in funding for the MSD Project, which were offset by increases of approximately \$19.1 million in HUD grant funding to LMDC and ESD as a result of increased activity in existing programs, \$11.0 million in expense reimbursement related to the Farley Building and \$1.0 million in funding for ECHDC; and
- Interest on state revenue bonds decreased by approximately \$2.9 million mainly due to the scheduled repayment of certain bonds.

Increases in operating revenue primarily occurred in the following categories:

- Economic development grants increased by \$43.7 million due to an increase in activity within existing grant programs, including the following projects: NYS-IBM Artificial Intelligence Hardware Center, Athenex, Applied Materials, Materials Engineering Technology Accelerator and AIM Photonics;
- Other revenue increased by approximately \$7.0 million due to increases of \$12.6 million related to interim tenant funding for the MSD Project and \$2.5 million related to a project recapture payment, which were offset by a total decrease of \$8.1 million in funding related to the State's worldwide advertising and marketing promotion campaign, investment activity through the New York Innovation Venture Capital Fund, and mortgage interest income;
- Interest and finance income from nonresidential projects increased by \$6.5 million due primarily to an increase in tax equivalency payments related to a project on Roosevelt Island;
- Interest and finance income from residential projects increased by \$2.7 million due to additional payments made in accordance with twelve loan agreements; and
- Hotel tax revenue increased by \$0.4 million related to tourism activity in New York City.

Non-operating revenue was approximately \$662.9 million in fiscal 2020 compared to \$637.5 million in fiscal 2019. The \$25.4 million increase is due primarily to the receipt of funds related to the issuances of new State Sales Tax Revenue Bonds, Series 2019 Bonds and Series 2020 Bonds, and an increase in the fair market value of investments.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Expenses

Operating expenses in the fiscal year ended March 31, 2020 were approximately \$1,225.2 million compared to \$1,175.6 million in fiscal year 2019. The \$49.6 million increase is primarily due to the following:

- Economic development grants increased by \$44.6 million due to an increase in activity within existing grant programs, including the following projects: NYS-IBM Artificial Intelligence Hardware Center, Athenex, Applied Materials, Materials Engineering Technology Accelerator and AIM Photonics;
- Reimbursed grants expense increased by \$19.1 million due to an increase in HUD grant funding to LMDC and ESD as a result of increased activity in existing programs;
- Depreciation increased by approximately \$0.5 million due to the acquisition of capital assets.

Decreases in operating expenses primarily occurred in the following categories:

- Subsidiary program and administrative expenses decreased by approximately \$10.3 million primarily due to decreases in construction costs and development expenses for certain subsidiaries, including USAN and ECHDC, offset by the receipt of \$7.0 million in termination fees received from NYC related to NYC's use of land owned by NYCCDC;
- Interest on state revenue bonds decreased by approximately \$2.8 million due to the scheduled repayment of certain bonds;
- General and administrative expenses decreased by approximately \$0.8 million due primarily to a reduction in billing activity in the State's marketing and promotion program, offset by increases in miscellaneous income from grant application and commitment fees, payroll and fringe benefits and several non-personal services expenses, including professional fees for consultants and attorneys;
- Interest on subsidiary project bonds decreased by approximately \$0.5 million due to the scheduled repayment of debt obligations; and
- Provision for recoveries on loans and leases receivable and investment in other assets decreased by approximately \$0.2 million due primarily to a reduction in loan workouts;

Non-operating expenses were approximately \$640.8 million in fiscal 2020 compared to \$621.4 million in fiscal 2019. The \$19.4 million increase is due primarily to expenses associated with the issuances of new State Sales Tax Revenue Bonds, Series 2019 Bonds and Series 2020 Bonds.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Anticipated Future Events

COVID-19

The United States, including New York State, is presently in the midst of a national health emergency related to the COVID-19 virus. New York State was put on "pause" by Executive order of the Governor on March 22, 2020. The "pause" order remained fully in place in New York City until June 8, 2020, when Phase 1 of reopening began. The overall financial impact of COVID-19 on the Corporation is presently unknown, but the potential for some economic consequences exists. The total fiscal impact of COVID-19 on the Corporation and its future operations is not presently determinable.

Weatherization

As a result of COVID-19, all WAP work stopped on Monday, March 16, 2020, two weeks shy of the normal program year end. The DOE and HCR announced an extension of the 2019-2020 program year to March 31, 2021 (the end of the 2020-2021 program year). The DOE has indicated to HCR that the contract extension will be in two stages - the first stage will extend the contract to August 31, 2020 and the second will extend the contract to March 31, 2021. These extensions will enable the WAP to utilize the 2019-2020 budget through March 31, 2021.

State Revenue Bonds

In July 2020, ESD issued \$2,297.5 million in State Personal Income Tax Revenue Bonds (General Purpose): \$2,225.4 million Series 2020C (Tax-Exempt) and \$72.1 million Series 2020D (Federally Taxable) (the "Series 2020 C&D Bonds"). The Series 2020 C&D Bonds were issued for the purpose of financing Authorized Purposes. Proceeds of the Series 2020 C&D Bonds are expected to be used to (a) finance or reimburse all or a portion of the costs of programs and projects within the State, including capital projects for economic development initiatives, correctional facilities, transportation initiatives, State office buildings and other facilities, environmental projects, youth program facilities, housing capital programs, hazardous waste remediation, agriculture, healthcare, parks and recreational facilities, SUNY grants, and certain projects related to the State contribution to the 2015-19 Metropolitan Transportation Authority (MTA) Capital Plan that were originally financed with MTA Transportation Revenue Bond Anticipation Notes, and (b) refund certain State-supported debt previously issued by an Authorized Issuer. In addition, proceeds of the Series 2020 C&D Bonds will be used to pay all or part of the cost of issuance of the Series 2020 C&D Bonds.

In June 2020, ESD issued \$1,780.2 million in State Personal Income Tax Revenue Bonds (General Purpose): \$1,288.2 million Series 2020A (Tax-Exempt) and \$492.0 million Series 2020B (Federally Taxable) (the "Series 2020 PIT Bonds"). The Series 2020 PIT Bonds were issued for the purpose of financing Authorized Purposes. Proceeds of the Series 2020 PIT Bonds are expected to be used to finance or reimburse all or a portion of the costs of programs and projects within the State, including (i) capital projects for economic development initiatives, the Jacob K. Javits Convention Center, homeland security projects and facilities, correctional facilities, transportation facilities, State office buildings, environmental projects, information technology projects, youth program facilities, the division of military and naval affairs, the division of State police and housing capital programs, and (ii) SUNY grants. In addition, proceeds of the Series 2020 PIT Bonds will be used to pay all or part of the cost of issuance of the Series 2020 PIT Bonds.

EW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Request for Information

This financial report is designed to provide a general overview of ESD's finances for all those with an interest in the Corporation's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Chief Financial Officer, New York State Urban Development Corporation d/b/a Empire State Development, 633 Third Avenue, New York, New York 10017.

CONSOLIDATED FINANCIAL STATEMENTS

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES
Consolidated Statements of Net Position
March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
	(In thousands)	
Assets		
Current assets:		
Cash and equivalents	\$ 107,069	65,881
Temporary investments	<u>117,733</u>	<u>150,870</u>
	<u>224,802</u>	<u>216,751</u>
Cash and investment securities restricted or designated for:		
State revenue bonds	590,086	955,329
Economic development	395,709	476,634
Subsidiary and other purposes	<u>1,186,673</u>	<u>1,293,596</u>
	<u>2,172,468</u>	<u>2,725,559</u>
Loans and leases receivable:		
Non-residential, principally leases	1,900	2,000
Economic development loans	<u>410</u>	<u>621</u>
	<u>2,310</u>	<u>2,621</u>
Due from Port Authority of New York and New Jersey	38,563	26,605
Other current assets	<u>25,529</u>	<u>23,191</u>
Total current assets	<u>2,463,672</u>	<u>2,994,727</u>
Non-current assets:		
Investment securities restricted or designated for state revenue bonds	<u>834</u>	<u>17,753</u>
Loans and leases receivable:		
Non-residential, principally leases	6,804	8,501
Economic development loans	<u>83,905</u>	<u>86,683</u>
	<u>90,709</u>	<u>95,184</u>
Due from State of New York	13,725,980	12,556,059
Due from Port Authority of New York and New Jersey	-	36,057
Due from New York Job Development Authority	27,298	26,914
Real property and office equipment, net	4,265,435	3,417,286
Other non-current assets	<u>180,917</u>	<u>190,606</u>
Total non-current assets	<u>18,291,173</u>	<u>16,339,859</u>
Total assets	<u>20,754,845</u>	<u>19,334,586</u>
Deferred outflows of resources		
Deferred loss on derivative	82,276	55,834
Deferred loss on refunding	1,058	1,126
Pensions	3,420	7,485
Contributions subsequent to measurement date	3,771	3,729
Post-employment benefits other than pensions	<u>13,268</u>	<u>-</u>
Total deferred outflows of resources	<u>103,793</u>	<u>68,174</u>

(Continued)

See accompanying notes to consolidated financial statements.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES
Consolidated Statements of Net Position, Continued

	<u>2020</u>	<u>2019</u>
	(In thousands)	
Liabilities		
Current liabilities:		
Bonds and notes payable:		
State revenue bonds	\$ 1,261,285	1,010,410
Project revenue bonds - New York Convention Center Development Corporation	15,230	13,530
Other financing	<u>77,815</u>	<u>76,324</u>
	1,354,330	1,100,264
Accounts payable and accrued expenses	323,530	257,774
Interest payable	41,224	56,101
Total OPEB liability	2,885	2,802
Other current liabilities	<u>84,430</u>	<u>72,026</u>
Total current liabilities	<u>1,806,399</u>	<u>1,488,967</u>
Non-current liabilities:		
Bonds and notes payable:		
State revenue bonds	12,998,450	12,447,069
Project revenue bonds - New York Convention Center Development Corporation	1,096,005	1,105,413
Other non-current financing	<u>159,068</u>	<u>-</u>
	14,253,523	13,552,482
Repayable to related governmental entities	520	635
Net pension liability - proportionate share - ERS	6,644	2,907
Total OPEB liability	144,780	128,995
Other non-current liabilities	<u>163,284</u>	<u>201,626</u>
Total non-current liabilities	<u>14,568,751</u>	<u>13,886,645</u>
Total liabilities	<u>16,375,150</u>	<u>15,375,612</u>
Commitments and contingencies (note 18)		
Deferred inflows of resources		
Fair market value of derivatives	82,276	55,834
Grants payable	133,584	166,049
Pensions	2,166	9,308
Post-employment benefits other than pensions	8,133	546
Other	<u>61,646</u>	<u>125,980</u>
Total deferred inflows of resources	<u>287,805</u>	<u>357,717</u>
Minority interest	<u>430,349</u>	<u>337,820</u>
Net position:		
Restricted:		
Appropriations repayable under prescribed conditions	197,554	197,554
Other restricted for specific purposes	<u>61,592</u>	<u>340,928</u>
Total restricted	259,146	538,482
Net investment in capital assets	<u>3,506,188</u>	<u>2,793,129</u>
Total net position	<u>\$ 3,765,334</u>	<u>3,331,611</u>

See accompanying notes to consolidated financial statements.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES
Consolidated Statements of Revenue, Expenses
and Changes in Net Position
Years ended March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
	(In thousands)	
Operating revenue:		
Interest and finance income from:		
Residential projects	\$ 5,283	2,612
Nonresidential projects	16,498	9,933
Interest on state revenue bonds	1,288	4,144
Hotel tax revenue	53,168	52,788
Reimbursed grants	198,173	246,813
Economic development grants	943,229	899,532
State appropriation for programs	407,872	707,489
Other revenue	<u>103,889</u>	<u>96,877</u>
Total operating revenue	<u>1,729,400</u>	<u>2,020,188</u>
Operating expenses:		
Interest on state revenue bonds	1,288	4,144
Interest on subsidiary project bonds	28,517	29,009
Reimbursed grants	60,848	41,792
Economic development grants	950,566	905,988
General and administrative	130,383	131,150
Subsidiary program and administrative	13,047	23,370
Provision for recoveries on loans and leases receivable and investments in other assets	2,681	2,842
Depreciation	<u>37,847</u>	<u>37,330</u>
Total operating expenses	<u>1,225,177</u>	<u>1,175,625</u>
Minority interest	<u>(92,529)</u>	<u>(126,954)</u>
Operating income	<u>411,694</u>	<u>717,609</u>

(Continued)

See accompanying notes to consolidated financial statements.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES
Consolidated Statements of Revenue, Expenses
and Changes in Net Position, Continued

	<u>2020</u>	<u>2019</u>
	(In thousands)	
Non-operating revenue:		
State appropriations for interest on state revenue bonds	\$ 626,120	605,495
Interest and finance income earned on investment of state revenue bond proceeds	14,689	15,999
Other investment income, including change in fair value	<u>22,055</u>	<u>15,960</u>
Total non-operating revenue	662,864	637,454
Non-operating expenses - interest and other costs on state revenue bonds	<u>640,835</u>	<u>621,381</u>
Non-operating income	<u>22,029</u>	<u>16,073</u>
Change in net position	433,723	733,682
Net position at beginning of year	<u>3,331,611</u>	<u>2,597,929</u>
Net position at end of year	<u>\$ 3,765,334</u>	<u>3,331,611</u>

See accompanying notes to consolidated financial statements.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years ended March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
	(In thousands)	
Cash flows from operating activities:		
Interest and finance income received	\$ 21,781	12,545
State appropriation received for interest on debt	1,288	4,144
Other operating receipts	103,889	96,877
Cash received from hotel tax revenue	53,126	52,617
Grants received	1,591,096	1,878,849
Interest payments on state revenue bonds	(29,805)	(33,153)
Payments for general and administrative expenses	(80,150)	(173,483)
Grant payments	(1,044,876)	(911,649)
Payments for pollution remediation	<u>(4)</u>	<u>(937)</u>
Net cash provided by operating activities	<u>616,345</u>	<u>925,810</u>
Cash flows from non-capital financing activities -		
increase in other liabilities	<u>84,706</u>	<u>49,432</u>
Cash flows from capital financing activities:		
Bond proceeds - state revenue bonds	2,054,345	1,543,815
Retirement of state revenue bonds	(1,252,089)	(1,674,685)
Accrued interest payable on revenue bonds	(14,639)	(1,033)
Bond payments - New York Convention Center Development Corporation, net of issuing costs	(7,878)	(7,367)
Advances on behalf of State of New York for special projects	(1,169,921)	561,793
Payments of other financing	<u>(11,958)</u>	<u>1</u>
Net cash provided by (used in) capital financing activities	<u>(402,140)</u>	<u>422,524</u>
Cash flows from investing activities:		
Proceeds from sales/maturities of investment securities	7,816,894	9,681,798
Purchase of investment securities	(7,213,747)	(10,237,472)
Investment income, net	22,029	16,073
Cash payments on behalf of the New York Job Development Authority	(384)	(362)

(Continued)

See accompanying notes to consolidated financial statements.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows, Continued

	<u>2020</u>	<u>2019</u>
	(In thousands)	
Cash flows from investing activities, continued:		
Payments received from projects financed by corporate revenue bonds	\$ 1,797	1,832
Collections (payments) on economic development loans	193	(4,201)
Net activity on economic development projects	1,491	(11,456)
Investment in real property and office equipment	<u>(885,996)</u>	<u>(862,919)</u>
Net cash used in investing activities	<u>(257,723)</u>	<u>(1,416,707)</u>
Net change in cash and equivalents	41,188	(18,941)
Cash and equivalents at beginning of year	<u>65,881</u>	<u>84,822</u>
Cash and equivalents at end of year	<u>\$ 107,069</u>	<u>65,881</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	411,694	717,609
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	37,847	37,330
Minority interest	92,529	126,954
Provision for payment on loans and leases receivable and investments in other assets	2,681	2,842
Changes in:		
Due from Port Authority of New York and New Jersey	36,057	23,672
Other current assets	(2,338)	(4,415)
Other assets	9,689	3,285
Deferred outflow - pensions	4,023	(2,564)
Accounts payable and accrued expenses	65,756	(21,780)
Grants payable	(32,465)	41,783
Other liabilities	(42)	(1,782)
Net pension liability	3,737	(5,484)
Deferred inflow - pensions	(7,142)	7,814
Deferred inflow - OPEB	<u>(5,681)</u>	<u>546</u>
Net cash provided by operating activities	<u>\$ 616,345</u>	<u>925,810</u>

See accompanying notes to consolidated financial statements.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

March 31, 2020 and 2019

Note 1 - Corporate Background and Activities

The New York State Urban Development Corporation (“UDC” or the “Corporation”), which together with its subsidiaries does business as Empire State Development (“ESD”), is a corporate governmental agency of the State of New York (the “State”), constituting a political subdivision and a public benefit corporation. Accordingly, for financial reporting purposes, the accompanying consolidated financial statements are combined as a component unit enterprise fund in the State’s annual financial report. Created by legislation in 1968, ESD has broad powers, which can be utilized for civic, industrial, commercial or residential development purposes.

The consolidated financial statements include the accounts of the New York Convention Center Development Corporation (“NYCCDC”) which owns the Jacob Javits Convention Center (the “Javits Center”) and leases the facility to the State. In February 2004, ESD took control of NYCCDC.

ESD holds 67% of the common stock of NYCCDC and substantially controls its operations. Under Governmental Accounting Standards Board (“GASB”) Statement No. 39 - “The Financial Reporting Entity,” NYCCDC is considered a blended component unit of ESD and the assets, liabilities and results of operations are consolidated with the operations of ESD for financial reporting purposes.

ESD is engaged in various activities for the State, as highlighted below:

(a) Economic Development Programs and Initiatives

ESD is the State’s primary agent for economic development and job creation with ten regional offices throughout the State, three of which, Albany, Buffalo and New York City, function as a co-headquarters. ESD’s mission is to promote a vigorous and growing State economy, encourage business investment and job creation, and support diverse, prosperous local economies across New York State through the efficient use of loans, grants, tax credits, real estate development, marketing and other forms of assistance. To support the Corporation in carrying out its economic development mission, ESD invests strategically in infrastructure, innovation, place-making and revitalization, tradable sectors and workforce development; is transparent and responsive to the needs of diverse communities across the State through the active participation of ten Regional Economic Development Councils; supports the retention and health of existing businesses, the retention of populations, and the development of new businesses and industries that will contribute to the development of the 21st century economy; promotes equality of economic opportunities for minority-and women-owned businesses; provides early-stage support for new ventures, including the research and development of new technologies; and strengthens New York State’s innovation-based economy through partnerships with acclaimed universities, promoting entrepreneurialism through the development of incubators and next-generation manufacturing and technology hubs across the state. In addition, the State Legislature has provided the Corporation with various statutory powers, including the power to

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 1 - Corporate Background and Activities, Continued

(a) Economic Development Programs and Initiatives, Continued

issue bonds, offer tax benefits to developers, condemn real property and waive compliance, where appropriate, with certain local codes and laws. Financial assistance to organizations is provided primarily through State appropriated funds received by the Corporation and State supported bonds issued by the Corporation which are disbursed to projects. Federal funding is also received through various programs to provide assistance to small businesses, businesses who have sustained losses as a result of natural disasters and other purposes that spur economic development.

(b) Subsidiaries and Economic Development Projects

In addition to assisting businesses, the Corporation continues to support major development and redevelopment efforts throughout the State through its many consolidated subsidiaries and its involvement in significant economic development projects including Harlem Community Development Corporation, New York Convention Center Development Corporation, Moynihan Station Development Corporation, Erie Canal Harbor Development Corporation, USA Niagara Development Corporation, New York Empowerment Zone Corporation and Atlantic Yards/Pacific Park Brooklyn.

Lower Manhattan Development Corporation ("LMDC") was created as an ESD subsidiary to assist in the economic recovery and revitalization of lower Manhattan following the events of September 11, 2001. LMDC received a direct grant of up to \$2.783 billion from the United States Department of Housing and Urban Development ("HUD") and the Federal Transportation Administration. Approximately \$56.5 million and \$43.4 million was received and disbursed during the years ended March 31, 2020 and 2019, respectively.

In 2001, to further assist the efforts of LMDC, ESD was directly appropriated \$700.0 million by HUD to assist with the recovery and revitalization of lower Manhattan. Approximately \$6.0 million and \$4.4 thousand was received and disbursed during the years ended March 31, 2020 and 2019, respectively.

Additionally, ESD administers the economic development activities of the New York Job Development Authority ("JDA"). JDA is not a component unit of ESD for financial reporting purposes.

(c) Economic Development Tax Incentives

ESD administers the Excelsior Jobs Program that provides job creation and investment incentives to firms in certain targeted industries, ranging from biotechnology to manufacturing. In addition, ESD also administers the New York State Film Tax Credit Program, which is designed to increase the film production and post-production industry presence in and overall economic benefits to New York State.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 1 - Corporate Background and Activities, Continued

(c) Economic Development Tax Incentives, Continued

Both of these tax incentive programs abate taxes collected by the State of New York. ESD has no authority to tax and collects no taxes. Therefore, disclosure of these abatements in accordance with GASB Statement No. 77 - "Tax Abatements," occurs only within the State of New York Consolidated Annual Fiscal Report.

Note 2 - Summary of Significant Accounting Policies

(a) Basis of Accounting and Principles of Consolidation

ESD is an enterprise fund that follows the economic resource measurement focus and the accrual basis of accounting. The Corporation complies with all applicable pronouncements of GASB as well as with authoritative pronouncements applicable to nongovernmental entities (e.g., Financial Accounting Standards Board Statements) that do not conflict with GASB pronouncements.

The consolidated financial statements of ESD include the accounts of all wholly-owned subsidiaries, as well as those of NYCCDC, its 67% owned subsidiary. All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

(c) Cash and Equivalents

Cash and equivalents include cash deposits with banks and highly liquid temporary investments with original maturities of 90 days or less.

(d) Investment Securities

Investment securities are reported at fair value in the consolidated statements of net position, and investment income, including changes in fair value, is reported as revenue in the consolidated statements of revenue, expenses and changes in net position.

The fair value of investment securities, which include United States Government and federal agency obligations and obligations of State and local governments, is generally based on quoted market prices. Commercial paper and mutual funds, including time deposits and repurchase agreements with maturities of one year or less, are reported at amortized cost. If required, collateral for these investments is held in the Corporation's name by financial institutions as custodians. Investment income also includes realized gains and losses from the disposition of investments on a specific identification basis.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 2 - Summary of Significant Accounting Policies, Continued

(e) Loans and Leases Receivable

Nonresidential loans are recorded at cost, net of amortization of principal. It is the intent of ESD to hold these loans for the foreseeable future or until maturity.

Nonresidential projects, including long-term, non-cancelable leases, are accounted for as financing transactions. The present value of aggregate future rentals (which is equivalent to the project development cost) is recorded as the net investment in the receivable at the inception of each lease and rentals are recognized as income over the lease term so as to produce a constant periodic rate of return on the net investment.

Economic development project receivables consist of loans financed by ESD primarily with appropriations received from the State. Revenue is recognized when economic development project receivables are collected, principal is amortized and interest income is recorded.

(f) Delinquent Interest

Delinquent interest on nonresidential mortgages is recognized as income upon the receipt of cash.

(g) State Revenue Bonds

State Revenue bonds are issued by ESD at the direction of the State to fund many programs, including Correctional Facilities, Youth Facilities, University Facilities, State Office Facilities, and Community Enhancement Facilities. Most state revenue bonds are issued under the Personal Income Tax Resolution for General Purpose. ESD expects to receive funds from the State under leases, financings, service contracts or through interest earned on available cash and investments related to such bonds, in amounts sufficient to cover bond debt service and expenses, such as bond administrative costs, discounts and advance refunding costs. During fiscal 2020 and 2019, ESD received \$1.527 billion and \$1.529 billion, respectively, from the State.

Funds received from the State were used to meet principal payments of \$1,022.7 million and \$933.0 million in fiscal 2020 and 2019, respectively, which were recorded as reductions of the amounts due from the State. In addition, during fiscal 2020 and 2019 ESD used \$19.1 million and \$4.4 million, respectively, of state revenue bonds investment earnings to meet principal and interest payments.

During fiscal 2020, at the direction of the New York State Division of the Budget, ESD received \$207.0 million in advances for debt service obligations due throughout fiscal 2021 related to certain State supported debt. These funds are held with the Trustees and the investment earnings will be applied to future debt service obligations.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 2 - Summary of Significant Accounting Policies, Continued

(h) Bond Defeasances and Refundings

ESD accounts for bond defeasances and refundings under the provisions of GASB Statement No. 23 - "Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities," as amended by GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities," and GASB Statement No. 86 - "Certain Debt Extinguishment Issues." Accordingly, gains or losses representing the difference between the reacquisition price required to repay previously issued debt, and the net carrying amount of the retired debt, are reported as a deferred outflow of resources or a deferred inflow of resources, and subsequently amortized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt.

In fiscal 2016, NYCCDC fully refunded its \$700 million Revenue Bonds Series 2005 (Hotel Unit Fee Secured) with the issuance of \$632.1 million Revenue Refunding Bonds Series 2015 (Hotel Unit Fee Secured). These bonds will continue to be repaid from revenues received by NYCCDC from hotel unit fees imposed on rentals of hotel rooms located within all five boroughs of New York City.

In-substance defeasances of revenue bond issues do not result in any net gain or loss to ESD since it is fully reimbursed by the State for all expenses related to revenue bonds, including debt service requirements.

All adjustments related to these transactions result in a change to the amount due from New York State.

(i) Real Property and Office Equipment

Real property, leasehold improvements and office equipment are recorded at cost. Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives of the assets or the related lease terms, which range from 2 to 40 years. Planning, development and construction costs for various projects which will ultimately be owned by the Corporation are capitalized when incurred and depreciated when placed in service.

As of March 31, 2020 and 2019, construction costs incurred in the amount of approximately \$883.9 million and \$860.3 million, respectively, were capitalized and included as part of building and improvements.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 2 - Summary of Significant Accounting Policies, Continued

(j) Revenue and Expense Classification

The Corporation classifies operating revenue and expenses separately from non-operating items in the preparation of its consolidated financial statements. Operating revenue and expenses generally result from providing services in connection with the Corporation's principal ongoing operations. The principal operating revenues are earnings from economic development grants and loans, fees collected from the issuance of bonds, hotel tax collections, State appropriations for interest on revenue bonds, and grants from federal, State and City agencies. The Corporation's operating expenses include project and program costs, administrative expenses, interest related to corporate loans and revenue bonds, depreciation and pollution remediation costs. All revenue and expenses not meeting these definitions are reported as non-operating revenue and expenses.

(k) State Appropriations

State appropriations are subject to approval by the State Legislature. ESD has no assurance that required State appropriations will be received beyond the current year to meet certain program, project and debt service obligations. State appropriations and available funds are anticipated to be sufficient to meet ESD's obligations for fiscal 2021.

(l) Grants

ESD administers certain reimbursement grant funds from Federal, State and City agencies. Reimbursement grants are awarded for a specifically defined program/project and are generally administered so that ESD is reimbursed for any qualified expenditures incurred by the grantee and made in connection to such programs/projects. ESD records reimbursement grants as revenue when the related program/project costs are incurred. Differences between the costs incurred on specific programs/projects and the related approved grants are reflected as a receivable or as a deferred inflow in the accompanying consolidated statements of net position.

(m) Derivative Instruments

The Corporation had used interest rate swap agreements to manage the impact of interest rates on its Service Contract Revenue Refunding 2008A bonds and its State Personal Income Tax Revenue Bonds, Series 2004A-3 bonds. Accounting standards require that an entity recognize the fair value of all derivative instruments as either deferred outflows of resources or deferred inflows of resources in the consolidated statements of net position, with appropriate offsets to either operations or net position. The fair value of the instruments is recorded either as deferred outflows of resources or deferred inflows of resources. ESD is fully reimbursed by the State for all expenses related to revenue bonds.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 2 - Summary of Significant Accounting Policies, Continued

(n) Deferred Outflows and Inflows of Resources

In the consolidated statements of net position, in addition to assets, the Corporation will sometimes report a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Corporation has five items that qualify for reporting in this category. The first item is the deferred loss on derivative instruments discussed in note 2(m). The second item is the deferred loss on refunding the NYCCDC Revenue Bonds (Hotel Unit Fee Secured) Series 2005 through the issuance of Revenue Refunding (Hotel Unit Fee Secured) Series 2015 Bonds discussed in note 11. The third item is related to pensions, which represents the effect of the net change in the Corporation's proportion of the collective net pension asset or liability and difference during the measurement period between the Corporation's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The fourth item is the Corporation's contributions to the pension system subsequent to the measurement date. The fifth item is related to post-employment benefits other than pensions and represents the effect of the net change in the obligation caused by changes in actuarial assumptions discussed in note 9.

In the consolidated statements of net position, in addition to liabilities, the Corporation will sometimes report a separate section of deferred inflows of resources. The separate financial statement element reflects an increase in net position that applies to future periods. The Corporation will not recognize the related revenues until a future event occurs. The Corporation has five types of items that qualify for reporting in this category. The first item is the fair market value of derivative instruments held for the purpose of hedging a specific risk. The second item is in relation to grants receipts collected in advance of the period to be benefitted. The third item is related to pensions and represents the change in the proportion between the Corporation's contributions and the proportionate share of total plan contributions. The fourth item is related to the post-employment benefit other than pensions, and represents differences between expected and actual experience and the effect of the net change in the obligation caused by changes in actuarial assumptions as detailed in note 9. The fifth item relates to other agreements into which the Corporation has entered that provide receipts in advance of the period to be benefitted and is detailed in note 14.

(o) Subsequent Events

The Corporation has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

The United States, including New York State, is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Corporation and its future results and financial position is not presently determinable.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 2 - Summary of Significant Accounting Policies, Continued

(o) Subsequent Events, Continued

GASB issued Statement No. 95 - "Postponement of the Effective Dates of Certain Authoritative Guidance" in May 2020. This Statement has the primary objective of providing temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued. Disclosures in note 18 have been updated accordingly.

As a result of COVID-19, all WAP work stopped on Monday, March 16, 2020, two weeks shy of the normal program year end. The DOE and HCR announced an extension of the 2019-2020 program year to March 31, 2021 (the end of the 2020-2021 program year). The DOE has indicated to HCR that the contract extension will be in two stages - the first stage will extend the contract to August 31, 2020 and the second will extend the contract to March 31, 2021. These extensions will enable the WAP to utilize the 2019-2020 budget through March 31, 2021.

In July 2020, ESD issued \$2,297.5 million in State Personal Income Tax Revenue Bonds (General Purpose): \$2,225.4 million Series 2020C (Tax-Exempt) and \$72.1 million Series 2020D (Federally Taxable) (the "Series 2020 C&D Bonds"). The Series 2020 C&D Bonds were issued for the purpose of financing Authorized Purposes. Proceeds of the Series 2020 C&D Bonds are expected to be used to (a) finance or reimburse all or a portion of the costs of programs and projects within the State, including capital projects for economic development initiatives, correctional facilities, transportation initiatives, State office buildings and other facilities, environmental projects, youth program facilities, housing capital programs, hazardous waste remediation, agriculture, healthcare, parks and recreational facilities, SUNY grants, and certain projects related to the State contribution to the 2015-19 Metropolitan Transportation Authority (MTA) Capital Plan that were originally financed with MTA Transportation Revenue Bond Anticipation Notes, and (b) refund certain State-supported debt previously issued by an Authorized Issuer. In addition, proceeds of the Series 2020 C&D Bonds will be used to pay all or part of the cost of issuance of the Series 2020 C&D Bonds.

In June 2020, ESD issued \$1,780.2 million in State Personal Income Tax Revenue Bonds (General Purpose): \$1,288.2 million Series 2020A (Tax-Exempt) and \$492.0 million Series 2020B (Federally Taxable) (the "Series 2020 PIT Bonds"). The Series 2020 PIT Bonds were issued for the purpose of financing Authorized Purposes. Proceeds of the Series 2020 PIT Bonds are expected to be used to finance or reimburse all or a portion of the costs of programs and projects within the State, including (i) capital projects for economic development initiatives, the Jacob K. Javits Convention Center, homeland security projects and facilities, correctional facilities, transportation facilities, State office buildings, environmental projects, information technology projects, youth program facilities, the division of military and naval affairs, the division of State police and housing capital programs, and (ii) SUNY grants. In addition, proceeds of the Series 2020 PIT Bonds will be used to pay all or part of the cost of issuance of the Series 2020 PIT Bonds.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 3 - Cash and Equivalents

Demand deposits are secured by letters of credit and collateral held by a bank or trust company as custodians. Securities are either delivered or registered by book entry in ESD's name with bond trustees or custodian banks.

At March 31, 2020 and 2019, cash held in demand and custodial deposits, as well as cash equivalents were collateralized by the depository institution, generally with obligations of the United States, its agencies, or New York State obligations with a remaining maturity when purchased of 90 days or less, as follows (in thousands):

	2020		2019	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 1,550	1,550	1,330	1,330
Uninsured - collateral held by custodian in ESD's name	451,035	451,678	419,665	420,023
Deposits held in trust for the Corporation's benefit	<u>281,293</u>	<u>281,293</u>	<u>23,709</u>	<u>23,709</u>
Total cash and cash equivalents	<u>\$ 733,878</u>	<u>734,521</u>	<u>444,704</u>	<u>445,062</u>

Note 4 - Fair Value of Financial Instruments

Authorization for investment in securities is governed by written internal guidelines, statutes, State guidelines and bond resolutions. Permitted investments include:

- Obligations of the United States Treasury, agencies and authorities;
- Direct obligations of the State of New York, its political subdivisions and public authorities;
- Bonds and other obligations of governmental authorities, political subdivisions, Federal Agencies, Government Sponsored Enterprises ("GSE's") or public authorities of the State or of the United States of America, which are securities in which the Corporation lawfully may invest pursuant to applicable statutes, regulations and bond resolutions including, but not limited to, Federal National Mortgage Association ("FNMA"), Federal Farm Credit Bank ("FFCB"), Federal Home Loan Bank ("FHLB"), Federal Home Loan Mortgage Corporation ("FHLMC - Freddie Mac"), and Student Loan Marketing Association ("SLMA - Sallie Mae");
- Repurchase agreements with financial institutions authorized to do business in New York State which are listed as primary government securities dealers by New York's Federal Reserve Bank, and which are collateralized by U.S. Government securities;
- Commercial paper issued by domestic banks, corporations and financial companies rated "A-1" or better by Standard & Poor's Corporation or "P-1" or better by Moody's Investors Service, Inc.;
- Restricted cash held for subsidiaries and for other purposes insured by the FDIC or fully collateralized in ESD's name;
- Certificates of deposit of banks or trust companies authorized to do business in the State;

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 4 - Fair Value of Financial Instruments, Continued

- Units, shares or interest in a mutual fund or money market fund of regulated investment companies that meet specified criteria; and
- Real property.

Investment securities cost and fair value at March 31, 2020 and 2019 consisted of the following (in thousands):

	2020		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
U.S. Government and Federal Agency obligations	\$ 1,662,867	1,657,832	(5,035)
Restricted cash	<u>633,203</u>	<u>633,203</u>	-
Total	\$ <u>2,296,070</u>	<u>2,291,035</u>	<u>(5,035)</u>
	2019		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
U.S. Government and Federal Agency obligations	\$ 2,515,913	2,508,137	(7,776)
Restricted cash	<u>386,045</u>	<u>386,045</u>	-
Total	\$ <u>2,901,958</u>	<u>2,894,182</u>	<u>(7,776)</u>

Fair Value Measurements

Generally accepted accounting principles established a framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under generally accepted accounting principles are as follows:

- Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access.
- Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable directly, or indirectly.
- Level 3 - Valuations are based on inputs that are unobservable and significant to overall fair value measurement.

The Corporation holds financial instruments with quoted prices in active markets for identical assets (level 1) of \$1,657.8 million and \$2,508.1 million at March 31, 2020 and 2019, respectively.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 4 - Fair Value of Financial Instruments, Continued

Restricted or designated investment securities held by ESD include cash and equivalents and investment securities amounting to \$1,186.7 million and \$1,293.6 million at March 31, 2020 and 2019, respectively. These amounts at March 31, 2020 and 2019 are restricted for special projects on behalf of the following subsidiaries/programs/purposes (in thousands):

	<u>2020</u>	<u>2019</u>
Subsidiary/Programs/Purposes:		
42nd Street Development Project	\$ 19,919	19,672
New York Empowerment Zone Corporation	3,832	5,795
Queens West Development Corporation	21,226	20,873
Harlem Community Development Corporation	8,521	8,036
Enterprise Community	874	857
USA Niagara Development Corp	4,360	4,847
Lower Manhattan Development Corporation	329	280
New York Convention Center Development Corporation	603,287	701,519
ESD Moynihan Station (James A. Farley Post Office Building)	121,396	206,566
ESD One Bryant Park	8,452	8,255
ESD Columbia SAC	808	1,070
ESD Erie Canal Harbor Development Corporation	25,373	26,352
ESD Privatization Program	1,074	1,052
Empire State New Market Corporation	3,879	3,093
ESD OPEB Liability Account	33,054	32,347
ESD Brooklyn Arena Project, ESD Atlantic Yard Project -Phase 1	226	285
ESD 125 Maiden Lane	63,735	63,947
ESD New York	3,092	3,112
ESD Project Repair Program	12,808	12,549
ESD Farley	770	1,245
ESD Marriot Marquis Purchase Option Fund	1,446	1,424
ESD TRAIL Remaining Fund	3,690	3,616
ESD Section 32 Remaining Fund	1,402	1,374
ESD Stadium Improvement Project	-	25
ESD Erie County Stadium Corporation Capital Improvement	1,004	504
ESD Arthur Kill Development Project	231	237
ESD Bronx Psychiatric Center Development Project	1,570	1,530
ESD Venture Atlantic Yard Project - Phase 2	1,376	1,436
Public Authority Control Board Authorized (including rent subsidy program in Lower Manhattan)	181,584	157,294
ESD Bayview Correctional Facility Project	615	674
Statewide Local Development Corporation	18	15
ESD Belmont Park Imprest	50,853	-
Other Purposes	<u>5,869</u>	<u>3,715</u>
Totals	<u>\$ 1,186,673</u>	<u>1,293,596</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 5 - Loans and Leases Receivable

Nonresidential lease receivables, commercial lease receivables, real estate investments and economic development loans at March 31, 2020 and 2019 consist of the following (in thousands):

	<u>2020</u>		<u>2019</u>	
	<u>Number</u>	<u>Balance</u>	<u>Number</u>	<u>Balance</u>
Non-residential lease receivables, commercial lease receivables and real estate investments:				
Lease receivables (a)	2	\$ 4,592	2	\$ 6,163
Commercial leases (b)	4	2,781	4	3,007
Real estate investments (c)	<u>10</u>	<u>1,331</u>	<u>10</u>	<u>1,331</u>
Sub-total	16	8,704	16	10,501
Economic development loans (d)	<u>62</u>	<u>84,315</u>	<u>49</u>	<u>87,304</u>
Total	<u>78</u>	93,019	<u>65</u>	97,805
Less current portion		<u>(2,310)</u>		<u>(2,621)</u>
Non-current portion		\$ <u>90,709</u>		\$ <u>95,184</u>

(a) Non-residential Lease Receivables

Non-residential lease receivables included three projects outstanding in 2020 and 2019, which were owned by ESD and leased to others. ESD earns a 7% to 8.25% return, plus the original investment of funds. At March 31, 2020, all remaining lease terms exceeded one year.

(b) Commercial Leases

Commercial leases consist of ground rent and commercial Tax Equivalency Payments (“TEP”) pursuant to ground leases on 4 Roosevelt Island housing projects in 2020 and 2019, which include 2 non-subsidized, one subsidized, and 1 cooperative, totaling 2,141 units. Based on the existing TEP agreements, payments continue to the Corporation. The various ground lease terms range from 1 to 10 years. The receivable balance of \$2.8 million is amortized at an average annual interest rate of 7.5%.

(c) Real Estate Investments

Real estate investments consist of approximately 371 acres of land (comprised of 10 sites) in the Towns of Lysander and Amherst for residential, commercial and industrial development in the planned communities of Radisson and Audubon.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 5 - Loans and Leases Receivable, Continued

(d) Economic Development Loans

Economic development loans consist of secured, low interest loans made to companies in the State to retain and create jobs. The terms of outstanding loans range from 1 to 13 years. The funds to make the loans come from State appropriations, which are not repayable. The loans are net of allowance for possible losses of approximately \$44.0 million and \$44.9 million at March 31, 2020 and 2019, respectively.

Note 6 - Due From Port Authority of New York and New Jersey ("the Port Authority")

ESD expects to receive \$395.0 million over 15.5 years from the Port Authority. The revenue stream was assigned to ESD in fiscal 2005 by the State of New York. The net present value of the future cash flows in the amount of approximately \$280.0 million was recorded in the consolidated financial statements in fiscal 2005 as a receivable from the Port Authority and revenue (included with State appropriation for programs). At March 31, 2020, annual minimum payments to be received over the next year total approximately \$40.1 million. The net present value of the receivable balance at March 31, 2020 and 2019 was \$38.6 million and \$62.7 million, respectively.

Note 7 - Real Property and Office Equipment

Real property and office equipment at March 31, 2020 and 2019 consists of the following (in thousands):

	2020			
	Balance at March 31, <u>2019</u>	<u>Additions</u>	<u>Disposals</u>	Balance at March 31, <u>2020</u>
Land	\$ 372,905	-	-	372,905
Buildings, improvements and construction in progress (incl. Farley)	2,294,184	447,199	-	2,741,383
Moynihan Station	1,222,072	436,660	-	1,658,732
Furniture and equipment	<u>37,239</u>	<u>2,188</u>	<u>(55)</u>	<u>39,372</u>
	3,926,400	886,047	(55)	4,812,392
Less accumulated depreciation	<u>(509,114)</u>	<u>(37,847)</u>	<u>4</u>	<u>(546,957)</u>
Totals	\$ <u>3,417,286</u>	<u>848,200</u>	<u>(51)</u>	<u>4,265,435</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 7 - Real Property and Office Equipment, Continued

	2019			Balance at March 31, 2019
	Balance at March 31, 2018	Additions	Disposals	
Land	\$ 372,788	117	-	372,905
Buildings, improvements and construction in progress (incl. Farley) Moynihan Station	1,895,209	398,975	-	2,294,184
Furniture and equipment	<u>34,711</u>	<u>2,528</u>	-	<u>37,239</u>
	3,063,481	862,919	-	3,926,400
Less accumulated depreciation	<u>(471,784)</u>	<u>(37,330)</u>	-	<u>(509,114)</u>
Totals	\$ <u>2,591,697</u>	<u>825,589</u>	-	<u>3,417,286</u>

(a) Buildings, Improvements and Construction In Progress

Major components of buildings, improvements and construction in progress at March 31, 2020 and 2019 are as follows (in thousands):

	2019		2020	
	2018	Net increase (decrease)	2019	Net increase (decrease)
New York Convention Center Development Corporation	\$ 1,455,950	396,567	1,852,517	443,314
USA Niagara	22,351	100	22,451	-
James A. Farley Post Office Building and other ESD property	401,839	2,292	404,131	2,149
Other Subsidiaries	<u>15,069</u>	<u>16</u>	<u>15,085</u>	<u>1,736</u>
Total	\$ <u>1,895,209</u>	<u>398,975</u>	<u>2,294,184</u>	<u>447,199</u>

(b) James A. Farley Post Office Building

On March 30, 2007, ESD purchased of the James A. Farley Post Office Building for \$230.0 million plus additional charges for interim operating and maintenance costs incurred prior to closing. The acquisition was financed as follows (in thousands):

Initial deposits	\$ 50,000	
At closing	50,000	plus certain Consumer Price Index Adjustments
At June 30, 2007	45,000	plus certain Consumer Price Index Adjustments
At June 30, 2008	<u>30,000</u>	plus certain Consumer Price Index Adjustments
	175,000	
Deferred purchase price	<u>55,000</u>	plus certain Consumer Price Index Adjustments
Total	\$ <u>230,000</u>	

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 7 - Real Property and Office Equipment, Continued

(b) James A. Farley Post Office Building, Continued

ESD borrowed \$75.0 million from a bank and incurred seller financed debt of \$130.0 million to complete the acquisition.

The Port Authority of New York and New Jersey committed \$140.0 million for the acquisition of the James A. Farley Post Office Building (the "Farley Building"). As the funds were received, they were recorded as revenue in the corresponding fiscal year. The \$55 million deferred purchase is payable from tenants' project revenue as described more fully in the funding agreements.

At March 31, 2020, ESD had paid all amounts related to the purchase of the Farley Building, except the \$55.0 million deferred purchase and related accrued interest.

(c) Yale Building

In August 2006, the Corporation entered into an agreement to purchase the Yale Building site from New York Convention Center Operating Corporation ("CCOC"). The agreement provided that NYCCDC defease certain outstanding bonds of CCOC in the amount of \$66.2 million, subsequently reduced to \$62.4 million. In addition to the defeasance amount, NYCCDC has agreed to make an additional \$15.0 million payment to CCOC upon the sale or lease of certain property (as defined in the Purchase and Sale Agreement). This amount is not being recorded on the consolidated financial statements since it is contingent on the sale of a parcel of land owned by NYCCDC. All amounts incurred in connection with this purchase will be recorded as land.

(d) Depreciation

Depreciation expense for the years ended March 31, 2020 and 2019 amounted to \$37.8 million and \$37.3 million, respectively.

Note 8 - Other Assets

Other assets at March 31, 2020 and 2019 consist of the following (in thousands):

	<u>2020</u>	<u>2019</u>
Receivable from municipalities, other authorities and others	\$ 73,896	79,950
Hotel tax receivable	4,427	4,385
Prepaid insurance	3,357	5,585
Reserve for commercial real estate projects	115,764	114,013
Other	<u>9,002</u>	<u>9,864</u>
	206,446	213,797
Less current portion	<u>(25,529)</u>	<u>(23,191)</u>
Non-current portion	\$ <u>180,917</u>	<u>190,606</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 9 - Post-employment Benefits Other Than Pensions

Plan Description - The Corporation provides continuation of insured medical coverage through the Empire Plan for employees that retire with at least five years of credited service with the Corporation. The Corporation will also provide coverage in the event of early retirement if the employee qualifies for a State disability pension. The Corporation contributes 90% of costs for non-Medicare eligible individual participants and 81.5% of costs for non-Medicare eligible family participants. The Corporation contributes the full cost of coverage for Medicare eligible individual participants and at least 90% of costs for Medicare eligible family participants. The Corporation also reimburses covered retirees 100% of the Medicare Part B premium rate applicable to a given year. Surviving dependents of retired employees with at least ten years of service, employees in vested status or active employees with ten years of service and within ten years of retirement are also eligible for continued health insurance coverage at the same contribution requirement as active employees.

As indicated above, the Corporation provides certain health care benefits for retired employees. Substantially all of the Corporation's employees may become eligible for these benefits if they reach the normal retirement age of the respective tier of the New York State Retirement System, while working for the Corporation. The Corporation, on an annual basis, accrues the cost which represents the present value of these benefits to be paid over the estimated lives of the retirees.

The number of participants as of April 1, 2019, the date of the valuation used for the March 31, 2020 measurement, was as follows:

Active employees	343
Retired employees	<u>176</u>
Total	<u>519</u>

Total OPEB Liability

The Corporation's total OPEB liability of \$147.7 million was measured as of March 31, 2020 and was determined by an actuarial valuation as of April 1, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the April 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.5% (including general inflation)
Discount rate	2.27%
Healthcare cost trend rates	5.4% declining to 3.94%

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 9 - Post-employment Benefits Other Than Pensions, Continued

Changes in the Total OPEB Liability

Total OPEB liability as of April 1, 2018	\$ <u>123,738</u>
Changes for the year:	
Service cost	6,503
Interest on total OPEB liability	5,012
Changes in assumptions	(654)
Benefit payments	<u>(2,802)</u>
Total changes	<u>8,059</u>
Total OPEB liability as of April 1, 2019	<u>131,797</u>
Changes for the year:	
Service cost	6,694
Interest on total OPEB liability	5,373
Differences between expected and actual experience	(9,236)
Changes in assumptions	15,922
Benefit payments	<u>(2,885)</u>
Total changes	<u>15,868</u>
Total OPEB liability as of March 31, 2020	\$ <u>147,665</u>

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the Corporation, as well as what the Corporation's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.27%) or 1-percentage-point higher (3.27%) than the current discount rate:

	1% Decrease <u>(1.27%)</u>	Discount Rate <u>(2.27%)</u>	1% Increase <u>(3.27%)</u>
Total OPEB liability	\$ <u>193,176</u>	<u>147,665</u>	<u>132,694</u>

This analysis represents sensitivity of the OPEB liability as of March 31, 2020.

Sensitivity of the total OPEB liability to changes in the healthcare costs trend rates

The following presents the total OPEB liability of the Corporation, as well as what the Corporation's total OPEB liability would be if it were calculated using a rate that is 1-percentage point lower or 1-percentage point higher than the current trend rate:

	1% <u>Decrease</u>	Trend Rate <u>Rate</u>	1% <u>Increase</u>
Total OPEB liability	\$ <u>128,182</u>	<u>147,665</u>	<u>200,017</u>

This analysis represents sensitivity of the OPEB liability as of March 31, 2020.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 9 - Post-employment Benefits Other Than Pensions, Continued

At March 31, 2020 and 2019 the Corporation reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(7,696)	-	-
Changes in assumptions	<u>13,268</u>	<u>(437)</u>	-	<u>(546)</u>
Total	\$ <u>13,268</u>	<u>(8,133)</u>	<u>-</u>	<u>(546)</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending</u>	
2021	\$ 1,005
2022	1,005
2023	1,005
2024	1,005
2025	1,115

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 10 - State Revenue Bonds

At March 31, 2020 and 2019, ESD's outstanding revenue bonds were as follows (in thousands):

<u>(a) State Personal Income Tax Revenue Bonds (P.I.T.)</u>	<u>Balances</u>		<u>Coupon rates (%)</u>	<u>Maturity dates</u>
	<u>2020</u>	<u>2019</u>		
<u>State Facilities and Equipment</u>				
2004 Series A-2	\$ 157,470	193,225	5.50	2025
2004 Series A-3	298,550	298,550	Variable Note	2033
<u>General Purpose</u>				
2009 Series C	-	205,435	4.00 - 5.00	Redeemed
2009 Series E (Taxable Build America)	576,080	576,080	5.77	2039
2010 Series A	-	66,920	3.25 - 5.00	2020
2010 Series C (Taxable Build America)	401,430	413,760	4.81 - 5.84	2040
2011 Series A	373,375	393,135	3.50 - 5.00	2041
2011 Series B (Taxable)	18,220	35,980	2.79	2021
2013 Series A-1	530,670	566,560	3.50 - 5.00	2043
2013 Series A-2	34,475	45,145	2.00 - 5.00	2026
2013 Series C	585,330	616,800	5.00	2033
2013 Series D	357,140	407,785	5.00	2025
2013 Series E	657,205	686,275	5.00	2043
2013 Series F (Taxable)	140,110	184,250	2.90 - 3.45	2023
2014 Series A	750,920	806,735	5.00	2044
2014 Series B (Taxable)	160,375	203,725	2.60 - 3.08	2024
2015 Series A	807,770	813,650	5.00	2045
2015 Series B (Taxable)	16,765	73,005	2.17	2021
2016 Series A	1,515,585	1,596,290	2.00 - 5.00	2038
2017 Series A	783,275	806,265	3.50 - 5.00	2047
2017 Series B (Taxable)	734,120	839,785	2.10 - 3.42	2028
2017 Series C	667,895	701,775	4.00 - 5.00	2047
2017 Series D (Taxable)	953,030	1,017,510	2.38 - 3.47	2032
2019 Series A	741,460	741,460	4.00 - 5.00	2048
2019 Series B (Taxable)	802,355	802,355	2.94 - 3.90	2033
Total State Personal Income Tax Revenue Bonds	<u>12,063,605</u>	<u>13,092,455</u>		

(Continued)

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 10 - State Revenue Bonds, Continued

	Balances		Coupon rates (%)	Maturity dates
	2020	2019		
<u>(b) University Facilities</u>				
Columbia University 1989 Series (Taxable)	\$ -	4,594	zero coupon	2020
Cornell University 1989 Series (Taxable)	-	615	zero coupon	2020
Clarkson University - Loan 1995 Series	-	970	5.50	2020
University Facilities Grants 1995 Series	395	2,045	5.88	2021
Total University Facilities Issues	395	8,224		
 <u>(c) State Office Facilities</u>				
State Office Facilities 1995 Refunding Series	19,500	37,945	5.70	2020
 <u>(d) Service Contract Refunding</u>				
2008 Series A	137,950	150,780	Variable note	2030
2010 Series A	-	165,700	5.00	Redeemed
2011 Series A	1,205	2,375	4.00	2020
Total Service Contract Refunding	139,155	318,855		
 <u>(e) State Sales Tax Revenue</u>				
2019 Series A	1,131,600	-	3.00 - 5.00	2049
2019 Series B (Taxable)	524,000	-	1.82 - 2.97	2034
2020 Series A	338,520	-	1.11 - 1.15	2024
2020 Series B (Taxable)	42,960	-	1.42 - 1.53	2025
Total State Sales Tax Revenue Bonds	2,037,080	-		
Total all issues	14,259,735	13,457,479		
Less current portion	(1,261,285)	(1,010,410)		
Total non-current revenue bonds	\$ 12,998,450	12,447,069		

A summary of changes in outstanding revenue bonds at March 31, 2020 and 2019 is as follows:

	2019	Increases	Decreases	2020
State Personal Income Tax Revenue Bonds	\$ 13,092,455	-	(1,028,850)	12,063,605
University Facilities	8,224	-	(7,829)	395
State Office Facilities	37,945	-	(18,445)	19,500
Service Contract Refunding	318,855	-	(179,700)	139,155
State Sales Tax Revenue Bonds	-	2,054,345	(17,265)	2,037,080
Total	\$ 13,457,479	2,054,345	(1,252,089)	14,259,735

(Continued)

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 10 - State Revenue Bonds, Continued

State revenue bonds issued by ESD on behalf of the State rely on financing and service contracts, leases and subleases with the State. State appropriations are provided to ESD to make debt service payments (principal and interest) on the bonds and related expenses. Therefore, the issuance of all state revenue bonds is not expected to result in any net revenue or expense to ESD, since any debt service not covered by available assets is recovered by State appropriation. ESD assets related to these financings as of March 31, 2020 and 2019 are as follows (in thousands):

	<u>2020</u>	<u>2019</u>
Due from State of New York	\$ 13,725,920	12,555,999
Investment securities restricted or designated for state revenue bonds	834	17,753
Cash and investments	590,086	955,466
Less accrued interest payable	(29,046)	(43,685)
Less other	<u>(28,059)</u>	<u>(28,054)</u>
Bonds payable	\$ <u>14,259,735</u>	<u>13,457,479</u>

State Sales Tax Revenue Bonds Series 2020A and 2020B (Federally Taxable)

In March 2020, ESD issued \$381.5 million in State Sales Tax Revenue Bonds: \$338.5 million Series 2020A (Tax-Exempt) and \$43.0 million Series 2020B (Federally Taxable) (the "Series 2020 Bonds"). The Series 2020 Bonds were issued for the purpose of, together with other available moneys, refunding various series of bonds issued by the New York Local Government Assistance Corporation and pay the cost of issuance, including swap termination payments in connection with certain bonds.

State Sales Tax Revenue Bonds Series 2019A and 2019B (Federally Taxable)

In October 2019, ESD issued \$1,672.9 million in State Sales Tax Revenue Bonds: \$1,148.9 million Series 2019A (Tax-Exempt) and \$524.0 million Series 2019B (Federally Taxable) (the "Series 2019 Bonds"). The Series 2019 Bonds were issued for the purpose of financing Authorized Purposes. Proceeds of the Series 2019 Bonds were used to (a) finance or reimburse all or a portion of the costs of programs and projects within the State, including (i) capital projects for economic development initiatives, correctional facilities, environmental projects, military, State police and homeland security projects and facilities, housing programs, information technology projects, MTA Transportation facilities, State office buildings and youth programs and other facilities, (ii) SUNY grants, and (b) refund certain outstanding State-supported debt previously issued by the Corporation and the New York State Thruway Authority. In addition, proceeds of the Series 2019 Bonds were used to pay all or part of the cost of issuance of the Series 2019 Bonds.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 10 - State Revenue Bonds, Continued

State Personal Income Tax Revenue Bonds (General Purpose) Series 2019A and 2019B (Federally Taxable)

In January 2019, ESD issued \$1,543.8 million in State Personal Income Tax Revenue Bonds (General Purpose): \$741.5 million Series 2019A (Tax-Exempt) and \$802.3 million Series 2019B (Federally Taxable) (the "Series 2019 PIT Bonds"). The Series 2019 PIT Bonds were issued for the purpose of financing Authorized Purposes. Proceeds of the Series 2019 PIT Bonds were used to finance or reimburse all or a portion of the costs of programs and projects throughout the State, including information technology projects, housing assistance projects and programs, economic development projects, MTA Transportation Facilities and State facilities projects. In addition, proceeds of the Series 2019 PIT Bonds were used to pay all or part of the cost of issuance of the Series 2019 PIT Bonds.

Annual maturities and interest obligations on State revenue bonds for the five years following March 31, 2020 are as follows (in thousands):

	<u>Principal</u>	<u>Interest (a)</u>	<u>Total</u>
2021	\$ 1,261,285	602,123	1,863,408
2022	1,145,035	555,307	1,700,342
2023	1,113,630	511,717	1,625,347
2024	1,022,655	468,460	1,491,115
2025	<u>922,990</u>	<u>425,878</u>	<u>1,348,868</u>
	<u>\$ 5,465,595</u>	<u>2,563,485</u>	<u>8,029,080</u>

(a) Excludes variable interest rate.

Aggregate principal maturities subsequent to 2025 are approximately \$8.8 billion.

Interest Rate Transactions

The remaining balances of the interest rate swap agreements were \$361.9 million and \$374.7 million at March 31, 2020 and 2019, respectively. During fiscal 2020, the notional amount of the interest rate swap agreements in connection with the Service Contract Revenue Refunding Series 2008A Bonds (Variable Rate Demand Notes) decreased from \$150.8 million at March 31, 2019 to \$138.0 million at March 31, 2020.

Under the swap agreements, the Corporation effectively converted terms of the underlying debt obligation from a variable rate to a fixed rate. Under the terms of the agreement, the Corporation pays a fixed rate of 3.578% to the related counter-party and receives a variable rate equivalent to 65% of the 30-day LIBOR rate. The maturities of the swaps are equal to the maturities of the Series 2008A Bonds and amortization began in 2017 with a final maturity in 2030. Since the Corporation is fully reimbursed by the State for all swap-related payments, no gains or losses will be recognized.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 10 - State Revenue Bonds, Continued

The remaining \$223.9 million interest rate swap balance supports the State Personal Income Tax Revenue Bonds, Series 2004A-3, with amortization ranging from 2025 to 2033. The Corporation receives a variable rate equivalent to 65% of the 30-day LIBOR rate and pays a fixed rate to the related counterparties of 3.49%. Since the Corporation is fully reimbursed by the State for all swap-related payments, no gains or losses will be recognized.

The fair value of the swaps is recorded as deferred inflows of resources and the related deferred loss as deferred outflows of resources.

Note 11 - New York Convention Center Development Corporation Revenue Bonds

In August 2015, NYCCDC, a subsidiary of ESD, issued \$632.1 million Revenue Refunding Bonds Series 2015 (Hotel Unit Fee Secured) for the purpose of (a) refunding the outstanding balance of the \$700.0 million Revenue Bonds Series 2005 (Hotel Unit Fee Secured); (b) paying certain costs of expanding and renovating the Jacob K. Javits Convention Center (the "Javits Center") located in New York City; (c) funding certain reserves; and (d) paying for the costs of issuance. These bonds will be repaid from revenues received by NYCCDC from hotel unit fees imposed on rentals of hotel rooms located within all five boroughs of New York City.

In September 2016, NYCCDC issued \$420.2 million in Senior and Subordinated Lien Revenue Bonds Series 2016A and Series 2016B (Hotel Unit Fee Secured): \$193.1 million Senior Lien Series 2016A and \$227.1 million Subordinated Lien Series 2016B (the "Series 2016 bonds") were issued to (i) pay certain of the costs of expanding and renovating the Javits Center, (ii) fund the Revenue Account up to the Revenue Account Requirement, (iii) fund the Debt Service Reserve Accounts up to the Debt Service Reserve Accounts Requirements, (iv) fund a deposit to the Subordinated Lien Capitalized Interest Account, and (v) pay the costs of issuance of the Series 2016 Bonds. These bonds will be repaid from revenues received by NYCCDC from hotel unit fees imposed on rentals of hotel rooms located within all five boroughs of New York City.

NYCCDC maintains debt service reserve funds in accordance with the terms of the individual bond resolutions and enabling legislation.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 11 - New York Convention Center Development Corporation Revenue Bonds, Continued

As of March 31, 2020 and 2019, NYCCDC's outstanding Revenue Bonds were as follows (in thousands):

	<u>Balances</u>		Coupon rates (%)	Remaining payments to
	<u>2020</u>	<u>2019</u>		
<u>2016 A and B Revenue Bonds</u>				
Serial	\$ 32,810	34,970	2.75 - 5.00	2056
Term	4,390	4,390	5.00	2041
Term	45,475	45,475	5.00	2046
Capital Apprec.	<u>374,789</u>	<u>362,665</u>	Zero Cpn	2056
	457,464	447,500		
Unamortized bond premium	<u>13,372</u>	<u>14,750</u>		
	\$ <u>470,836</u>	<u>462,250</u>		
<u>2015 Revenue Bonds</u>				
Serial	\$ 298,055	309,425	3.00-5.00	2045
Term	121,635	121,635	5.00	2040
Term	50,285	50,285	3.50	2045
Term	25,010	25,010	4.00	2045
Term	<u>100,225</u>	<u>100,225</u>	5.00	2045
	595,210	606,580		
Unamortized bond premium	<u>45,189</u>	<u>50,113</u>		
	\$ <u>640,399</u>	<u>656,693</u>		
			<u>2020</u>	<u>2019</u>
2016 A and B Revenue Bonds			\$ 470,836	462,250
2015 Revenue Bonds			<u>640,399</u>	<u>656,693</u>
			1,111,235	1,118,943
Less current portion			<u>(15,230)</u>	<u>(13,530)</u>
Total non-current project Revenue Bonds - New York Convention Center Development Corporation			\$ <u>1,096,005</u>	<u>1,105,413</u>

Interest is payable semiannually on November 15th and May 15th of each year.

Series 2015 Bonds - Early redemption options may commence in 2025 at 100%.

Series 2016A and 2016B Bonds - Early redemption options on certain bonds may commence in 2026 at 100%.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 11 - New York Convention Center Development Corporation Revenue Bonds, Continued

Annual principal maturities and interest obligations for the next five years following March 31, 2020 are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 15,230	32,236	47,466
2022	16,525	31,525	48,050
2023	17,835	30,698	48,533
2024	19,215	29,459	48,674
2025	<u>20,620</u>	<u>28,497</u>	<u>49,117</u>
	<u>\$ 89,425</u>	<u>152,415</u>	<u>241,840</u>

Aggregate principal maturities, including all accreted interest on capital appreciation debt, subsequent to 2025 are approximately \$1.5 billion.

Note 12 - Other Financing

On March 30, 2007, ESD completed the purchase of the James A. Farley Post Office Building (the "Farley Building") and entered into two financing agreements totaling \$205.0 million. The first note, a \$75.0 million mortgage loan, was issued to a bank and required semi-annual payments of interest only at the rate of 5.375% per annum. Principal together with all accrued but unpaid interest was originally due in April 2010. The second note was issued to the United States Postal Service for \$130.0 million. Payments on the note were due on the following dates: (a) On June 30, 2007, \$45.0 million as adjusted by the March 30, 2007 Consumer Price Index ("CPI"); (b) On June 30, 2008, \$30.0 million as adjusted by the March 30, 2007 CPI; (c) the remaining balance of \$55.0 million before adjustment by CPI is being deferred and is payable from tenants' project revenues as described more fully in the funding agreement.

At March 31, 2020, ESD has paid all amounts related to the purchase of the Farley Building, except the \$55.0 million deferred purchase that is to come from tenants' project revenue. Interest based on CPI continues to accrue on this outstanding balance, and total interest accrued at March 31, 2020 and 2019 amounted to \$22.8 million and \$21.3 million, respectively.

On July 21, 2017, ESD executed a Transportation Infrastructure Finance and Innovation Act of 1998 ("TIFIA") loan agreement with the United State Department of Transportation ("DOT") for an amount up to \$526,135,545 for renovation and reconstruction of the Farley Post Office building into the Moynihan Station Train Hall. The TIFIA loan is secured by Payment in Lieu of Taxes ("PILOT") Revenues to be paid by the tenant of Moynihan Station. Beginning October 2019, ESD began to take monthly draws from the available TIFIA loan funds, and at March 31, 2020, ESD had drawn \$159,068,464, leaving \$367,067,081 available to be drawn. Interest accrues on the outstanding loan balance at a rate of 2.81% and during the year ended March 31, 2020, \$30.4 thousand of interest was capitalized to construction in progress.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 13 - Other Liabilities

Other liabilities at March 31, 2020 and 2019 consist of the following (in thousands):

	2020			
	Balance at March 31, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance at March 31, <u>2020</u>
Restricted funds for grants, economic development programs and special projects/bonds	\$ 210,781	-	(23,964)	186,817
Other loan and revolving loan programs - advances from State	413	-	-	413
Other accruals	<u>62,458</u>	<u>-</u>	<u>(1,974)</u>	<u>60,484</u>
Totals	273,652	<u>-</u>	<u>(25,938)</u>	247,714
Less current portion	<u>(72,026)</u>			<u>(84,430)</u>
Non-current portion	\$ <u>201,626</u>			<u>163,284</u>
	2019			
	Balance at March 31, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance at March 31, <u>2019</u>
Restricted funds for grants, economic development programs and special projects/bonds	\$ 163,052	47,729	-	210,781
Other loan and revolving loan programs - advances from State	413	-	-	413
Other accruals	<u>59,026</u>	<u>5,214</u>	<u>(1,782)</u>	<u>62,458</u>
Totals	222,491	<u>52,943</u>	<u>(1,782)</u>	273,652
Less current portion	<u>(60,116)</u>			<u>(72,026)</u>
Non-current portion	\$ <u>162,375</u>			<u>201,626</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 14 - Deferred Inflows of Resources - Other

Deferred inflows of resources - other at March 31, 2020 and 2019 consist of the following (in thousands):

	2020			Balance at March 31, <u>2020</u>
	Balance at March 31, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	
Restricted funds for grants, economic development programs and special projects/bonds	\$ 11,499	-	(145)	11,354
Deferred gain on ground lease deposit (a)	2,483	-	-	2,483
Deferred funding for the Moynihan Station Project (b)	58,957	-	(58,807)	150
Other loan and revolving loan programs - advances from State	1,754	-	-	1,754
Other accruals (c)	<u>51,287</u>	<u>-</u>	<u>(5,382)</u>	<u>45,905</u>
Totals	\$ <u>125,980</u>	<u>-</u>	<u>(64,334)</u>	<u>61,646</u>
	2019			
	Balance at March 31, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance at March 31, <u>2019</u>
Restricted funds for grants, economic development programs and special projects/bonds	\$ 11,722	-	(223)	11,499
Deferred gain on ground lease deposit (a)	2,483	-	-	2,483
Deferred funding for the Moynihan Station Project (b)	65,192	341,489	(347,724)	58,957
Other loan and revolving loan programs - advances from State	1,754	-	-	1,754
Other accruals (c)	<u>56,399</u>	<u>-</u>	<u>(5,112)</u>	<u>51,287</u>
Totals	\$ <u>137,550</u>	<u>341,489</u>	<u>(353,059)</u>	<u>125,980</u>

(a) On November 26, 2007 the Harlem Community Development Corporation (“HCDC”) entered into a memorandum of understanding (“MOU”) with Danforth Development Partners, LLC (“Danforth”) for the redevelopment of the Victoria Theatre property. At the completion of the redevelopment project, HCDC will enter into a ground lease with Danforth, giving Danforth all rights in the property for the term of the lease. To execute the MOU, Danforth made a \$1 million non-refundable deposit on the ground lease of the Victoria Theatre. Revenue from the deposit will remain deferred until the ground lease is executed. In fiscal 2016, HCDC received approximately \$1.5 million in additional advances under this agreement. No advances were received in fiscal 2020 and 2019.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 14 - Deferred Inflows of Resources - Other, Continued

- (b) The Moynihan Station Project (the "Project") is proceeding according to the Development Agreement entered into on June 15, 2017 by and among the project sponsors, ESD, the Metropolitan Transit Authority, the National Railroad Passenger Corporation ("Amtrak"), and the private development partnership of The Related Companies, Skanska Construction and Vornado Realty Trust. Financial support of the Project is provided through an appropriation in the New York State budget of \$700.0 million, of which \$150.8 million was used to prepay the mortgage loan that encumbered the Farley Building and \$549.2 million was used toward funding Phase 2 of the Project. Further funding was provided in accordance with an Agreement of Lease (the "Agreement") dated June 15, 2017 by and between ESD and the Moynihan Interim Tenant LLC c/o Vornado Realty Trust (the "Tenant"), in which the Tenant agreed to contribute \$230 million to Phase 2 of the Project. The \$230 million in funding was fully utilized as of March 31, 2019. Additionally, pursuant to the Development Agreement for the Project, Amtrak contributed \$105 million toward Phase 2 of the Project which was fully utilized as of March 31, 2019.
- (c) The Corporation, through its subsidiary, Erie Canal Harbor Development Corporation ("ECHDC"), entered into a re-licensing agreement ("the agreement") with New York Power Authority ("NYPA"), under which the Corporation will receive annual payments of \$4.7 million through the year 2029. The remaining stream of payments as of March 31, 2020 is \$42.3 million. The agreement requires ECHDC to submit an annual report to NYPA to show that this stream of payments is being expended in accordance with the agreement. The balance of this payment stream is deferred for specific performance by ECHDC.

Note 15 - Appropriations Repayable Under Prescribed Conditions

A recapitalization of ESD, involving the State and New York State Project Finance Agency ("PFA"), a corporate governmental agency constituting a public benefit corporation, took place during the years 1975 through 1978. PFA was created to provide funds to ESD to complete its outstanding development projects.

The appropriations repayable under prescribed conditions originated from the recapitalization of ESD. The State advanced \$162.6 million to ESD and \$198.1 million to PFA. The PFA obligation was assigned to ESD increasing the total amount repayable to \$360.7 million. Since 1978, ESD has repaid \$163.1 million to the State. The remaining balance of the obligation at March 31, 2020 and 2019 amounted to \$197.6 million.

The "prescribed conditions" for repayment require that at no time shall the Director of the Budget of the State of New York ("Director") request repayment of an amount greater than the excess of ESD's aggregate revenues and receipts from operations (excluding borrowings, proceeds of sales of assets and appropriations) during its preceding fiscal year over the aggregate amount payable by ESD during the preceding fiscal year for expenses (including reasonable reserves for contingencies as approved by the Director) and debt service (without regard to any refunding of debt).

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 15 - Appropriations Repayable Under Prescribed Conditions, Continued

The prescribed conditions for repayment were modified in 1997 by the provisions of Chapter 309 of the Laws of 1996 which require that resources provided by ESD's corporate purpose bonds, issued in connection with a 1996 refunding of ESD's original bonds (the "1996 Refunding") be made available to assist the New York Job Development Authority ("JDA") in meeting its lawfully incurred debts and obligations through the year 2012, and to provide up to \$10 million over four years for ESD's Housing Repairs and Modernization Fund.

Annually, ESD may be required, if and when notified by the State, to provide JDA, with amounts ranging from \$10.0 million to \$10.7 million, depending on anticipated annual cash flow savings from the 1996 Refunding. No payments were made to JDA in fiscal 2020 and 2019. No payments are anticipated to be made during fiscal 2021.

It is also anticipated that the \$27.3 million due from JDA for reimbursement to ESD for administrative expenses incurred on behalf of JDA as of March 31, 2020 (\$26.9 million as of March 31, 2019), may also be credited against appropriations repayable under prescribed conditions. ESD has accrued interest on the amount due from JDA since 1997. The interest rate used is the annualized average weighted yield earned by ESD on its investment portfolio. The cumulative interest earned, which covers the last twenty-five fiscal years, is \$8.5 million.

Note 16 - Retirement Plans

(a) Deferred Compensation and Postemployment Benefits

Some employees of ESD have elected to participate in the State's deferred compensation plan in accordance with Internal Revenue Code section 457. ESD has no liability related to this plan.

Continued health insurance coverage is the only postemployment benefit provided to ESD retirees. The coverage is provided to former employees at a shared rate. It is administered through the New York State Department of Civil Service Employee Benefits Division. Full-time employees who are vested and choose to terminate employment or who retire and draw a pension from the New York State and Local Retirement System ("ERS" or the "System") are eligible for this benefit.

(b) New York State and Local Retirement System

ESD participates in the System. This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits, as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Corporation (the "Retirement Corporation"), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Retirement Corporation and is the administrative head of the System. The System benefits are established under the provision of the New York State Retirement and Social Security Law. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 16 - Retirement Plans, Continued

(b) State Employees' Retirement System, Continued

The Retirement Corporation also participates in the Public Employees Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 and before April 1, 2012 who generally contribute 3.0 percent of their salary for their entire length of service. Those joining on or after April 1, 2012 are required to contribute between 3 and 6 percent, dependent on salary, throughout their working careers. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows (in thousands):

	<u>ERS</u>
2020	\$ 3,771
2019	3,729
2018	3,767

(c) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At March 31, 2020 and 2019, ESD reported the following liability for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2019 and 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. ESD's proportionate share of the net pension liability was based on a projection of its long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS in reports provided to ESD (in thousands).

	<u>2020</u>	<u>2019</u>
Actuarial valuation date	4/1/2018	4/1/2017
Net pension liability	\$ 6,644	2,907
Corporation's proportion of the Plan's net pension liability	.0937709%	.0900706%
Change in proportionate share	.0037003%	.0007714%

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 16 - Retirement Plans, Continued

(c) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

For the years ended March 31, 2020 and 2019, ESD recognized ERS pension expense of \$4.4 million and \$3.5 million, respectively. At March 31, 2020 and 2019, ESD's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<u>March 31, 2020</u>	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 1,308	446
Changes in assumptions	1,670	-
Net difference between projected and actual earnings on pension plan investments	-	1,705
Changes in proportion and differences between the Corporation's contributions and proportionate share of contributions Corporation's contributions subsequent to the March 31, 2019 measurement date	442	15
	<u>3,771</u>	<u>-</u>
Total	\$ <u>7,191</u>	<u>2,166</u>
	<u>March 31, 2019</u>	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 1,037	857
Changes in assumptions	1,927	-
Net difference between projected and actual earnings on pension plan investments	4,222	8,334
Changes in proportion and differences between the Corporation's contributions and proportionate share of contributions Corporation's contributions subsequent to the March 31, 2018 measurement date	299	117
	<u>3,729</u>	<u>-</u>
Total	\$ <u>11,214</u>	<u>9,308</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 16 - Retirement Plans, Continued

(c) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

ESD contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2020. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

<u>Year ended</u>	<u>ERS</u>
2020	\$ 1,500
2021	(1,172)
2022	(21)
2023	947
2024	-
Thereafter	-

(d) Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The significant actuarial assumptions used in the valuations were as follows:

Measurement date	March 31, 2019
Actuarial valuation date	April 1, 2018
Interest rate	7.0%
Salary scale	3.8% Average
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each of the target asset allocation percentage and adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 16 - Retirement Plans, Continued

(d) Actuarial Assumptions, Continued

Measurement date	March 31, 2019	
	<u>Real Rate of Return*</u>	<u>Target Allocation</u>
Asset type:		
Domestic equity	4.55%	36.0%
International equity	6.35%	14.0%
Private equity	7.50%	10.0%
Real estate	5.55%	10.0%
Absolute return strategies	3.75%	2.0%
Opportunistic portfolio	5.68%	3.0%
Real assets	5.29%	3.0%
Bonds and mortgages	1.31%	17.0%
Cash	(0.25%)	1.0%
Inflation - indexed bonds	1.25%	4.0%

*Real rate of return is net of long-term inflation assumption of 2.50%.

(e) Discount Rate

The discount rate used to calculate the total pension liability as of the March 31, 2019 measurement date was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(f) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents ESD's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what ESD's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate (in thousands):

	1% Decrease <u>(6.0%)</u>	Current Assumption <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
Employer's proportionate share of the net pension (asset) liability	\$ <u>29,048</u>	<u>6,644</u>	<u>(12,177)</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 16 - Retirement Plans, Continued

(g) Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of all participating employers as of the respective valuation dates, were as follows:

	<u>(Dollars in Millions)</u>	
Valuation date	4/1/2018	4/1/2017
Employers' total pension liability	\$(189,803)	(183,400)
Plan net position	<u>182,718</u>	<u>180,173</u>
Employers' net pension liability	\$ <u>(7,085)</u>	<u>(3,227)</u>
Ratio of plan net position to the Employers' total pension liability	96.3%	98.2%

(h) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31. Retirement contributions as of March 31, 2020 and 2019 represent the projected employer contributions for the period of April 1, 2018 through March 31, 2019 and April 1, 2017 through March 31, 2018, respectively, based on paid ERS wages multiplied by the employer's contribution rate, by tier. This amount has been recorded as deferred outflows of resources in the accompanying consolidated financial statements.

(i) New York State Voluntary Defined Contribution Program

In March 2012, Chapter 18 of the Laws of 2012 was signed into law and allows ESD employees, that meet certain requirements, to participate in the State University of New York ("SUNY") optional retirement plan called the NYS Voluntary Defined Contribution Plan ("VDC Program").

Beginning July 1, 2013, employees who earn \$75,000 or more were given the option of joining either the VDC program or the ERS. The VDC program provides benefits that are based on contributions made by both ESD and the participant. Employee contribution rates range from 4.5% to 6%, dependent upon annual salary. The employer contribution rate is 8% of gross income. All contributions and any subsequent earnings are held by ESD in a segregated account and credited to individual accounts for each plan participant. Employees vest after one year of service, at which time their entire account balance is transferred to an investment firm of their choosing within the VDC program. ESD's involvement with their account ends at that time. The amount owed to participants upon retirement is based solely on the account balance at the time of withdrawal.

As of March 31, 2020 and 2019, there were 40 and 37, respectively, ESD employees enrolled in the VDC Program.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 17 - Commitments and Contingencies

Commitments and contingencies at March 31, 2020 consist of the following:

(a) Legal Actions

General

ESD and its subsidiaries are named as defendants in legal actions arising in the normal course of its economic development operations, including matters regarding employment, alleged breach of contract, condemnation proceedings and other claims under federal and New York State law. In addition, defendants in mortgage loan foreclosure proceedings initiated by ESD assert defenses and counterclaims for damages. ESD believes that the ultimate outcome of legal actions arising in the normal course of operations will not have a material adverse effect on its financial condition.

ESD and/or its subsidiaries are also named as defendants in many personal injury actions allegedly arising out of accidents occurring on land or buildings owned by ESD and/or its subsidiaries. In all such cases, the potential liability of ESD and/or its subsidiaries is minimal inasmuch as the claims are covered either by ESD's own liability insurance or by indemnity insurance required by ESD from the tenants and/or developers of the sites of the alleged accidents or by contractors.

Atlantic Yards Land Use Improvement and Civic Project

With respect to the Atlantic Yards Land Use Improvement and Civic Project (the "Project"), located in Brooklyn, New York, ESD has exercised its powers under the New York State Eminent Domain (condemnation) Procedure Law in three proceedings.

ESD filed its first condemnation petition in December 2009 to obtain title to certain private Phase I properties needed for the Project; ESD took title to such properties pursuant to court order in March 2010; and ESD obtained vacant possession of such properties in May 2010. The one remaining issue in this proceeding is the valuation of the last of the condemned properties: a former six-story building. Claims for additional compensation have been settled or adjudicated and paid.

ESD filed its second condemnation petition in August 2014 to obtain title to Phase II properties needed for the Project. ESD took title to these properties pursuant to court order in September 2014 and ESD obtained vacant possession of the properties in May 2015. The value of each of the claims has been settled or otherwise determined by the Court and paid by the Project developer.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 17 - Commitments and Contingencies, Continued

(a) Legal Actions, Continued

Atlantic Yards Land Use Improvement and Civic Project, Continued

On November 21, 2019, ESD filed its third condemnation petition to obtain title to properties needed for Phase III, the final phase of the Project, consisting of two lots designated as Site 5. The developer now owns one of the lots. ESD made an offer to acquire the other lot, and it is likely that a claim for additional compensation may be made once ESD vests title in the lot. There is an ongoing court dispute between the developer and the site's owner. In connection with that dispute, the court enjoined the developer and the owner has brought a civil contempt proceeding against ESD and other parties for allegedly violating the terms of a trial court injunction. ESD has moved to dismiss the motion for contempt and a motion to stay the condemnation pending final appeal of the injunction.

Pursuant to the Project contract with the developer, all condemnation awards (including the awards for Site 5 if the Site 5 condemnations are allowed by the courts to proceed) are to be paid by the Project developer, not ESD. Therefore, these litigations are not expected to have a material adverse effect on ESD's financial position.

Erie Canal Harbor Development Corporation ("ECHDC")

In April 2012, ECHDC, a subsidiary of ESD, entered into the Inner Harbor Development Phase 3A-Canalside Public Canal Environmental Contract. The total contract price was not to exceed \$19.784 million. In July 2013, ECHDC terminated the contractor due to the contractor's failure to properly and timely perform its obligations under the contract. The work was completed by the bonding company. The contractor brought one action in federal court (naming ECHDC and ESD, among others, as defendants) and multiple actions in State court challenging the termination and seeking an undisclosed amount of monetary relief. The federal action was dismissed in September 2017 and the plaintiff has no further appeal rights. All pending State court claims were consolidated into a single action and the bonding company was substituted as the real party-in-interest. The bonding company seeks relief for excess costs in completing the project in the approximate amount of \$18 million. Discovery has concluded. Each of ECHDC and the bonding company has moved for summary judgment on several grounds. ECHDC was successful on several grounds which were appealed by the bonding company. The appeals of those issues are pending.

In April 2019, a new state court lawsuit was filed, naming ECHDC and ESD, among other defendants. ECHDC believes that the new suit is effectively a re-filing of the claims that plaintiffs initially raised in the dismissed federal court action. ECHDC moved to dismiss all claims in the lawsuit. The court dismissed several of the claims raised and ECHDC is currently appealing the court's decision for those claims not dismissed. That appeal is pending.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 17 - Commitments and Contingencies, Continued

(b) Contingencies

Lower Manhattan Development Corporation (“LMDC”)

LMDC’s activities are funded by HUD and are governed by various federal rules and regulations. Costs charged to the HUD grants are subject to audit and adjustment by HUD; therefore, to the extent that HUD determines that LMDC or its subrecipients have not complied with the rules and regulations governing the grants, LMDC may be required to reimburse HUD for any noncompliant disbursements. If such reimbursement resulted from the failure of a subrecipient to comply with its obligations, LMDC would seek to recover such funds from such subrecipient either through an actual payment, or by reducing future disbursements. There is no assurance that in such circumstances LMDC would succeed in effecting such recovery. In the opinion of LMDC’s management, there are no material contingent liabilities relating to compliance with the rules and regulations governing the HUD grants, therefore; no provision has been recorded in the accompanying financial statements for such contingencies.

(c) Letters of Credit and Credit Guarantees

ESD maintains two irrevocable letters of credit each of \$69.8 million, with two banks. The letters of credit support variable rate demand notes issued in 2008. The transactions had no impact on the financial position of ESD.

(d) Construction

The Corporation has contracts in place for construction at several sites, which are in varying states of completion. The total value of contracts outstanding at March 2020 is approximately \$948 million.

(e) Lease Commitments

In June 2013, ESD entered into a lease with 633 Third TEI Equities LLC for five units consisting of the entire 33rd through 37th floors at 633 Third Avenue, New York, NY. The lease term commenced on July 1, 2013 and terminates on June 30, 2023. There is also a renewal provision of five years commencing July 1, 2023 and terminating June 30, 2028. Escalation provisions exist for both operating expenses and taxes (real estate, water consumption, sewer rents, rates and charges, county, transit or any other governmental charge of a similar nature).

Minimum lease payments to be paid under the lease agreement for each of the next four fiscal years as of March 31, 2020 are as follows (excluding escalations and option period) (in thousands):

2021	\$ 7,098
2022	7,124
2023	7,124
2024	<u>1,782</u>
Total	\$ <u>23,128</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 18 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 83 - "Certain Asset Retirement Obligations." This Statement, issued in November 2016, addresses accounting and financial reporting for certain asset retirement obligations (AROs). Governments that have legal obligations to perform certain future asset retirement activities related to tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019, which is the fiscal year beginning April 1, 2020 for the Corporation. This Statement is not expected to have a material effect on the consolidated financial statements of the Corporation.

GASB Statement No. 84 - "Fiduciary Activities." This Statement, issued in January 2017, established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement is effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning April 1, 2020 for the Corporation. This Statement is not expected to have a material effect on the consolidated financial statements of the Corporation.

GASB Statement No. 87 - "Leases." This Statement, issued in June 2017, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2021, which is the fiscal year beginning April 1, 2022 for the Corporation. Management is in process of evaluating the potential impact due to the implementation of this Statement on the consolidated financial statements of the Corporation.

GASB Statement No. 88 - "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement, issued in April of 2018, requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The provisions of this Statement are effective for reporting periods beginning after June 15, 2019, which is the fiscal year beginning April 1, 2020 for the Corporation. Management is in the process of evaluating the potential impact of this Statement on the consolidated financial statements of the Corporation.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 18 - Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 89 - "Accounting for Interest Cost Incurred before the End of a Construction Period." This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" which are superseded by this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, which is the fiscal year beginning April 1, 2021 for the Corporation. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the consolidated financial statements of the Corporation.

GASB Statement No. 91 - "Conduit Debt Obligations." This Statement, issued in May of 2019, requires a single method be used for the reporting of conduit debt obligations. The focus of the Statement is to improve financial reporting by eliminating diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021, which is the fiscal year beginning April 1, 2022 for the Corporation. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the consolidated financial statements of the Corporation.

GASB Statement No. 92 - "Omnibus 2020." This Statement, issued in January 2020, clarifies implementation of GASB Statements No. 73, 74, 84 and 87, generally effective for fiscal years beginning after June 15, 2021, which is the fiscal year beginning April 1, 2022 for the Corporation. Management is in the process of evaluating the potential impact of this Statement on the consolidated financial statements of the Corporation.

GASB Statement No. 93 - "Replacement of Interbank Offered Rates." This Statement, issued in March 2020, addresses the accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021. The requirements of this Statement are effective for reporting periods after June 15, 2021, which is the fiscal year beginning April 1, 2022 for the Corporation. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the consolidated financial statements of the Corporation.

GASB Statement No. 94 - "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." This Statement, issued in March 2020, addresses issues related to public-private and public-public partnerships (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning April 1, 2023 for the Corporation. This Statement is not expected to have a material effect on the consolidated financial statements of the Corporation.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 18 - Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 96 - "Subscription-Based Information Technology Arrangements." This Statement, issued in May 2020, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. To the extent relevant, the standard for SBITAs are based on the standards established in Statement No. 87 - "Leases," as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, which is the fiscal year beginning April 1, 2023 for the Corporation. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the consolidated financial statements of the Corporation.

GASB Statement No. 97 - "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32." This Statement, issued in June 2020, sets requirements for a primary government's determination of component units which do not have governing boards; amends the financial burden criterion in paragraph 7 of Statement No. 84; sets required classifications for Section 457 plans and applies Statement No. 84, as amended, to IRC Section 457 arrangements; and supersedes remaining provisions of Statement No. 32, as amended, regarding investment valuation requirements for Section 457 plans. The requirements of this Statement in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021 which is the fiscal year beginning April 1, 2022 for the Corporation. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the consolidated financial statements of the Corporation.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES
Required Supplementary Information
Schedule of Changes in the Corporation's
Total OPEB Liability and Related Ratios
Year ended March 31, 2020

Total OPEB liability:	<u>2020</u>	<u>2019</u>
Service cost	\$ 6,694	6,503
Interest on total OPEB liability	5,373	5,012
Difference between expected and actual experience	(9,236)	-
Changes in assumptions	15,922	(654)
Benefit payments	<u>(2,885)</u>	<u>(2,802)</u>
Net change in total OPEB liability	15,868	8,059
Total OPEB liability at beginning of year	<u>131,797</u>	<u>123,738</u>
Total OPEB liability at end of year	<u>\$ 147,665</u>	<u>131,797</u>
Covered payroll	<u>\$ 31,564</u>	<u>28,136</u>
Total OPEB liability as a percentage of covered payroll	467.8%	468.4%

Notes to schedule:

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2020	2.27%
2019	3.92%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Corporation is presenting information for those years for which information is available.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES
Required Supplementary Information
Schedule of Corporation's Proportionate Share of the Net Pension Liability
Year ended March 31, 2020

NYSERS Pension Plan (in thousands)						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Corporation's proportion of the net pension liability	0.0937709%	0.0900706%	0.0892992%	0.0864938%	0.0882936%	0.0882936%
Corporation's proportionate share of the net pension liability	\$ 6,644	2,907	8,391	13,883	2,983	3,989
Corporation's covered payroll	\$ 28,156	26,991	26,913	25,802	25,039	23,312
Corporation's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	23.60%	10.77%	31.18%	53.81%	11.91%	17.11%
Plan fiduciary net position as a percentage of the total pension liability	96.3%	98.2%	94.7%	90.7%	97.9%	97.9%

The amounts presented for each fiscal year were determined as of the March 31, 2019, 2018, 2017, 2016, 2015 and 2014 measurement dates of the plans.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Corporation is presenting information for those years for which information is available.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES
Required Supplementary Information
Schedule of Corporation's Employer Pension Contributions
Year ended March 31, 2020

		NYSERS Pension Plan (in thousands)								
		<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$	3,771	3,729	3,767	3,575	4,327	4,473	5,217	4,328	3,356
Contributions in relation to the contractually required contribution		<u>3,771</u>	<u>3,729</u>	<u>3,767</u>	<u>3,575</u>	<u>4,327</u>	<u>4,473</u>	<u>5,217</u>	<u>4,328</u>	<u>3,356</u>
Contribution deficiency (excess)	\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Corporation's covered payroll	\$	28,156	26,991	26,913	25,802	25,039	23,312	22,475	22,945	22,114
Contributions as a percentage of covered payroll		13.39%	13.82%	14.00%	13.86%	17.28%	19.19%	23.21%	18.86%	15.18%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Corporation is presenting information for those years for which information is available.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
New York State Urban Development
Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the consolidated financial statements of New York State Urban Development Corporation and Subsidiaries (the "Corporation"), a component unit of the State of New York, which comprise the consolidated statement of net position as of March 31, 2020, and the related consolidated statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to consolidated financial statements, and have issued our report thereon dated August 12, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
August 12, 2020

INDEPENDENT AUDITORS' REPORT ON INVESTMENT COMPLIANCE

The Board of Directors
New York State Urban Development
Corporation:

Report on Investment Compliance

We have audited the New York State Urban Development Corporation and Subsidiaries' (the "Corporation"), a component unit of the State of New York, compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York for the year ended March 31, 2020.

Management's Responsibility

Management is responsible for compliance with the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York.

Auditors' Responsibility

Our responsibility is to express an opinion on investment compliance based on our audit of the compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. An audit includes examining, on a test basis, evidence supporting the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on investment compliance. However, our audit does not provide a legal determination of the Corporation's compliance.

Opinion on Investment Compliance

In our opinion, the New York Urban Development Corporation and Subsidiaries complied, in all material respects, with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York for the year ended March 31, 2020.

Other

In accordance with Government Auditing Standards, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws and regulations that have a material effect on the Corporation's compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our audit to express an opinion on whether the Corporation complied with the aforementioned requirements and not for the purpose of expressing an opinion on the internal control over compliance with those requirements or other matters; accordingly, we express no such opinion. The results of our tests disclosed no matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management of the Corporation, the New York State Office of the State Comptroller, the New York State Division of the Budget, and the New York State Corporation Budget Office and is not intended to be and should not be used by anyone other than those specified parties.

EFPR Group, CPAs, PLLC

Williamsville, New York
August 12, 2020

FOR CONSIDERATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: New York City (New York County)—Moynihan Station Civic and Land Use Improvement Project (the “Project”)

REQUEST FOR: Authorization for Revolving Credit Financing; and Authorization to Take Related Actions

I. Background

New York State Urban Development Corporation d/b/a Empire State Development (“ESD”), in furtherance of the Project and the redevelopment of the James A. Farley Building (“Farley” or the “Building”), is funding the final stages of the construction and development of the Building’s Moynihan Train Hall (the “Train Hall”), a new sky-lit intercity rail transportation passenger facility that will serve Amtrak, Long Island Rail Road and Metro North Railroad passengers.¹ The Train Hall is comparable in scale to The Grand Central Terminal.

Various sources fund the Train Hall construction work; the principal source being the TIFIA Loan Agreement, dated as of July 21, 2017 (the “TIFIA Loan Agreement”), between ESD and the United States Department of Transportation (the “TIFIA Lender”), in the principal amount of approximately \$526 million.² Disbursements pursuant to that loan agreement are used solely for

¹ ESD is the fee owner of the Building that ESD long-term net Leases to the developer, Moynihan Interim Tenant, LLC (a joint venture of Vornado Realty Trust and The Related Companies), and ESD funds the Train Hall construction work that is performed by the developer’s affiliate, Moynihan Train Hall Developer, LLC, and its contractor Skanska Moynihan Train Hall Builders (a joint venture between Skanska USA Building Inc. and Skanska USA Civil Northeast, Inc.).

² The TIFIA Loan will be repaid from and is primarily secured by payments in lieu of tax revenues (“PILOT Revenues” to be paid to ESD by certain future triple net long-term lease tenants of the Building, a debt service reserve account and a mortgage on the Building property, exclusive of zoning floor area transferable development rights. PILOT Revenues consist generally of (a) all payments in lieu of taxes received by, paid to, or for the account or benefit of, ESD pursuant to PILOT Agreements on individual condominium units owned in fee by ESD within the complex, (b) payments to ESD under certain leases, including payments relating to the purchase of certain leased space, profit participation rent and certain other additional rent payments, (c) certain guarantee payments made by guarantors of the PILOT payments (generally Related Companies, L.P. and Vornado Realty, L.P. or their successors permitted by the TIFIA Loan Agreement), and (d) interest and penalties on late PILOT payments. Initial PILOT payments are fixed until June 14, 2030, and thereafter vary depending upon assessment based on then current market valuations. Simultaneously with the execution of the TIFIA Loan Agreement, a Joint Services Agreement (“JSA”) was delivered to the TIFIA Lender by the Metropolitan Transportation Authority (“MTA”) pursuant to which MTA must satisfy

payment of reimbursement of Eligible Project Costs³, as defined in the TIFIA Loan Agreement. ESD periodically receives disbursements from the TIFIA Lender based on the 2017 projected construction work schedule⁴; however, the Train Hall work has proceeded ahead of that schedule. ESD seeks interim credit financing to fund the work that will be completed and eligible for payment prior to the scheduled availability dates for TIFIA Loan Agreement disbursements.

Citibank, N.A. (“Citibank” or the “Lender”) proposes to deliver credit to ESD in the form of a revolving loan (the “Revolving Loan”) to be used solely for the purpose of paying Eligible Project Costs, as defined in the TIFIA Loan Agreement. ESD would use monthly draws of the Revolving Loan to pay Eligible Project Costs in advance of when the ESD would otherwise be able to requisition the proceeds of the 2017 TIFIA Loan Agreement disbursement in accordance with the Anticipated TIFIA Loan Disbursement Schedule set forth in the TIFIA Loan Agreement. ESD would repay to Citibank the Revolving Loan and other amounts due under the Revolving Loan agreement from subsequent TIFIA Loan Agreement disbursements.

Performing this work now will accelerate the overall project delivery schedule substantially, saving ESD time and money, and place the Train Hall in service to the public in 2020.

II. Essential Terms of the Revolving Loan

The essential terms of the proposed Revolving Loan are as follows:

Term: Nine months from the Closing Date of the Loan (the “Maturity Date”).

Interest Rate: Monthly; the interest rate on the Loan (the “Loan Interest Rate”) will equal the sum of the 1.75 percent (the “Margin Rate”) and the greater of (i) 0.75% or (ii) the 1 Month LIBOR Index. The maximum Loan Interest Rate shall be the lesser of i) 25% or ii) the maximum rate permitted by law. Excess interest shall be subject to recapture pursuant to a standard claw back provision. Upon the occurrence of an Event of Default, the Margin Rate will be 9.00% per annum.

Maximum Amount and Advances: \$45 million (the “Maximum Par Amount”) may be drawn down, repaid and drawn down at any time in advance of the Maturity Date; provided, however, that ESD shall have scheduled with the TIFIA Lender the receipt of a TIFIA Loan

deficiencies, if any, in the TIFIA Debt Service Reserve Account. MTA may be released from its obligations under the JSA, but that is not expected prior to 2033.

³Eligible Project Costs must arise from one of the following: (a) development phase activities, including planning, feasibility analysis, revenue forecasting, environmental review, permitting, preliminary engineering and design work and other preconstruction activities; (b) construction, reconstruction, rehabilitation, replacement and acquisition of real property (including land related to the Train Hall Project and improvements to land), environmental mitigation, construction contingencies and acquisition of equipment; or (c) capitalized interest necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction.

⁴ The Anticipated TIFIA Loan Disbursement Schedule attached to the TIFIA Loan Agreement as Exhibit B.

Agreement disbursement on a date in the month following the Revolving Loan advance and that the amount of such TIFIA Loan Agreement disbursement will be sufficient to repay in full such Revolving Loan advance; and provided, further, that the amount of any Revolving Loan advance shall not exceed the amount available to be drawn under the future TIFIA Loan Agreement disbursement; and provided, further that Revolving Loan advances shall not be made more than four times monthly.

Security: The Revolving Loan will be secured by a first mortgage lien on, and first priority perfected security interest in, not less than 2.5 million square feet of unused zoning floor area (“ZFA”) transferable development rights (the “Mortgaged Property”) existing under current zoning. The value of the security package is well in excess of the total loan amount of \$45 million and recourse to ESD is limited to the security package. Payment of the principal of and interest on the Revolving Loan, together with other amounts required by the Revolving Loan Agreement, including, without limitation, fees and expenses, is payable from TIFIA Loan disbursements. Except for this security, the Revolving Loan is otherwise non-recourse to ESD.

Repayment: Payment of the principal of and interest on the Revolving Loan, together with other amounts owed by ESD under the Revolving Loan Agreement, including, without limitation, fees and expenses, is payable from TIFIA Loan disbursements for Eligible Project Costs. Revolving Loan Agreement advances shall be repaid on the date of each TIFIA Loan Agreement disbursement in accordance with the schedule to be determined between the Lender and ESD.⁵

Commitment Fee: The Commitment Fee shall be 0.75% computed based on the Maximum Par Amount, less outstanding Revolving Loan advances. Upon the occurrence of an Event of Default, the Event of Default Margin shall be added to the applicable Commitment Fee.

III. Environmental Review

ESD staff has determined that the requested authorization constitutes a Type II action 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 authorization.

⁵ ESD will submit to the PILOT Trustee under the Collateral Agency and Account Agreement, dated as of July 21, 2017 (the “Collateral Agency and Account Agreement”), by and among the ESD, the TIFIA Lender, the Metropolitan Transportation Authority and the PILOT Trustee identified therein, an Approved Construction Requisition under Section 5.02 of the Collateral Agency and Account Agreement simultaneously with the submission to the TIFIA Lender of a request for a TIFIA Loan disbursement; the Approved Construction Requisition shall provide for the payment by the PILOT Trustee, on the same day as the amounts are expected to be received from the TIFIA Lender of a disbursement under the TIFIA Loan Agreement, from amounts deposited into the TIFIA Construction Account on such day, to the Revolving Loan Lender of an amount sufficient to repay in full the Lender for the Revolving Loan advance, together with interest and other fees and expenses, if any, in connection therewith.

IV. Requested Actions

The Directors are requested to authorize ESD to: (1) enter into the revolving credit financing as substantially on the terms generally described in these materials; and (2) take related all related actions with respect thereto.

V. Recommendation

Based on the foregoing, I recommend approval of the requested actions.

VI. Attachments

Resolutions

August 20, 2020

NEW YORK CITY (New York County) -- Moynihan Station Civic and Land Use Improvement Project – Authorization for Revolving Credit Financing; and Authorization to Take Related Actions

BE IT RESOLVED, that upon the basis of the materials presented to this meeting (the “Materials”), a copy of which is hereby ordered filed with the records of the Corporation, the Corporation be, and hereby is, authorized to enter into with Citibank, N.A. the revolving loan financing as described in the Materials with such changes as the President and Chief Executive Officer Designate, or other officer of the Corporation, or his or her designee(s), may deem appropriate; and be it further

RESOLVED, that the President and Chief Executive Officer Designate, 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 Resolution.

* * *

FOR CONSIDERATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Statewide – Empire State Entertainment Diversity Job Training Development Fund - State Finance Law Section 97-ff and Chapter 50 of the Laws of 2020

REQUEST FOR: Authorization to Adopt Guidelines Creating the Empire State Entertainment Diversity Job Training Development Fund; and Authorization to Take Related Actions

I. Background

In 2019, the Legislature amended State Finance Law Section 97-ff as well as Tax Law Sections 24(f) and 31(e) to create the Empire State Entertainment Diversity Job Training Development Fund program (“the Program”). The Program is a grant program designed to incentivize job creation and training programs that support efforts to recruit, hire, promote, retain, develop and train a diverse and inclusive workforce in the motion picture and television industry within the state of New York including, but not limited to, those programs that promote development in economically distressed areas of the state.

The legislation directs the New York State Comptroller to provide an amount equal to the reduction of one-quarter of one percent of both the empire state film production and post production tax credits allocated to taxpayers per year. The underlying statute allows the Commissioner of Economic Development to make these grants; however, the 2020-2021 budget authorizes up to \$2,000,000 to be sub allocated from the Department of Economic Development to the New York State Urban Development Corporation d/b/a Empire State Development (“ESD”) for this grant program. ESD can then allocate grants for job creation and training programs that support efforts to recruit, hire, promote, retain, develop and train a diverse and inclusive workforce in the motion picture and television industry within the state.

The proposed guidelines create a program which is intended to: (1) train individuals involved in the principle creation of or editing of a film or television product; (2) create a pathway to jobs and connections with employment and/or union partnerships; (3) further diversify the employment in the motion picture and television industry from a socio-economic, regional, and diversity perspective; (4) target residents in economically distressed areas of the State; and (5) ensure that New York State has sufficient workforce in order meet the demands of the growing industry.

The total estimated funding for this program is up to \$2 million for this year. The maximum grant amount for any eligible project is \$500,000 while the minimum grant amount is \$25,000. Grants are to be used for working capital expenditures, such as instructor salaries and equipment; training and certification programs designed to promote diverse workers and and/or those workers located in economically distressed areas of the state including grip related training programs; carpentry related training programs; electrical related training programs; editor related training programs; production assistant related training programs; showrunner related training programs; and writer related training programs. Grant recipients will be required to provide \$2 of matching funds for every \$1 of Program assistance.

The Corporation seeks to adopt guidelines covering the administration of this Program immediately.

II. Statutory Basis

The Program is authorized under Section 97-ff of the New York State Finance Law.

III. Environmental Review

ESD staff has determined that the requested adoption of Program guidelines for the Program constitutes a Type II action as defined by the New York State Environmental Quality Review Act and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required in connection with this authorization.

IV. Requested Actions

The Directors are requested to authorize the adoption of the Guidelines substantially in the form annexed to these materials with such modifications and additions as the Corporation's General Counsel shall deem necessary or appropriate for the implementation of the Program and applicable laws and regulations and to authorize the taking of all related actions necessary or appropriate to effectuate the foregoing.

V. Recommendation

Based on the foregoing, I recommend that the requested actions be approved.

Attachments

Resolution
Proposed Guidelines

August 20, 2020

Statewide – Empire State Entertainment Diversity Job Training Development Fund, New York State Finance Law Section 97-ff – Authorization to Adopt Guidelines Creating the Empire State Entertainment Diversity Job Training Development Fund Program; Authorization to Take Related Actions

RESOLVED, that the Corporation hereby authorizes the adoption of the guidelines for the Empire State Entertainment Diversity Job Training Development Fund program (the “Program”) to provide for administrative functions of this grant program in accordance with Section 97-ff of the New York State Finance Law and Chapter 50 of the Laws of 2020 as described in 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 Corporation hereby adopts the guidelines for the Program (the “Guidelines”) as described in the Materials, to provide for the administrative component of the Program, in accordance with Section 97-ff of the New York State Finance Law and Chapter 50 of the Laws of 2020; and be it further

RESOLVED, that the General Counsel of the Corporation, or their designee, is authorized to proceed with and make modifications and additions to the Guidelines as may be necessary or appropriate in order to implement the Program and comply, where applicable, with any applicable laws and regulations; and be it further

RESOLVED, that the General Counsel of the Corporation, or their designee, 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 action as they may in their sole discretion consider to be necessary or appropriate to effectuate the foregoing resolutions.

* * *

**EMPIRE STATE ENTERTAINMENT DIVERSITY JOB TRAINING
DEVELOPMENT FUND GUIDELINES**

Statutory Authority

Chapter 50 of the Laws of 2020

Chapter 39 of the Laws of 2019

Section 96-ff of the State Finance Law

EMPIRE STATE ENTERTAINMENT DIVERSITY JOB TRAINING DEVELOPMENT FUND GUIDELINES

A. Purpose and General Description

Chapter 39 of the Laws of 2019 created the empire state entertainment diversity job training development fund. Monies in the fund shall be expended for job creation and training programs that support efforts to recruit, hire, promote, retain, develop and train a diverse and inclusive workforce as production company employees in the motion picture and television industry within the state of New York including, but not limited to, those programs that promote development in economically distressed areas of the state.

Monies in the fund may be transferred from the Department of Economic Development to New York State Urban Development Corporation d/b/a Empire State Development to effectuate the purposes of these guidelines pursuant to Chapter 50 of the Laws of 2020.

B. Definitions

For the purposes of this section, the terms below shall have the following meaning:

1. "Diverse workers" shall include women and workers who can demonstrate membership in any one of the following groups:

- (1) Black persons having origins in any of the Black African racial groups;
- (2) Hispanic/Latino persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American of either Indian or Hispanic origin, regardless of race;
- (3) Native American or Alaskan native persons having origins in any of the original peoples of North America; or
- (4) Asian and Pacific Islander persons having origins in any of the Far East countries, South East Asia, the Indian subcontinent or the Pacific Islands.

2. “Economically distressed areas of the State” shall mean locations within New York City that are characterized by a poverty rate greater than 20% or locations outside of New York City with a poverty rate greater than the statewide average poverty rate.
3. “Eligible Applicant” shall mean a for profit corporation, a not for profit organization or corporation, guild or labor union who applies for funding under this program.
4. “Eligible Training Program” means a training program designed to recruit, hire, promote, retain, develop and train a diverse and inclusive workforce as production company employees in the motion picture and television industry within the state of New York including, but not limited to, programs that promote development in economically distressed areas of the state.
5. “Corporation” shall mean the New York State Urban Development Corporation d/b/a Empire State Development.
6. “Evaluation Criteria” shall mean the criteria set forth in section H herein.
7. “Match,” “Matching Share,” or “Matching Funds” shall mean that portion of the total cost of a program that the grantee must provide, pursuant to paragraph (1) of section D herein.
8. “Scoring Committee” shall mean a group of ESD employees and members of the motion picture and television industry who score applications pursuant to the criteria set forth in section I herein.

C. Available Assistance

The Program makes available financial assistance in the form of grants for job creation and training programs that support efforts to recruit, hire, promote, retain, develop and train a diverse and inclusive workforce as production company employees in the motion picture and television Production and Post-Production industries within the state of New York including, but not limited to, those programs that promote development in economically distressed areas of the state.

The grant assistance provided in connection with this Part shall be taken from the empire state entertainment diversity job training development fund pursuant to section 24(e) and 31(f) of the tax law.

D. Eligibility/Matching Funds

1. Eligible applicants may apply for Matching Funds if they are operating an Eligible Training Program. To qualify for a matching grant, the Corporation requires a 2:1 matching requirement of dollars coming from an Eligible Applicant to support its program for training diverse workers or those located in economically distressed areas of the State. Funds eligible for matching are those contributed by the Eligible Applicant to be used only

for the eligible program. Funds deriving from state or federal grants are not eligible to be calculated for the 2:1 matching requirement.

2. All Matching Funds must be expended during the grant term and where practicable on a pro rata basis with grant funding.
3. All items identified as Matching Funds will be reviewed by the Corporation, which will approve such Matching Funds as the Corporation may determine, in its sole discretion, to be reasonable as to amount and relation to the program.
4. Grant funds will be disbursed on a quarterly reimbursement basis. Grantees shall submit invoices quarterly with supporting documentation satisfactory to the Corporation, as work is performed and costs incurred.
5. Grants are intended to reimburse Eligible Applicants for training provided directly by such applicants to its workforce or future workforce and shall not be contracted out to a third party for the purpose of obtaining these grant funds.
6. Grant funds and Matching Funds may not be utilized to cover qualified costs pursuant to section 24 or 31 of the tax law.

E. Utilization of Grant Funds

1. Grant funds may be used by an Eligible Applicant for the following purposes:
 - (a) Instructor salaries and equipment;
 - (b) Training and certification programs designed to promote diverse workers and/or those workers located in economically distressed areas of the state including, but not limited to:
 - i. grip related training programs
 - ii. carpentry related training programs;
 - iii. electrical related training programs;
 - iv. editor related training programs;
 - v. production assistant related training programs;
 - vi. showrunner related training programs;
 - vii. writer related training programs; and
 - viii. other training programs as directed by the Corporation
2. Grant funds may not be used by an applicant for the following purposes:
 - (a) training programs for corporate (studio or production company) employees; and
 - (b) producer related training programs except those allowed under E(1)(b) above.

- (3) The minimum grant amount for any Eligible Training Program is \$25,000. The maximum grant amount for any Eligible Training Program is \$500,000.

F. Application Process

1. Applications from Eligible Applicants will be accepted on a rolling basis, with the Corporation endeavoring to review such applications on at least a quarterly basis. Eligible Applicants requesting assistance shall provide information about the program and the applicant, as applicable, in a form provided by the Corporation including, without limitation, the following:
 - a. a description of the program, including information indicating how the proposed program will promote job creation and training programs that support efforts to recruit, hire, promote, retain, develop and train a diverse and inclusive workforce as production company employees in the motion picture and television industry within the state of New York;
 - b. the number and amount of other funding, including federal, that the applicant has applied for, is eligible for or has received for the same initiative;
 - c. the number of individuals being trained as a result of the proposed project or activity;
 - d. applicant's history; ownership structure; size; and services rendered;
 - e. information about the proposed program including, but not limited to, total project cost, total program assistance requested, a budget breakdown of the sources and proposed uses of all funding, a description of the need for the requested program funding and justification for the amount requested;
 - f. a description of how the program will be implemented, including the readiness of the project with a specific timeline, outlining the milestones from the project start to its completion;
 - g. the region or regions that will be impacted by this project. Identify all of the regional partners that you will be working with to deliver on this project;
 - h. the project partners, including the project leader and others involved in the implementation of or supporting the employment of individuals completing the project. Please be specific about the role of each partner and whether participation is assured; and
 - i. anticipated program results.

2. Upon receipt of the application, the Corporation shall review the application for eligibility, completeness, and conformance with the applicable requirements of these guidelines. Questions regarding the process may be submitted by email to nyfilm@esd.ny.gov.
3. The Corporation may issue a request for proposals for contracts for services in lieu of an application where it deems it appropriate. Such request for proposals will set forth eligibility guidelines which may differ from those contained herein.

G. Evaluation of Grant Applications

Grant applications shall be initially evaluated by a Scoring Committee. The Scoring Committee shall then forward their recommendation to the President/Chief Executive Officer of the Corporation for his/her approval.

H. Evaluation Criteria

1. The Scoring Committee shall evaluate applications in accordance with the following criteria.
2. The ability of the Program to:
 - a) address a demonstrated need across the film and television production and post-production industries, specifically is there currently or is there an anticipated in the future need for additional workforce in this job function in these industries;
 - b) create a pathway to permanent jobs and connections with employment and/or union partnerships;
 - c) further diversify the employment in the industry from a socio-economic, regional, and diversity perspective;
 - d) target residents in economically distressed areas of the State; and
 - e) be completed in a timely fashion.

I. Selection Criteria/Scoring

1. Applications will be evaluated on the criteria detailed in paragraph 2 of section H of these guidelines on a scale of one to five, where:

- “1” = does not meet qualification expectation
- “2”= meets some but not all qualification expectations; and
- “3” = meets qualification expectations; and
- “4” = exceeds qualification expectations; and
- “5” = highly exceeds qualification expectations.

2. Selection criteria will be weighted as follows:

Criteria Category	Weight
1. Demonstrated need in the industry for additional hires in this program area	20%
2. Pathway to job placement and relationship with employers	20%
3. Targeting of Diverse Workers and/or workers from Economically distressed areas of the State	20%
4. Overall budget, project’s return on investment for program participants and funding dollars	20%
5. Feasibility of implementation and timeline of project	10%
6. Uniqueness & competitiveness of proposed program	10%

3. The Corporation intends to make Program grant awards through a competitive grant solicitation to qualifying Applicants, until the funds under this Program are fully committed. The Corporation reserves the right to update/amend the above selection criteria as needed.

I. Reporting requirements

Participants shall submit quarterly reports during the pendency of the training program satisfactory to the Corporation on the operation and accomplishments of the program including, without limitation, a description of the program undertaken, the number of participants in the training program, the number of hours both in classroom and on the job training and the number of trainees who went on to jobs in the motion picture and television industry.

After a participant completes their training program, they must submit biannual reports to the Corporation for a period of five years thereafter detailing the placement and job status of training graduates from their program.

J. Recapture

In the event a participant in the program fails to comply with any of the requirements of these guidelines, the Corporation may recapture such grant monies expended on the participant's training program.

FOR CONSIDERATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Elma (Western New York Region – Erie County) – Steuben Foods - Hemp Processing Program – New York Works Economic Development 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: Steuben Foods, Inc. (“Steuben” or the “Company”)

ESD* Investment: A grant of up to \$263,315 to be used for a portion of the cost of the purchase of machinery and equipment

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

Project Location: 1150 Maple Road, Elma, Erie County

Proposed Project: Installation of a manufacturing press to assist in the processing of hemp seeds for food and beverage products.

Project Type: Agricultural/Industrial Hemp Production

Regional Council: The Western Regional Economic Development Council has been made aware of this item which aligns with the sector strategy of agriculture.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Machinery/Equipment	<u>\$526,630</u>

Total Project Costs	<u>\$526,630</u>
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<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD-Grant	\$263,315	50%	
Loan - Bank of Montreal	210,652	40%	2.68%/12 yrs
Company Equity	<u>52,663</u>	<u>10%</u>	

Total Project Financing	<u>\$526,630</u>	<u>100%</u>	
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III. Project Description

A. Company

Industry: Food Processing

Company History: The Company was founded in 1981. In December of 2016, the Company completed an 80,000 square-foot expansion of its existing low-acid aseptic processing and packaging facility, which included 20,000 square feet of manufacturing space and equipment to specifically process grains, nuts and seeds. To date, Steuben has used its unique patented plant processing technology to process various nuts.

Ownership: Private

Size: All facilities are located in Elma, NY.

Market: The dairy and dairy alternative beverage market

ESD Involvement: In 2017, Steuben Foods applied for the New York State Industrial Hemp Processing Grant Fund for Steuben to pursue hemp seed as a food source. The Company was seeking a grant to support the cost of equipment that would be used to dry both the hemp protein paste and fiber to stable powders. Both products would result in a significant increase in the processing of hemp in New York. The incentive proposal was offered to the Company in March of 2018 and accepted in April of 2018.

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

B. The Project

Completion: September 1, 2019

Activity: The Company installed a manufacturing press to assist in the processing of hemp seeds for food and beverage products.

Results: Steuben has received and processed over 370,000 pounds of industrial hemp seeds thus far, transforming them into highly nutritional and digestible beverages and powders. The hemp seeds that Steuben Foods, Inc. have processed include some industrial hemp seeds that were grown in Batavia, New York and Ossian, New York under New York's Industrial Hemp Pilot Program. The funds from ESD helped Steuben purchase a unique press to remove the excess moisture from the seeds and allowed them to be processed efficiently.

Economic Growth
Investment

Project: No Benefit-Cost Analysis ("BCA") is required since these projects generate long-term benefits not captured in the short-term period used for the BCA and may involve no permanent job commitments.

Grantee Contact: Tyson R. Prince, Corporate Counsel
1150 Maple Road
Elma, NY 14059
Phone: (585) 738-9068
E-mail: tprince@steubenfoods.com

ESD Project No.: AC368

Project Team:	Origination	Christine Costopoulos
	Project Management	Tammy Kocak
	Contractor & Supplier Diversity	Geraldine Ford
	Finance	Kathleen Uckert
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. The Company will demonstrate no materially adverse changes in its financial condition prior to disbursement.
2. The Company will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project or grants from a government source.

3. Grant funds will be subject to pro rata recapture if the property at the Project Location is sold within five 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.
4. Up to \$263,315 will be disbursed to Grantee in a lump sum upon documentation of machinery and equipment project costs totaling \$526,630. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after April 12, 2018, to be considered eligible project costs. All disbursements must be requested by April 1, 2022.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$263,315, 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 – NY Works Economic Development Fund

The funding was authorized in the 2012-2013 New York State budget and reappropriated in the 2013-2014, 2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, and 2020-2021 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

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

VI. Non-Discrimination and Contractor & Supplier Diversity

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority-and women-owned businesses (MWBES) 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 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

Resolutions
New York State Map
Project Finance Memorandum
Project Photographs

Elma (Western New York Region – Erie County) – Steuben Foods - Hemp Processing Program – New York Works Economic Development 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 Steuben Foods - Hemp Processing Program – New York Works Economic Development Fund (Capital Project) (the “Project”), the Corporation hereby determines pursuant to Section 10(g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that there are no families or individuals to be displaced from the project area; and be it further

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

RESOLVED, that upon written finding of the President and Chief Executive Officer Designate 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 Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Steuben Foods, Inc. a grant for a total amount not to exceed Two Hundred Sixty-Three Thousand Three Hundred and Fifteen Dollars \$263,315 from the New York Works 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 Designate 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 Designate 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

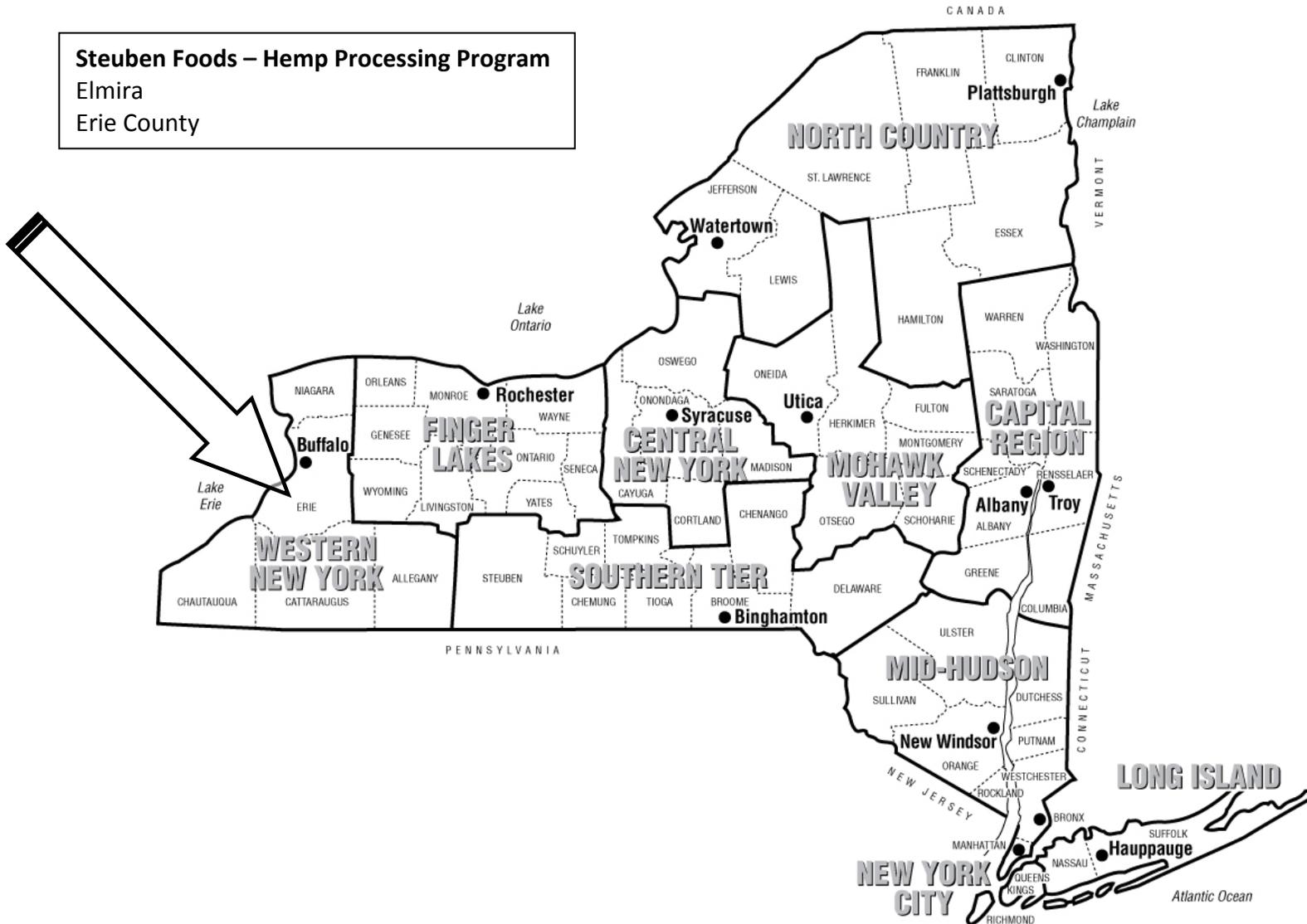
RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

RESOLVED, that the President and Chief Executive Officer Designate 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.

* * *

Steuben Foods – Hemp Processing Program
Elmira
Erie County



Elmhurst®

Est. 1925

Simpler. Better.™

PLANT  BASED

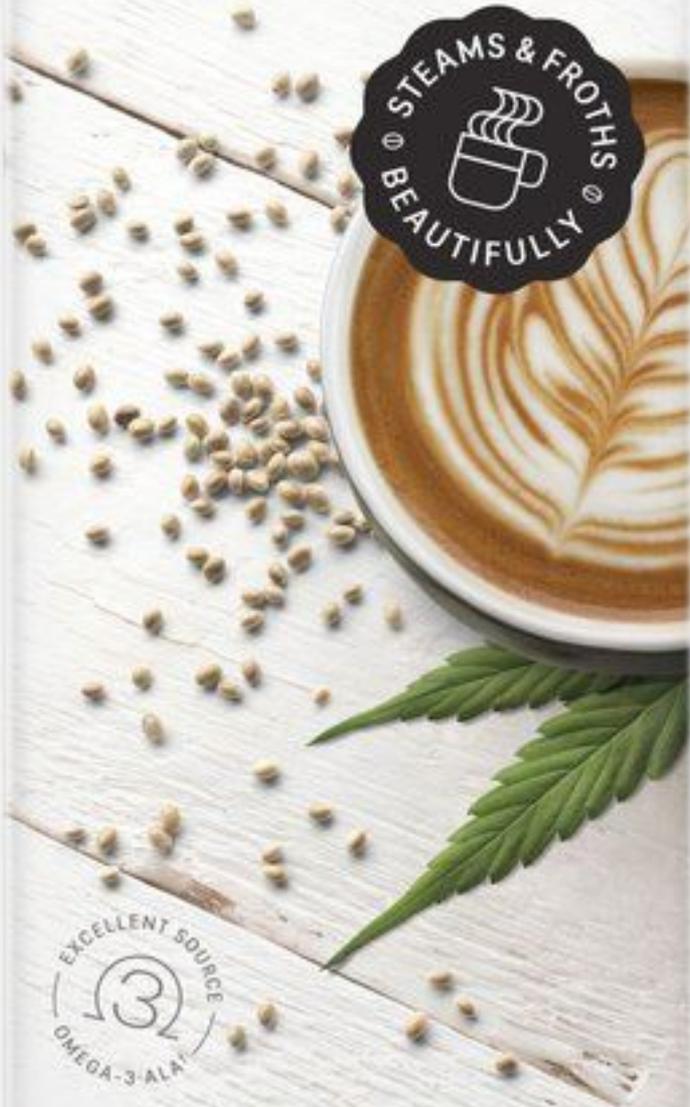
DAIRY
FREE

HEMP

NON
GMO

— BARISTA EDITION —

BLENDED WITH WHOLE GRAIN OATS



SIMPLY MADE WITH ONLY
6 INGREDIENTS

NO ADDED GUMS OR EMULSIFIERS

32 FL OZ (1 QT) 946mL

FOR CONSIDERATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Utica (Mohawk Valley Region – Oneida County) – MMRI Life Sciences Initiative Capital – Life Sciences Initiative 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: Masonic Medical Research Laboratory d/b/a Masonic Medical Research Institute (“MMRI” or the “Organization”)

ESD* Investment: A grant of up to \$6,000,000 contingent upon the availability of funds, to be used for a portion of the cost of construction and renovation

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

Project Location: 2150 Bleecker Street, Utica, Oneida County

Proposed Project: Renovation and construction of basement and sub-basement to create additional lab space

Project Type: Lab facility renovation and life science industry job retention and creation

Regional Council: The Mohawk Valley Regional Economic Development Council has been made aware of this item.

Employment: Initial employment at time of ESD Incentive Proposal: 32
 Current employment level: 48
 Minimum employment on January 1, 2024: 60

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Scientific Equipment	\$5,609,000
Capital Construction	2,951,000
Scientific Expenses	<u>6,440,000</u>

Total Project Costs **\$15,000,000**

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$6,000,000	40%
Organization Equity	<u>9,000,000</u>	<u>60%</u>

Total Project Financing **\$15,000,000** **100%**

III. Project Description

A. Organization

Industry: Biotechnology Research

Organization

History: Established in 1958, MMRI is dedicated to improving the health and quality of life for all. Over its 60-year history, MMRI scientists have contributed to the development and/or implementation of the pacemaker, implantable cardioverter defibrillator (ICD), catheter ablation therapy and a wide variety of drugs used to treat heart disease. MMRI's mission is to conduct high-quality, basic biomedical research aimed at generating knowledge and information necessary for development of the medical cures and treatment of tomorrow.

Ownership: MMRI is a not-for-profit organization, 505(c)(3)

Size: All facilities are located in Utica, NY.

Market: International focus on genetic screening of inherited cardiac arrhythmia diseases, especially those responsible for sudden cardiac death

ESD Involvement: MMRI's facility required significant innovative upgrades to modernize the lab space to allow the Organization to seamlessly transition from a traditional research-focused laboratory, to an applied research and translational medicine focused laboratory. ESD provided financial assistance for Phase I of this modernization project, which is complete. This is Phase II of the facility's renovation, and is focused on modernizing

the basement lab space for heart disease, diabetes and obesity, autoimmunity, and cancer research and translational medicine. The project entails reconstruction and retrofitting 5,500 square feet of recently demolished basement space into a modernized laboratory space.

In January 2019, ESD awarded MMRI a \$6,000,000 grant from the Life Science Initiative program to assist with the financing of the project. Without financial assistance from ESD, this phase of the project would not have been feasible.

Competition: N/A

Past ESD Support: ESD previously supported MMRI’s Phase I of its modernization project, which included a \$550,000 capital grant for construction, renovation, furniture, fixtures, equipment, and design & planning of two floors, creating 6,800 square feet of new laboratory space. There were 21 jobs retained and 10 new jobs created.

Funding for the past five years, totaling \$550,000, to the Grantee is summarized in the following chart:

Program	Project #	Amount	Date Start (ESD Directors’ Approval Date)	Date End (Project Completion: Contract Expiration)	Purpose
Regional Council Capital Fund	129,074 AC135	\$550,000	12/20/2018	12/31/2024	Phase I of the modernization project

B. The Project

Completion: July 2020

Activity: The Organization has renovated and equipped its 5,500 square-foot basement into a state-of-the-art laboratory space in Utica. MMRI has adapted to the Covid-19 pandemic by partnering with the Mohawk Valley Health System (MVHS) and surrounding community to provide Covid-19 testing at its facility. MMRI is testing up to 280 samples a day, with a turnaround time for tests between 24 and 36 hours. There are now additional plans to include Covid-19 research at its interdisciplinary, translational research facility, which this grant is partially funding.

Results: The Organization has already met its initial job commitment, having retained 32 existing jobs and creating 16 new jobs.

Economic Growth
Investment

Projects: No Benefit-Cost Analysis (“BCA”) is required since these projects generate long-term benefits not captured in the short-term period used for the BCA.

Grantee Contact: Susan A. Bartkowiak, Director of Administration
2150 Bleecker Street
Utica, NY 13501
Phone: (315) 624-7487
E-mail: bartkowiaks@mmri.edu

ESD Project No.: 132,210

Project Team:	Origination	Mark Labuzzetta
	Project Management	Lindsay Wolk
	Legal	Thomas Regan
	Contractor & Supplier Diversity	Danielle Adams
	Finance	Kathleen Uckert
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Organization shall pay a commitment fee of 1% of the \$6,000,000 (\$60,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Organization will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Organization will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Organization’s acceptance of ESD’s offer. Equity is defined as cash injected into the project by the Organization or by investors, and should be auditable through Organization financial statements or Organization accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
4. Prior to disbursement, the Grantee 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 \$6,000,000 will be disbursed to the Grantee in two installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$3,000,000) upon documentation of project costs totaling at least \$8,560,000, upon completion of the project substantially as described in these materials as it relates to construction and renovation, as evidenced by a certificate of occupancy or other documentation verifying project completion as ESD may require, and documentation of the employment of at least 48 Full-time Permanent Employees at the Project Location (Employment Increment of 16), assuming that all project approvals have been completed and funds are available;
 - b) a Second Disbursement of an amount equal to 50% of the grant (\$3,000,000) will be disbursed upon documentation of additional project costs totaling \$6,440,000, including the purchase and installation of \$5,609,000 in machinery and equipment (cumulative expenditures totaling \$15,000,000), completion of the project substantially as described in these materials, and documentation of the employment of at least 60 Full-time Permanent Employees at the Project Location (Employment Increment of 12),, provided Grantee is otherwise in compliance with program requirements.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after September 1, 2018, to be considered eligible project costs. All disbursements must be requested by April 1, 2022.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$6,000,000, 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.
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 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	32
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A	B
Reporting Date	Employment Goals
February 1, 2021	32+X+Y
February 1, 2022	32+X+Y
February 1, 2023	32+X+Y
February 1, 2024	32+X+Y
February 1, 2025	32+X+Y

X = Grantee's Employment Increment that will be the basis of the Initial Disbursement of the Grant as described in section C.5 above (i.e. X=16, and Employment Goals shall equal $[32 + X = 48]$ if the Initial Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Initial Disbursement has not yet been made then X=0.

Y = Grantee's Employment Increment that will be the basis of the Second Disbursement of the Grant as described in section C.5 above (i.e. Y=12, and Employment Goals shall equal $[48 + X + Y = 60]$ if the Second Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Second Disbursement has not yet been made then Y=0.

IV. Statutory Basis – Life Sciences Initiative Fund

The funding was authorized in the 2017-2018 New York State budget and re-appropriated in the 2018-2019, 2019-2020, and 2020-2021 New York State budget. No residential relocation is

required as there are no families or individuals residing on the site.

V. Environmental Review

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

VI. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Contractor & 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 Enterprises (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 30% related to the total value of ESD's funding.

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
Project Photographs

Utica (Mohawk Valley Region – Oneida County) – MMRI Life Sciences Initiative Capital – Life Sciences Initiative 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 MMRI Life Sciences Initiative Capital -- Life Sciences Initiative 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 Designate 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 Designate 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 Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Masonic Medical Research Laboratory d/b/a Masonic Medical Research Institute a grant for a total amount not to exceed Six-Million Dollars (\$6,000,000) from the Life Sciences Initiative 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 Designate 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 Designate 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

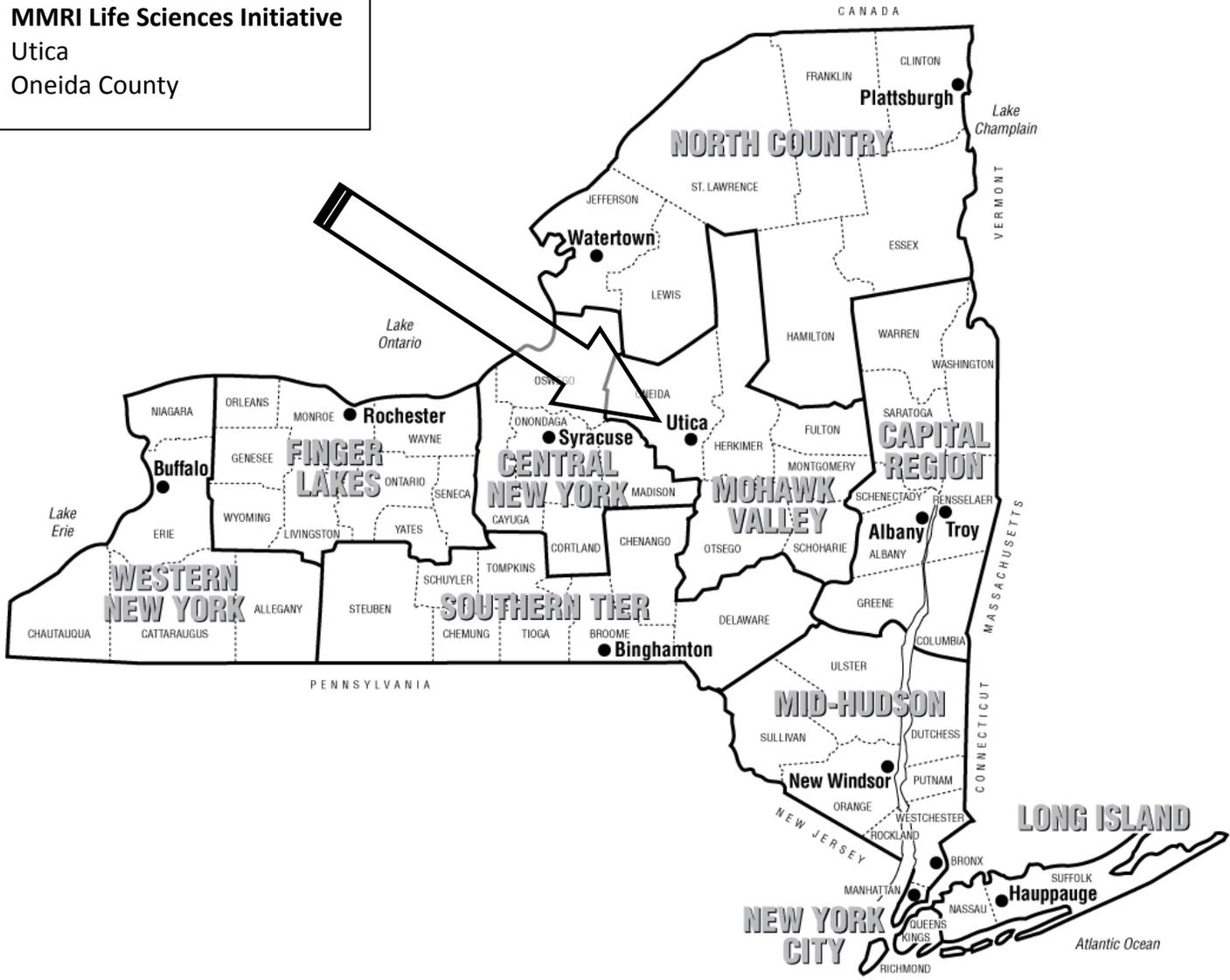
RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

RESOLVED, that the President and Chief Executive Officer Designate 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.

* * *

MMRI Life Sciences Initiative
Utica
Oneida County



MMRI Life Sciences Initiative Capital

Project Photographs 132,210

Before



After

Cold Room



Animal Vivarium



Lab Benches





FOR CONSIDERATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Old Forge (Mohawk Valley Region – Herkimer County) – Enchanted Forest Expansion Capital – Upstate Revitalization Initiative (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: Old Forge Properties, Inc. d/b/a Enchanted Forest Water Safari (“Enchanted Forest” or the “Company”)

ESD* Investment: A grant of up to \$500,000 to be used for a portion of the cost of construction and the purchase of machinery and equipment

Project Location: 3183 State Route 28, Old Forge, Herkimer County

Proposed Project: Demolition of two existing water slides, and the purchase, engineering, and construction of three new state-of-the-art water slides to improve guest experiences and increase visitation to the region

Project Type: Economic growth/infrastructure investment at an existing water park

Regional Council: The project is consistent with the Mohawk Valley Regional Economic Development Council Plan to build on local assets to increase tourism and drive growth in visitor spending within the region.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction/Renovation	\$88,514
Infrastructure/Site Work	1,020,059
Machinery & Equipment Acquisition	1,377,197
Soft Costs	99,308
Other Costs*	<u>116,501</u>
Total Project Costs	<u>\$2,701,579</u>

*Other costs include various parts/materials and debris removal

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD-Grant	\$500,000	19%	
NBT Bank-Loan	1,704,000	63%	<i>4.16%/3.5 yrs/lien on property & equipment</i>
Company Equity	<u>497,579</u>	<u>18%</u>	
Total Project Financing	<u>\$2,701,579</u>	<u>100%</u>	

III. Project Description

A. Company

Industry: Amusement/Tourism

Company History: The Enchanted Forest of the Adirondacks was established in 1956 and has been operated by the Noonan Family as the Enchanted Forest Water Safari since 1977. The first water slide was built in 1984, and several more water slides have been incorporated over the years. Enchanted Forest is currently the largest water theme park in New York State, featuring 32 water rides and over 50 attractions in total. As an anchor business in Old Forge, the water park is a popular summer destination and it drives a significant amount of tourism to the village and the Central Adirondack region.

Enchanted Forest has been named on Trip Advisor's Top Twenty-Five Best Water Parks in the U.S. for several years and was ranked #4 in 2019.

Ownership: The Company is a privately-owned S corporation

Size: Enchanted Forest operates seasonally from mid-June through Labor Day, employing 36 full-time year-round employees and approximately 480 seasonal employees. All attractions are located on a 60-acre park in Old Forge, NY.

Market: Enchanted Forest attracts more than 200,000 visitors annually from all over the United States, Canada, and other countries.

ESD Involvement: Enchanted Forest determined that it was necessary to replace its aging infrastructure and offer new and exciting rides to increase visitation and guest capacity. This would ultimately increase revenue at the water park, and also boost sales of restaurants, stores, hotels, and other attractions across the Central Adirondack region. As a seasonal business that's dependent on Upstate New York's weather and tourism, it would be financially difficult to complete a project of this scale without assistance.

In July 2019, the Company applied under the Mohawk Valley Regional Economic Development Council's Consolidated Funding Application to close the funding gap. ESD offered an Incentive Proposal from the Upstate Revitalization Initiative in August 2019, which was accepted the following month. This project would not have been financially feasible without ESD assistance.

Competition: Competitors include other amusement, theme, and water parks in the Upstate New York area that compete for recreational visitors. The top two competitors are The Great Escape near Lake George and Six Flags Darien Lake near Buffalo.

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

B. The Project

Completion: June 2020

Activity: The Company completed the following activities during the project implementation:

- Purchased three new water slides, including a four-lane, 300-foot KrackenRACER mat slide, a 295-foot SuperLOOP slide, and a 200-foot FreeFALL speed slide
- Demolition of two old water slides, including the Killermanjaro and Serengeti Surf Hill
- Engineering of the new slides, and re-engineering of the water pumps and filtration to support the slides
- Construction of new slides

Results: As a result of the new attractions, the Company originally anticipated a 10% increase in visitation and sales during the 2020 season. Increasing the number of guests will positively impact sales from the gate, food, gifts, lockers, and games. In addition, the increase in visitation will drive additional tourism to the Old Forge and Central Adirondack region,

including local restaurants, hotels, gift stores, and gas stations. The 2020 season opening of the water park was delayed due to New York State COVID-19 restrictions, and the Company announced on July 31, 2020 that it would not be opening for the 2020 season.

Economic Growth
Investment

Project: No Benefit-Cost Analysis (“BCA”) is required since these projects generate long-term benefits not captured in the short-term period used for the BCA and may involve no permanent job commitments.

Grantee Contact: Kelly Noonan Greene, President
3183 State Route 28
Old Forge, NY 13420
Phone: (315) 369-6145
E-mail: kelly@watersafari.com

ESD Project No.: 133,076

Project Team:	Origination	Mark LaBuzzetta
	Project Management	Lisa Smith
	Contractor & Supplier Diversity	Danielle Adams
	Finance	Kathleen Uckert
	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 \$500,000 capital grant (\$5,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Company will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Company’s acceptance of ESD’s offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project or grants from a government source.
4. Up to \$500,000 will be disbursed to Grantee in a lump sum upon documentation of construction/ renovation, infrastructure/site work, machinery and equipment, soft costs, and other project costs totaling \$2,620,000 and upon completion of the project substantially as described in these materials as evidenced by a Certificate of

Code/Permit Compliance, 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 July 26, 2019 to be considered eligible project costs. All disbursements must be requested by April 1, 2022.

5. 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.

IV. Statutory Basis – Upstate Revitalization Initiative

The funding was authorized in the 2015-2016 New York State budget and reappropriated in the 2016-2017, 2017-2018, 2018-2019, 2019-2020, and 2020-2021 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

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

VI. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Contractor & 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 Enterprises (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 30% 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

Project Photographs

August 20, 2020

Old Forge (Mohawk Valley Region – Herkimer County) – Enchanted Forest Expansion Capital – Upstate Revitalization Initiative (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 Enchanted Forest Expansion Capital - Upstate Revitalization Initiative (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 Designate 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 Designate 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 Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Old Forge Properties, Inc. d/b/a Enchanted Forest Water Safari a grant for a total amount not to exceed Five Hundred Thousand Dollars (\$500,000) from the Upstate Revitalization Initiative, 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 Designate 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 Designate 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

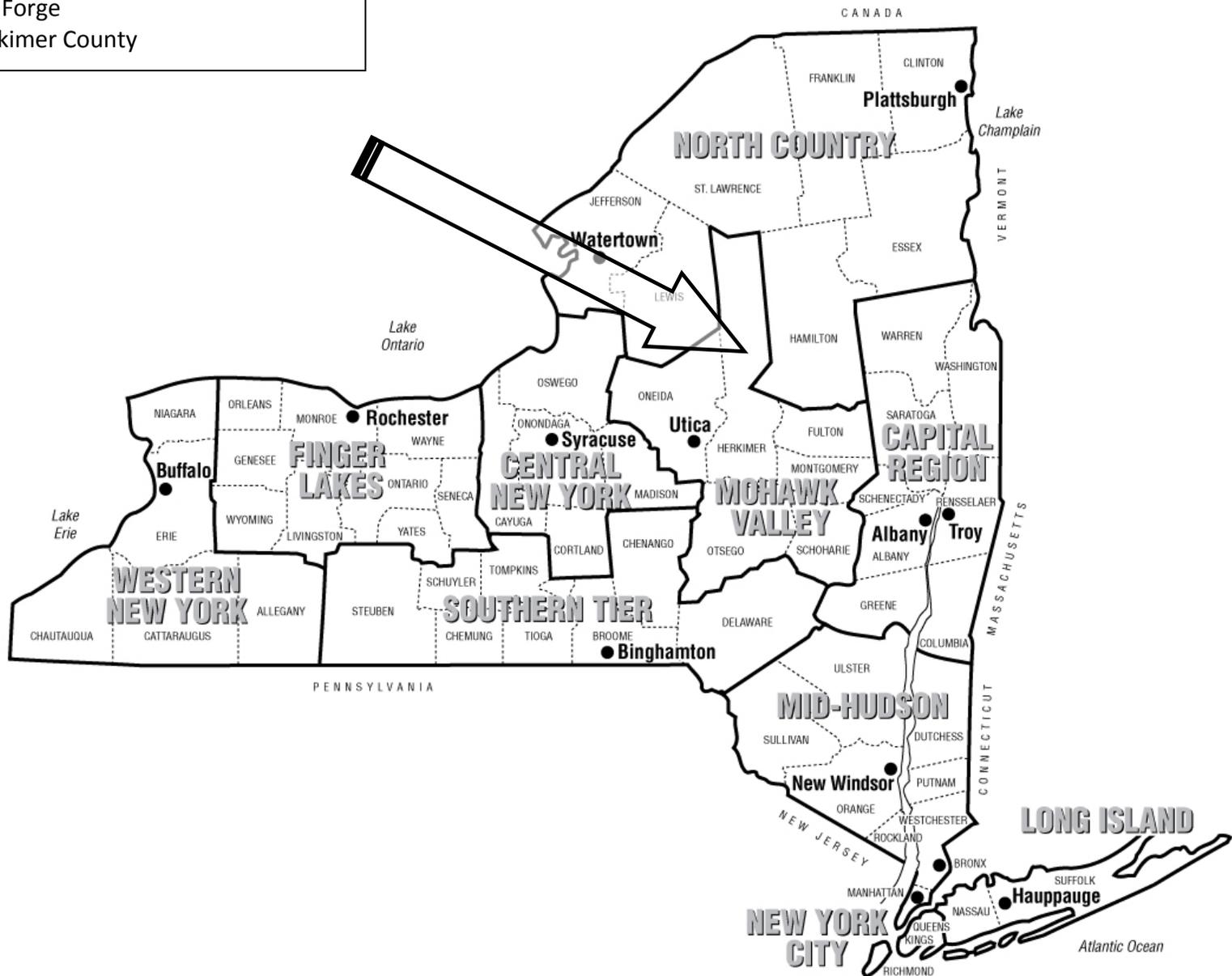
RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

RESOLVED, that the President and Chief Executive Officer Designate 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.

* * *

Enchanted Forest Expansion Capital
Old Forge
Herkimer County



Enchanted Forest Expansion Capital

During Construction



FOR CONSIDERATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Newark (Finger Lakes Region – Wayne County – IEC Electronics Capital – Upstate Revitalization Initiative (Capital Grant))

REQUEST FOR: Affirmation of the Directors June 25, 2020 Findings and Determinations Pursuant to Section 16 (2) of the Act; Affirmation of the General Project Plan

I. Background

At their meeting on June 25, 2020, the Empire State Development (ESD) Directors made findings and determinations authorizing a \$2,000,000 Upstate Revitalization Initiative (“URI”) grant (AC250) to IEC Electronics Corp. (“IEC”), to finance a portion of the costs associated with a \$10,000,000 expansion project involving the lease of a newly built 153,000-square-foot manufacturing facility. The new facility will serve as IEC’s new headquarters and is equipped with machinery and production lines specifically made for complex circuit board manufacturing and assembly. This project will retain 463 jobs and create 292 full-time permanent jobs to Newark, NY.

A public comment period was made available for the Project until 5:30 pm on July 21, 2020 to consider the General Project Plan. ESD arranged the public comment period in accordance with all statutory requirements and any applicable ESD policies as modified by Executive Order 202.11. Specifically, a legal notice was published in the *Finger Lakes Times* on July 10, 2020. The General Project Plan was available at the office of the Corporation as well as ESD’s website. The Corporation filed such Plan in the offices of the Wayne County Clerk, and the Newark Village.

A member of the public submitted a comment via email on July 20, 2020. The individual testified generally that tax funds should not be used without assurances that measures are taken to decrease the detrimental effect on neighboring residential properties.

II. Adverse Testimony and ESD Response

The following is a summary of the adverse comment that was received and required a response:

(i) Comment: Tax money should not be used without assurances that measures are taken to decrease negative effects on neighboring residential properties.

ESD Response: The use of URI funds for this Project will support the extension of an important business that would likely not be accomplished through private investment alone. IEC Electronics Corp. is using the grant funds to expand their circuit board assembly business which enables them to continue aiding the medical, industrial, aerospace, and defense sectors. As a local company for over 50 years, IEC is dedicated to New York and has committed to hiring 292 net new full-time jobs at this facility in Newark, NY. IEC leases this facility at Silver Hills and as a tenant had no input on the construction of the facility. The developer has been in contact with the town of Newark as well as the neighbors making the complaint. The IEC facility is located within an existing large, dedicated industrial park off an interstate highway that has minimal impact on neighboring residential properties.

III. Summary

After review and consideration of comments received during the public comment period, ESD staff continues to believe that the project is consistent with the goals of the Finger Lakes Regional Economic Development Council plan to invest in next generation manufacturing technology. ESD staff believes that the concerns raised during the public comment period are adequately being addressed by the developer.

IV. Requested Action

The Directors are requested to affirm the findings and determinations related to the Project, made pursuant to the New York State Urban Development Corporation Act, and to affirm the General Project Plan presented to the Board on June 25, 2020.

Additional Submissions to Directors

Resolution

Public Comment Received During Comment Period - July 20, 2020

ESD Directors' Materials - June 25, 2020

August 20, 2020

Newark (Finger Lakes Region – Wayne County) - IEC Electronics Capital – Upstate Revitalization Initiative (Capital Grant) – Affirmation of the Directors’ June 25, 2020 Findings and Determinations Pursuant to Section 16(2) of the Act; Affirmation of the General Project Plan

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 IEC Electronics Capital Project, the Corporation hereby determines pursuant to Section 16(2) of the New York State Urban Development Corporation Act of 1968, as amended, that its prior determination is hereby affirmed and holds that the negative testimony has been addressed.

RESOLVED, that the President and Chief Executive Officer Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to IEC Electronics Corp. a grant for a total amount not to exceed Two Million Dollars (\$2,000,000) from the Upstate Revitalization initiative, 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 Designate 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 Designate 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 Designate 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.

* * *

From: Marilyn Coolidge <[REDACTED]>
Sent: Monday, July 20, 2020 1:45 PM
To: esd.sm.Landgprojectcomments <Landgprojectcomments@esd.ny.gov>
Subject: Comment IEC Electronics

----- Forwarded message -----

From: Marilyn Coolidge <[REDACTED]>
Date: Mon, Jul 20, 2020, 11:57 AM
Subject: IEC comment
To: Marilyn Coolidge <[REDACTED]>

We are submitting our comments concerning the proposal to give additional grant money to the IEC project in Newark. Since the beginning of this project we were told by the village that they didn't have to tell us anything because it is considered a state "special site"??? (this building is 200 ft from the road opposite our property). We have not had any credible answers from anyone to address issues such as lighting, noise, traffic pattern, and most importantly screening which we thought had to be addressed per state code. As you can see from images below, the side of the building with all the industrial ventilation or filtration units faces residential property & they glare right into our windows. Our bedrooms look right down into the 8 office windows & carlights come right at our house from the exit. In a few months when the few trees lose their leaves, the whole building will be exposed. We contacted IEC directly on 7/2 and they said they want to be a good neighbor and will look into our concerns & were not aware that these issues had not been addressed earlier. We have been trying to get answers from the village/ developer since construction began 14 months ago - we are still sitting here with no answers.

The point is millions in public funds & tax abatements have been given to this project while the value of our property has diminished. Public tax money should not be used without assurances that measures are taken to decrease the detrimental effect on neighboring residential properties of taxpayers. Therefore, we oppose any additional grants be given to this project until these issues are addressed.

Respectfully,
Calvin & Marilyn Coolidge

[REDACTED]



FOR CONSIDERATION

June 25, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Newark (Finger Lakes Region – Wayne County) – IEC Electronics Capital – Upstate Revitalization Initiative (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: IEC Electronics Corp. (“IEC” or the “Company”)

ESD* Investment: A grant of up to \$2,000,000 to be used for a portion of the cost of machinery and equipment

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

Project Locations: 328 Silver Hills Drive, Newark*
1365 Emerson Street, Rochester
105 Norton Street, Newark

*Project activity site; others are job retention sites

Proposed Project: Lease and equip a new 150,000-square-foot manufacturing facility in NYS, including retaining and creating jobs.

Project Type: Business expansion involving job retention and creation

Regional Council: The Finger Lakes Regional Economic Development Council has been made aware of this item. The project is consistent with the Finger Lakes Regional Economic Development Council Plan to invest in next generation manufacturing technology.

Employment: Initial employment at time of ESD Incentive Proposal: 463¹
 Current employment level: 703²
 Minimum employment on January 1, 2024: 755³

¹463 employees in New York State, including 421 employees at 105 Norton Street and 42 employees at 1365 Emerson Street.

²703 employees in New York State, including 662 employees at 105 Norton Street, and 41 employees at 1365 Emerson Street.

³755 employees in New York State. All 662 employees currently at 105 Norton Street will be transferred to 328 Silver Hills Drive, which equates to the transfer of up to 421 existing employees and the creation of 292 net new jobs. The 42 employees at 1365 Emerson Street will be retained.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Machinery & Equipment	\$6,250,000
Furniture, Fixtures & Equipment	3,250,000
Soft Costs	<u>500,000</u>

Total Project Costs \$10,000,000

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant (#AC250)	\$2,000,000	20%
RG&E/NYSEG	670,000	6%
Wayne County IDA	750,000	8%
Company Equity	<u>6,580,000</u>	<u>66%</u>
Total Project Financing	<u>\$10,000,000</u>	<u>100%</u>

III. Project Description

A. Company

Industry: IEC Electronics Corp. provides electronic manufacturing services (“EMS”) to advanced technology companies that produce life-saving and mission critical products for the medical, industrial, aerospace and defense sectors.

Company History: IEC Electronics Corp. was founded in Fairport, NY in 1966 and became a public company in 1967. In 1980, IEC sold its consumer products operations to focus on its electronic manufacturing services.

Ownership: IEC is a publicly held company.

Size: IEC has three locations in New York and one in Albuquerque, New Mexico.

Market: IEC manufactures a wide range of assemblies that are incorporated into many different product sectors such as aerospace and defense systems, medical devices, industrial equipment, and transportation products.

ESD Involvement: IEC Electronics Corp. approached ESD in early 2017 to bridge a funding gap in order to move its operations to a new facility and outfit that facility with new machinery and equipment. In March 2017, ESD offered the company a \$2,000,000 Upstate Revitalization Initiative grant and Excelsior Tax Credits valued at \$3,000,000, which the company accepted in November of 2017. Without financial assistance this project would not have moved forward in New York State.

Competition: New Mexico

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

B. The Project

Completion: June 2020

Activity: The Company has leased a newly built, 153,000-square-foot manufacturing facility that has an open layout for more efficient operation. This facility will serve as IEC's new headquarters and is fully equipped with new machinery and production lines specifically for complex circuit board manufacturing and assembly. This facility is also equipped with a material analysis laboratory for advanced manufacturing process development.

Results: Retain 463 existing jobs and create 292 new jobs. The Company has already created 240 new jobs.

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 \$11,110,449;
- Fiscal cost to NYS government is estimated at \$4,247,682;
- Project cost to NYS government per direct job is \$23,215;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$8,781;
- Ratio of project fiscal benefits to costs to NYS government is 2.62:1;
- Fiscal benefits to all governments (state and local) are estimated at \$18,967,776;
- Fiscal cost to all governments is \$4,247,682;
- All government cost per direct job is \$23,215;
- All government cost per total job is \$8,781;
- The fiscal benefit to cost ratio for all governments is 4.47:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$125,977,605, or \$260,415 per job (direct and indirect);
- The economic benefit to cost ratio is 29.66:1;
- Project construction cost is \$0, which is expected to generate 0 direct job years and no indirect job years of employment;
- For every permanent direct job generated by this project, an additional 1.66 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is three years.

Grantee Contact: Thomas Barbato, Senior Vice President & CFO
 105 Norton Street
 Newark, NY 14513
 Phone: (315) 332-4493
 E-mail: TBarbato@IEC-Electronics.com

ESD Project No.: AC250

Project Team:	Origination	Stephen Golding
	Project Management	Leanna DeFrancesco
	Contractor & Supplier Diversity	Geraldine Ford
	Finance	Christina Choi
	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 \$2,000,000 capital grant (\$20,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to disbursement.

3. The Company will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Company's acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project or grants from a government source.
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 Locations for a minimum of thirty-five hours per week for not less than four consecutive weeks and who is entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties; or (b) two part-time, permanent, private-sector employees on Grantee's payroll, who have worked at the Project Locations for a combined minimum of thirty-five hours per week for not less than four consecutive weeks and who are entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties.
5. Up to \$2,000,000 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$1,000,000) upon documentation of projects costs totaling \$7,500,000, including \$6,000,000 in machinery and equipment costs, documentation of the employment of at least 580 Full-time Permanent Employees in New York State, including 117 net new Full-time Permanent Employees at the Project Locations, and a Certificate of Occupancy 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 (\$500,000) will be disbursed upon documentation of the employment of at least 670 Full-time Permanent Employees in New York State, including 207 net new Full-time Permanent Employees at the Project Locations (Employment Increment of 90), provided Grantee is otherwise in compliance with program requirements;
 - c) a Third Disbursement of an amount equal to 25% of the grant (\$500,000) will be disbursed upon documentation of the employment of at least 755 Full-time Permanent Employees in New York State, including 292 net new Full-time Permanent Employees at the Project Locations (Employment Increment of 85), 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 November 15, 2017, to be considered eligible project costs. All disbursements must be requested by April 1, 2023.

6. 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.

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 (Baseline employment of 421 employees to be transferred from 105 Norton Street to 328 Silver Hills Drive)	421
Baseline Employment (New York State)	463

A	B	C
Date	Employment Goals (Project Locations)	Employment Goals (New York State)
February 1, 2021	421+X+Y+Z	463+X+Y+Z
February 1, 2022	421+X+Y+Z	463+X+Y+Z
February 1, 2023	421+X+Y+Z	463+X+Y+Z
February 1, 2024	421+X+Y+Z	463+X+Y+Z
February 1, 2025	421+X+Y+Z	463+X+Y+Z

X = Grantee's Employment Increment that will be the basis of the Initial Disbursement of the Grant as described in section C.5 above (i.e. X=117, and Employment Goals shall equal $[0 + X = 117]$ (including 580 in NYS)) if the Initial Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Initial Disbursement has not yet been made then X=0.

Y = Grantee's Employment Increment that will be the basis of the Second Disbursement of the Grant as described in section C.5 above (i.e. Y=90, and Employment Goals shall equal $[0 + X + Y = 207]$ (including 670 in NYS)) 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=85, and Employment Goals shall equal $[0 + X + Y + Z = 292]$ (including 755 in NYS)) 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 – Upstate Revitalization Initiative

The funding was authorized in the 2015-2016 New York State budget and reappropriated in the 2016-2017, 2017-2018, 2018-2019, 2019-2020, and 2020-2021 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

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

VI. Non-Discrimination and Contractor & Supplier Diversity

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority- and women-owned businesses (MWBES) 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 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

Benefit-Cost Analysis

Project Finance Memorandum

Project Photographs

Newark (Finger Lakes Region – Wayne County) – IEC Electronics Capital – Upstate Revitalization Initiative (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 IEC Electronics Capital - Upstate Revitalization Initiative (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 Designate 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 Designate 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 Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to IEC Electronics Corp. a grant for a total amount not to exceed Two Million Dollars (\$2,000,000) from the Upstate Revitalization Initiative, 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 Designate 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

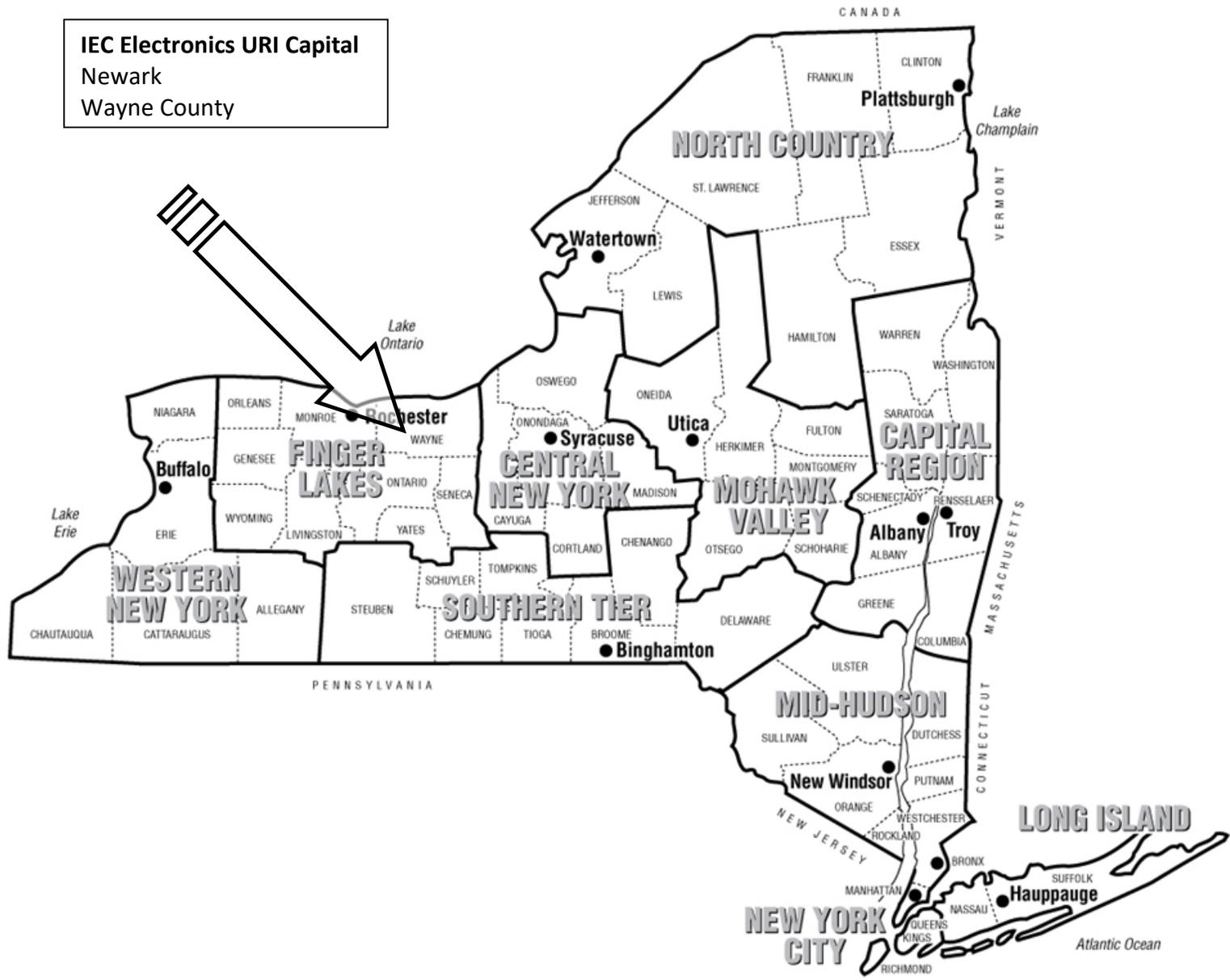
RESOLVED, that the President and Chief Executive Officer Designate of the Corporation or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate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

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Savannah (Finger Lakes Region – Wayne) and Binghamton (Southern Tier Region – Broome County) – Pure Functional Foods – Hemp Processing Program - New York Work Economic Development 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: Pure Functional Foods, Inc. (“PFF” or the “Company”)

ESD* Investment: A grant of up to \$385,000 to be used for a portion of the cost of machinery and equipment

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

Project Locations: 267 Route 89, Savannah, Wayne County
120 Chenango Street, Binghamton, Broome County

Proposed Project: Purchasing specialized food production equipment used to process Industrial Hemp food products.

Project Type: Agricultural/Industrial Hemp Production

Regional Council: The Finger Lakes Regional Economic Development Council have been made aware of this item. This project is consistent with the increase in regional wealth within the agriculture and food production. The Southern Tier Regional Economic Development Council have been made aware of this item. The project is consistent with the transformation of the food and agriculture industry.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Machinery/Equipment	<u>\$770,000</u>
Total Project Costs	<u>\$770,000</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD-Grant	\$385,000	50%	
Lyons National Bank Line of Credit	200,000	26%	5%/revolving
Company Equity	<u>185,000</u>	<u>24%</u>	
Total Project Financing	<u>\$770,000</u>	<u>100%</u>	

III. Project Description

A. Company

Industry: Food Processing and Manufacturing

Company History: Pure Functional Foods, Inc. originated in 2013 by a group of individuals that brought over 70 years of combined business knowledge as food business entrepreneurs along with multi-generational milling, grain processing, mixing and packaging into New York State. The Company offers a wide range of mixing and packaging products and services for the nutritional lifestyles and allergan-controlled foods marketplace. Today, Pure Functional Foods is known across the industry as the highest quality lowest cost producer and innovator in the functional ingredients and gluten-free/allergen-free markets.

Ownership: The Company is privately-owned

Size: The Company employs 30 employees in NYS with locations in Savannah and Binghamton

Market: Industrial processors, national brands and leading retailers

ESD Involvement: In 2018, Pure Functional Foods, Inc. applied for a New York State Industrial Hemp Processing Grant Fund in order to gain assistance in capital expenditures as they formulated the best method for industrial hemp processing. With hemp being an emerging market, Pure Functional Foods, Inc. needed to partner with New York State to make intrastate vertical integration of this new industry as a lucrative reality. ESD offered an incentive proposal in March of 2018 and was accepted by the Company in April of 2018.

Past ESD Support: Funding for the past five years to the Grantee, totaling \$150,000, is summarized in the following chart:

Program	Project #	Amount	Date Start (ESD Directors' Approval Date)	Date End (Project Completion: Contract Expiration)	Purpose
Econ Trans Prog 14-15	126,656	\$150,000	January 2018	June 2017	Purchasing machinery and equipment.

B. The Project

Completion: December 2019

Activity: The Company installed a hemp seed handling system, hemp seed processing system, and a hemp seed packing system.

Results: The economic gains of this type of Hemp processing plant located in New York State will make a significant impact on Agricultural businesses. The 20% increase in the number of products manufactured will increase the number of farmers growing and dollars generated.

**Economic Growth
Investment**

Project: No Benefit-Cost Analysis ("BCA") is required since these projects generate long-term benefits not captured in the short-term period used for the BCA and may involve no permanent job commitments.

Grantee Contact: George Slilaty, Partner
267 Route 89
Savannah, NY 13146
Phone: (607) 221-1050
E-mail: George@purefunctionalfoods.com

Dale Weed, Partner
267 Route 89
Savannah, NY 13146
Phone: (315) 294-0733
E-mail: dale@purefunctionalfoods.com

ESD Project No.: AC370

Project Team:	Origination	Christine Costopoulos
	Project Management	Tammy Kocak
	Contractor & Supplier Diversity	Geraldine Ford
	Finance	Kathleen Uckert
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. The Company will demonstrate no materially adverse changes in its financial condition prior to disbursement.
2. The Company will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project or grants from a government source
3. Grant funds will be subject to pro rata recapture if the property at the Project Locations is sold within five 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.
4. Up to \$385,000 will be disbursed to Grantee in a lump sum upon documentation of machinery and equipment project costs totaling \$770,000. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after April 6, 2018, to be considered eligible project costs. All disbursements must be requested by April 1, 2022.

5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$385,000, 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 – NY Works Economic Development Fund

The funding was authorized in the 2012-2013 New York State budget and reappropriated in the 2013-2014, 2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020 and 2020-2021 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

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

VI. Non-Discrimination and Contractor & Supplier Diversity

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

Resolutions

New York State Map

Project Finance Memorandum

Project Photographs

Savannah (Finger Lakes Region – Wayne) and Binghamton (Southern Tier Region – Broome County) – Pure Functional Foods – Hemp Processing Program - New York Works Economic Development Fund (Capital Grant) - 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 Pure Functional Foods-Hemp Processing Program – New York Works Economic Development 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

RSEOLVED, 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 Designate 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 Designate 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 Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Pure Functional Foods Inc., a grant for a total amount not to exceed Three Hundred and Eighty-Five Thousand Dollars (\$385,000) from the New York Works 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 Designate 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 Designate 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

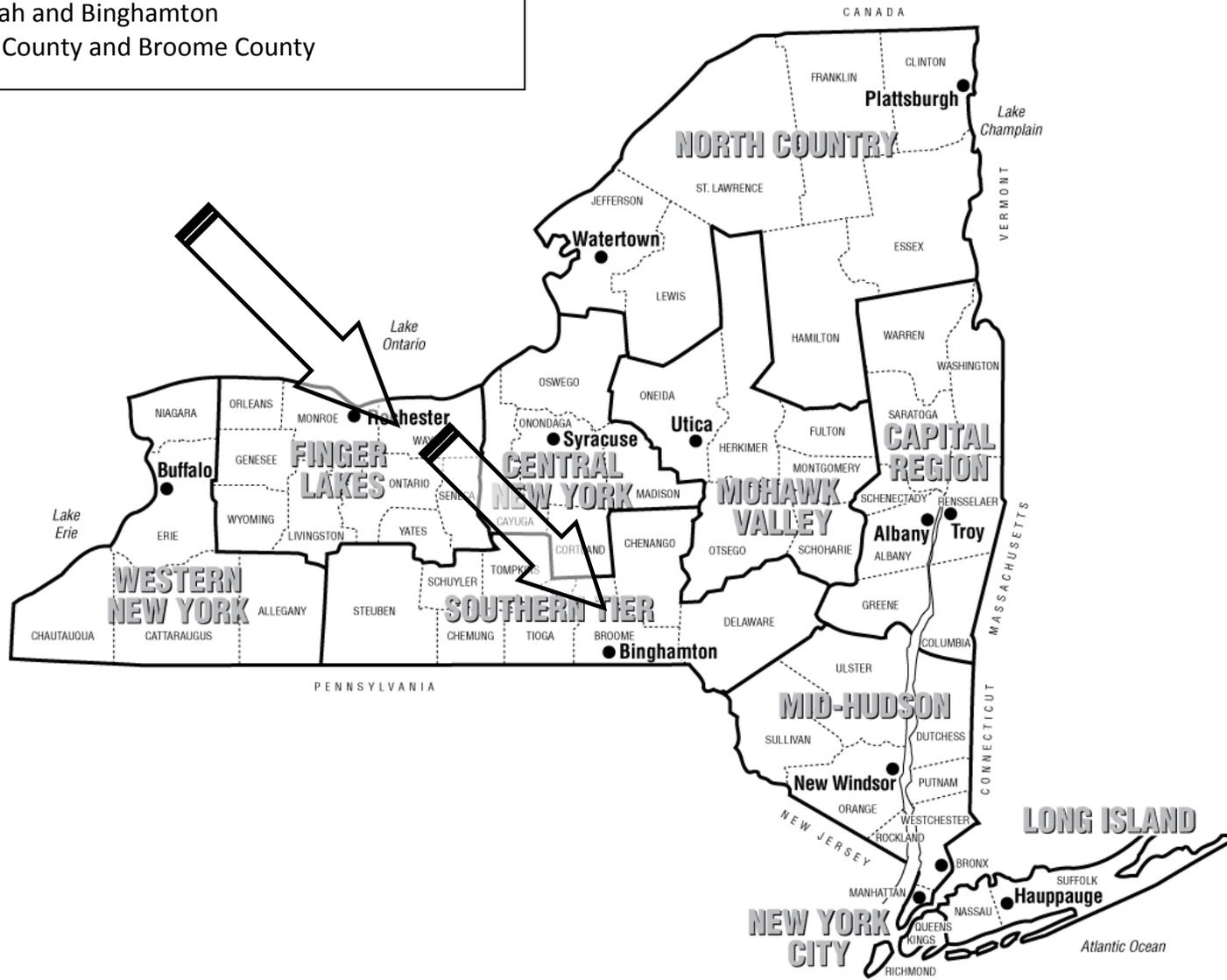
RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

RESOLVED, that the President and Chief Executive Officer Designate 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.

* * *

Pure Functional Foods – Hemp Processing Program
Savannah and Binghamton
Wayne County and Broome County





SUPERSEEDING NUTRITIONAL INNOVATIONS ...

267 Route 89 South, Savannah, NY 13146 * 120 Chenango Street, Binghamton NY 13902

Phone: (315) 730.9640





SUPERSEEDING NUTRITIONAL INNOVATIONS ...

267 Route 89 South, Savannah, NY 13146 * 120 Chenango Street, Binghamton NY 13902

Phone: (315) 730.9640



“A WORLD CLASS MILLING, MIXING & PACKAGING COMPANY”

Page 2 of 3



SUPERSEEDING NUTRITIONAL INNOVATIONS ...

267 Route 89 South, Savannah, NY 13146 * 120 Chenango Street, Binghamton NY 13902

Phone: (315) 730.9640



FOR CONSIDERATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Penn Yan (Finger Lakes Region – Yates County) – Laurentide Inn Capital – Downtown Revitalization Initiative (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: Laurentide LLC d/b/a The Laurentide Inn and Laurentide Beer Company (“Laurentide” or the “Company”)

ESD* Investment: A grant of up to \$260,000 to be used for a portion of the cost of construction and renovations

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

Project Location: 158 Main Street, Penn Yan, Yates County

Proposed Project: Renovation of the Laurentide Inn and Laurentide Beer Company to include property upgrades, a micro-brewery, and a lounge

Project Type: Downtown revitalization

Regional Council: The Finger Lakes Regional Economic Development Council has been made aware of this item. The project is consistent with the Finger Lakes Regional Economic Development Council Plan as it promotes revitalizing downtowns and tourism within the Region. This project was selected among the Village of Penn Yan’s Downtown Revitalization Initiative (“DRI”) plan projects for funding.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction/Renovation	\$392,622
Infrastructure/Site Work	134,350
Machinery & Equipment	85,000
Furniture/Fixtures	35,000
Soft Costs	<u>10,000</u>

Total Project Costs \$656,972

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate</u>
ESD-Grant	\$260,000	39%	
Bank of America Credit Line	165,000	25%	1.74%
Lyons National Bank Credit Line	50,000	8%	4.25%
Company Equity	<u>181,972</u>	<u>28%</u>	
Total Project Financing	<u>\$656,972</u>	<u>100%</u>	

III. Project Description

A. Company

Industry: Hospitality

Company History: The Laurentide Inn was founded in 2018, when the current owners bought the property, and includes seven guest rooms and suites. Prior to the current owners, the location was a bed and breakfast known as The Fox Inn for 28 years.

The Company established Laurentide Beer Company in 2020, which will include a microbrewery and a "Speakeasy" style lounge for guests, tourists, and local residents.

Ownership: The Company is a privately held limited liability company.

Size: Laurentide has one facility and one full-time employee in Penn Yan.

Market: Laurentide serves tourists to the Finger Lakes region, wedding parties, and local residents.

ESD Involvement: The Village of Penn Yan was announced as the winner for Round 3 of the Downtown Revitalization Initiative in October 2018 and included this project as part of its overall plan. This project was selected by the Finger Lakes Regional Economic Development Council for funding in August 2019. An offer of financial assistance from ESD was accepted by the

Company in March 2020. Without financial assistance, the project would not be economically feasible.

Competition: Competitors include other bed and breakfasts, hotels, and breweries in the Finger Lakes region.

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

B. The Project

Completion: May 2021

Activity: The project includes overall site work improvements and upgrades to the Inn, the addition of a three-barrel microbrewery and tasting room / bar area in the original carriage house and stables and the addition of a "Speakeasy" style lounge in the ground floor of the main building for Inn guests. In addition, Laurentide will build out the outdoor space to allow for private events such as small weddings, rehearsal dinners and acoustic music in the gardens along with turning the driveway that leads on to Maiden Lane into a pedestrian walkway with overhead trellis and a cast iron gate into the property. The vision and concept is to create an inviting entrance viewable to pedestrians that makes guests feel they are entering in through a "secret" entrance.

The main building will continue to operate as a Bed and Breakfast as the Carriage House will be home to Laurentide Beer Company. The project is being completed in four phases:

- Phase 1: Renovation of the carriage house to open brewery
- Phase 2: Outdoor improvements
- Phase 3: Addition of the "Speakeasy" lounge
- Phase 4: Improvements to the Inn

The first phase was completed in June 2020. Phases 2 through 4 will be completed by Spring 2021.

Results: The Company anticipates that the addition of the brewery and lounge, as well as the improvements to the outdoor spaces and the Inn itself will draw tourists and local residents to Penn Yan and help to stimulate other Main Street businesses. A natural flow between the Inn, Carriage House and gardens, the entire property will be embraced and included in the experience for guests of The Laurentide Inn and Carriage House. Weekend packages will be developed that would include overnight stays in the Inn and features in the Carriage House such as "Learn to brew with The Laurentide Beer Company Brewers."

Since the opening of Laurentide Beer Company in June 2020, the Company has hired 5 part-time employees and anticipates adding 2 full-time positions and 3 part-time positions upon completion of the entire project.

Economic Growth
Investment

Project: No Benefit-Cost Analysis (“BCA”) is required since these projects generate long-term benefits not captured in the short-term period used for the BCA and may involve no permanent job commitments.

Grantee Contact: Marla Hedworth, Owner
158 Main Street
Penn Yan, NY 14527
Phone: (617) 272-0613
E-mail: innkeeper@thelaurentideinn.com

ESD Project No.: 133,161

Project Team:	Origination	Gregory Albert
	Project Management	Casey Remer
	Contractor & Supplier Diversity	Geraldine Ford
	Finance	Kathleen Uckert
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Company shall reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will demonstrate no 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. 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 \$260,000 will be disbursed to the Grantee in four installments as follows:
 - a) an Initial Disbursement of an amount equal to \$129,000 upon documentation of construction/renovation, infrastructure/site work, and furniture/fixtures and equipment project costs totaling \$323,000, and completion of Phase 1, the construction of the microbrewery, assuming that all project approvals have been

- completed and funds are available;
- b) a Second Disbursement of an amount equal to \$51,000 will be disbursed upon documentation of additional construction/renovation, infrastructure/sitework, and furniture/fixtures and equipment project costs of \$129,500 (cumulative costs of \$452,500) and completion of Phase 2, patio and outdoor improvements, provided Grantee is otherwise in compliance with program requirements;
 - c) a Third Disbursement of an amount equal to \$18,000 will be disbursed upon documentation of additional construction/renovation, infrastructure/site work, and furniture/fixtures and equipment project costs totaling \$45,000 (cumulative project costs of \$497,000) and completion of Phase 3, the addition of the Speakeasy bar, provided Grantee is otherwise in compliance with program requirements;
 - d) a Fourth Disbursement of an amount equal to \$62,000 will be disbursed upon documentation of additional construction/renovation, infrastructure/site work, and furniture/fixtures and equipment project costs totaling \$158,750 (cumulative costs of \$656,972) and completion of Phase 4, upgrades to the Inn, provided Grantee is otherwise in compliance with program requirements.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after August 12, 2019, to be considered eligible project costs. All disbursements must be requested by April 1, 2022.

- 5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$260,000, 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.
- 6. Grant funds will be subject to pro rata recapture if the property at the Project Location is sold within five 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.

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.

Section 2879-b does not apply to this project because it does not meet the employment threshold.

IV. Statutory Basis – Downtown Revitalization Initiative

The funding was authorized in the 2018-2019 New York State budget and reappropriated in the 2019-2020 and 2020-2021 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

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

Due to the building's status as contributing resource within the Penn Yan Historic District, which is listed in 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 (“Section 14.09”). The project is in compliance with Section 14.09.

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 30% 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

Project Photographs

Priority Project – Penn Yan (Finger Lakes Region – Yates County) – Laurentide Inn Capital – Downtown Revitalization Initiative (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 Laurentide Inn Capital -- Downtown Revitalization Initiative (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 Designate 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 Designate 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 Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Laurentide LLC a grant for a total amount not to exceed Two-Hundred-and-Sixty-Thousand Dollars (\$260,000) from the Downtown Revitalization Initiative, 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 Designate 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 Designate 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

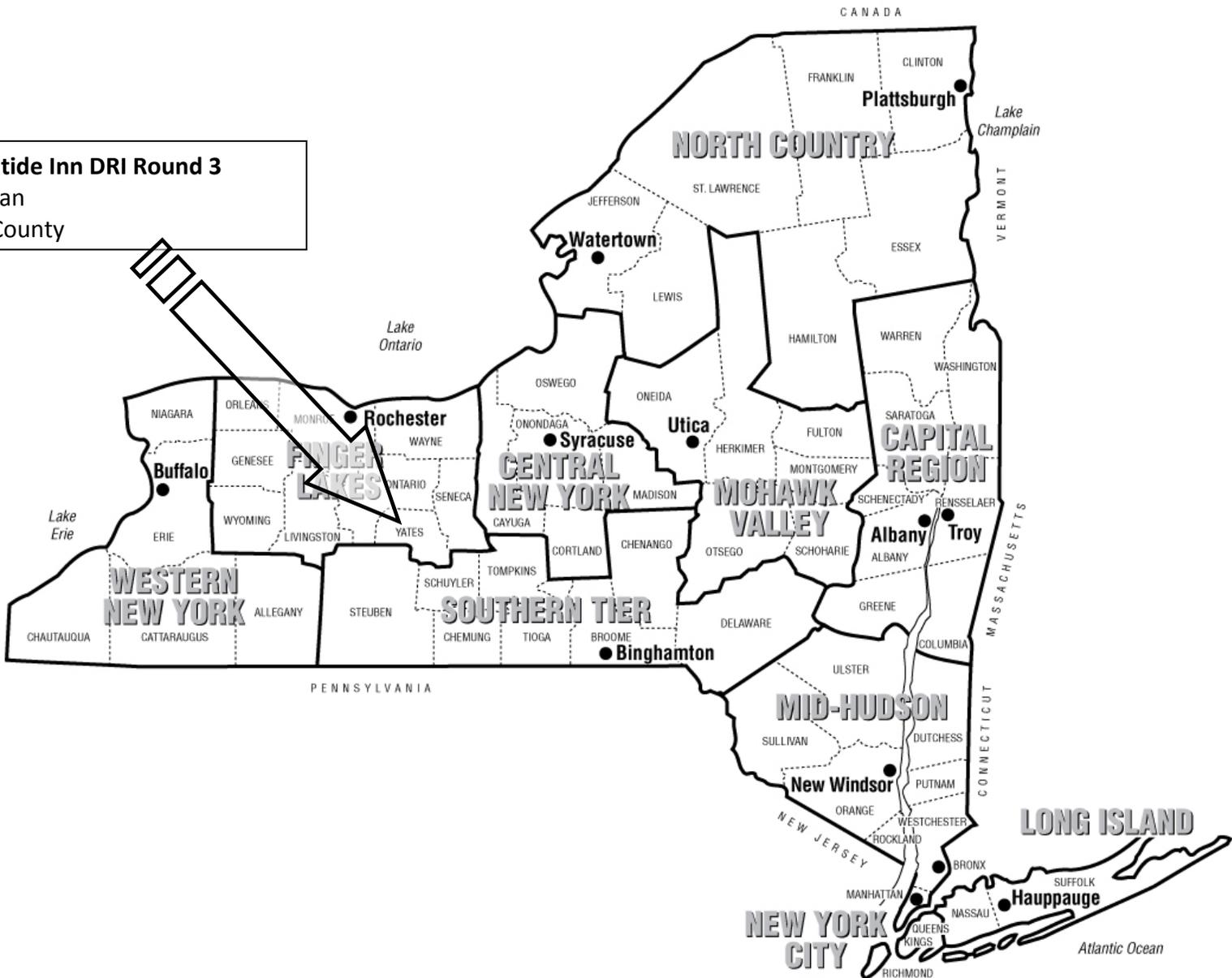
RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

RESOLVED, that the President and Chief Executive Officer Designate 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.

* * *

Laurentide Inn DRI Round 3
Penn Yan
Yates County



Laurentide Inn Capital

Carriage House Exterior



Carriage House Interior Pre-Renovation



Carriage House Interior Post-Renovation



FOR CONSIDERATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Regional Council Award - Priority Project-Poughkeepsie (Mid-Hudson Region – Dutchess County) – Schatz Bearing 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: Schatz Bearing Corporation (“Schatz” or “The Company”)

ESD* Investment: A grant of up to \$600,000 to be used for a portion of the costs of machinery and production equipment

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

Project Location: 10 Fairview Avenue, Poughkeepsie, Dutchess County

Proposed Project: Purchase of production equipment and machinery to increase competitiveness and manufacturing capacity.

Project Type: Business Expansion involving job retention

Regional Council: The Mid-Hudson Regional Economic Development Council has been made aware of this item.

Employment: Initial employment at time of ESD Incentive Proposal: 77
Current employment level: 90
Minimum employment through January 1, 2023: 77

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Machinery and Equipment	<u>\$3,015,436</u>
Total Project Costs	<u>\$3,015,436</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD-Grant	\$600,000	20%	
Company Equity	<u>\$2,415,436</u>	80%	
Total Project Financing	<u>\$3,015,436</u>	<u>100%</u>	

III. Project Description

A. Company

Industry: Aerospace

Company History: Schatz is an advanced manufacturer which has been supplying precision bearings to the aerospace industry for over 35 years. Schatz manufactures bearings for aerospace, defense, semiconductor, medical, and general industrial applications. Schatz recently received the Boeing Performance Excellence Award. Out of more than 13,000 suppliers, Schatz was one of only 82 companies to receive the highest-level Boeing award. Schatz operates in a single location and employs 77 full time equivalent employees. Schatz has a reputation for excellent quality, service, and delivery. The strengths of Schatz are its responsiveness, cost-effective small lot production, and application engineering support. The goal of Schatz is to give its customers personal service which includes quick and accurate answers to any questions or requests they may have. Schatz takes pride in its straightforward approach, and frequently answers questions much faster than large companies with complex organizations.

Ownership: The Company is a For-Profit, S Corporation.

Size: All facilities are located in Poughkeepsie, NY.

Market: Schatz is located within a Historically Underutilized Business (HUB) Zone in the most distressed area of the City of Poughkeepsie. The existence of Schatz directly contributes to the economic stability of the City of Poughkeepsie's distressed north side. It also indirectly contributes to the stability of Poughkeepsie's downtown area. Currently, the aerospace industry's primary focus is cost-cutting. In response, Schatz has been

lowering its costs at an accelerating pace utilizing lean principles, automation, and new subcontract suppliers. Since 2003, sales at Schatz have more than tripled. Schatz will continue to be more competitive by lowering our costs, improving quality, and being responsive. All these attributes have led to growth over the last 10 years and will continue to do so in the future.

ESD Involvement: ESD made the Incentive Proposal offer to Schatz on January 2, 2019 and the offer was accepted on January 18, 2019. Schatz's existence directly contributes to the economic stability of the City of Poughkeepsie distressed north side, and indirectly contributes to the stability of Poughkeepsie's downtown area. Schatz has self-funded past improvement projects with good results. However, in the last few years, sales have leveled off. Funding will permit the Company to accelerate its improvement efforts and remain competitive in its industry. Funding will also propel Schatz back on a growth track, allowing the Company to retain and grow high quality local jobs on multiple shifts. Without funding, efforts to accelerate the Company's improvement might be unsuccessful, which could lead to decline. Maintaining the status quo is not the path to a brighter future. ESD involvement is helping Schatz continue to grow, provide jobs to community residents, and sell award winning products.

Competition: Some competitors of Schatz are RBC Bearings, New Hampshire Ball Bearing, and Timken Aerospace.

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

B. The Project

Completion: July 2020.

Activity: This project consists of three components, which included productivity enhancements, upgrades to existing equipment, and new capabilities. Productivity enhancements will help the Company to lower our costs and be more competitive in the markets we serve. Upgrades to existing equipment will improve the Company's quality and costs by replacing old systems and worn components with state-of-the-art technology. New capabilities will allow Schatz to expand its product offerings and secure new business. Schatz has purchased over sixty pieces of machinery and production equipment in accordance with this project. Some of the items include a remanufactured internal grinder, which will replace a machine originally built in the 1960's. The piece of equipment will enable Schatz to undergo remanufacturing process upgrades to state-of-the-art controls, redesigns critical subsystems and restores all surfaces to OEM

specifications. The will result in a machine that has faster changeover times, shorter cycle times, and improved tolerances. It will allow Schatz to be much more competitive on larger diameter bearings.

Another piece of production equipment purchased is an Automated induction heat treat system, which will replace an existing system which is approximately 20 years old with manual operation. This machine has all updated technology and robotic operation. Another piece of equipment purchased is an external grinder, which will replace a machine that is over 50 years old. This replacement leads to remanufacturing process upgrades to state-of-the-art controls, redesign of subsystems, and restoration of all surfaces to OEM specs.

Results: Retain 77 existing jobs. The Company has already met its job commitment, having retained 77 jobs.

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 \$2,757,699;
- Fiscal cost to NYS government is estimated at \$600,000;
- Project cost to NYS government per direct job is \$9,740;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$5,494;
- Ratio of project fiscal benefits to costs to NYS government is 4.60:1;
- Fiscal benefits to all governments (state and local) are estimated at \$5,108,027;
- Fiscal cost to all governments is \$600,000;
- All government cost per direct job is \$9,740;
- All government cost per total job is \$5,494;

- The fiscal benefit to cost ratio for all governments is 8.51:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$37,055,031, or \$339,315 per job (direct and indirect);
- The economic benefit to cost ratio is 61.76:1;
- Project construction cost is \$0, which is expected to generate 0 direct job years and 0 indirect job years of employment;
- For every permanent direct job generated by this project, an additional 0.79 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is two years.

Grantee Contact: Dr. Stephen Pomeroy, President
 10 Fairview Avenue
 Poughkeepsie, NY 12601
 Phone: (845) 452-6000
 E-mail: sdepomeroy@schatzbearing. com

ESD Project No.: 132,144

Project Team:	Origination	Linda Malave
	Project Management	Andrew Oliver
	Contractor & Supplier Diversity	Denise Ross
	Finance	Timothy Anderson
	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 \$600,000 capital grant (\$6,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Company will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Company's acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project or grants from a government source.
4. Up to \$600,000 will be disbursed to Grantee in a lump sum upon documentation of machinery and equipment project costs totaling \$3,000,000 upon completion of the project substantially as described in these materials, and documentation of the

employment of at least 77 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 December 13, 2017, to be considered eligible project costs. All disbursements must be requested by April 1, 2021.

5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$600,000, 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.
6. 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	77
A	B
Reporting Date	Employment Goals
February 1, 2021	77
February 1, 2022	77
February 1, 2023	77
February 1, 2024	77

IV. Statutory Basis – Regional Council Capital Fund

The funding was authorized in the 2018-2019 New York State budget and reappropriated in the 2019-2020, and 2020- 2021 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

ESD staff has determined that the project constitutes a Type II action as defined by the New York State Environmental Quality Review Act 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 New York State certified Minority and Women-owned Business Enterprises (MWBEs) in the performance of ESD projects. For purposes of this Project, however, MWBE goals will not be established due to the unavailability of certified MWBEs 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
- Benefit-Cost Analysis
- Project Finance Memorandum

Regional Council Award – Priority Project-Poughkeepsie (Mid-Hudson Region – Dutchess County) – Schatz Bearing 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 Schatz Bearing Corporation -- Regional Council Capital Fund (Capital Project) (the "Project"), the Corporation hereby determines pursuant to Section 10(g) of the New York State Urban Development Corporation Act of 1968, as amended (the "Act"), that there are no families or individuals to be displaced from the project area; and be it further

RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plan (the "Plan") for the Project submitted to this meeting, together with such changes therein as the President and Chief Executive Officer Designate 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 Designate 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 Schatz Bearing Corporation a grant for a total amount not to exceed Six-Hundred Thousand Dollars (\$600,000) 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 Designate 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 Designate 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

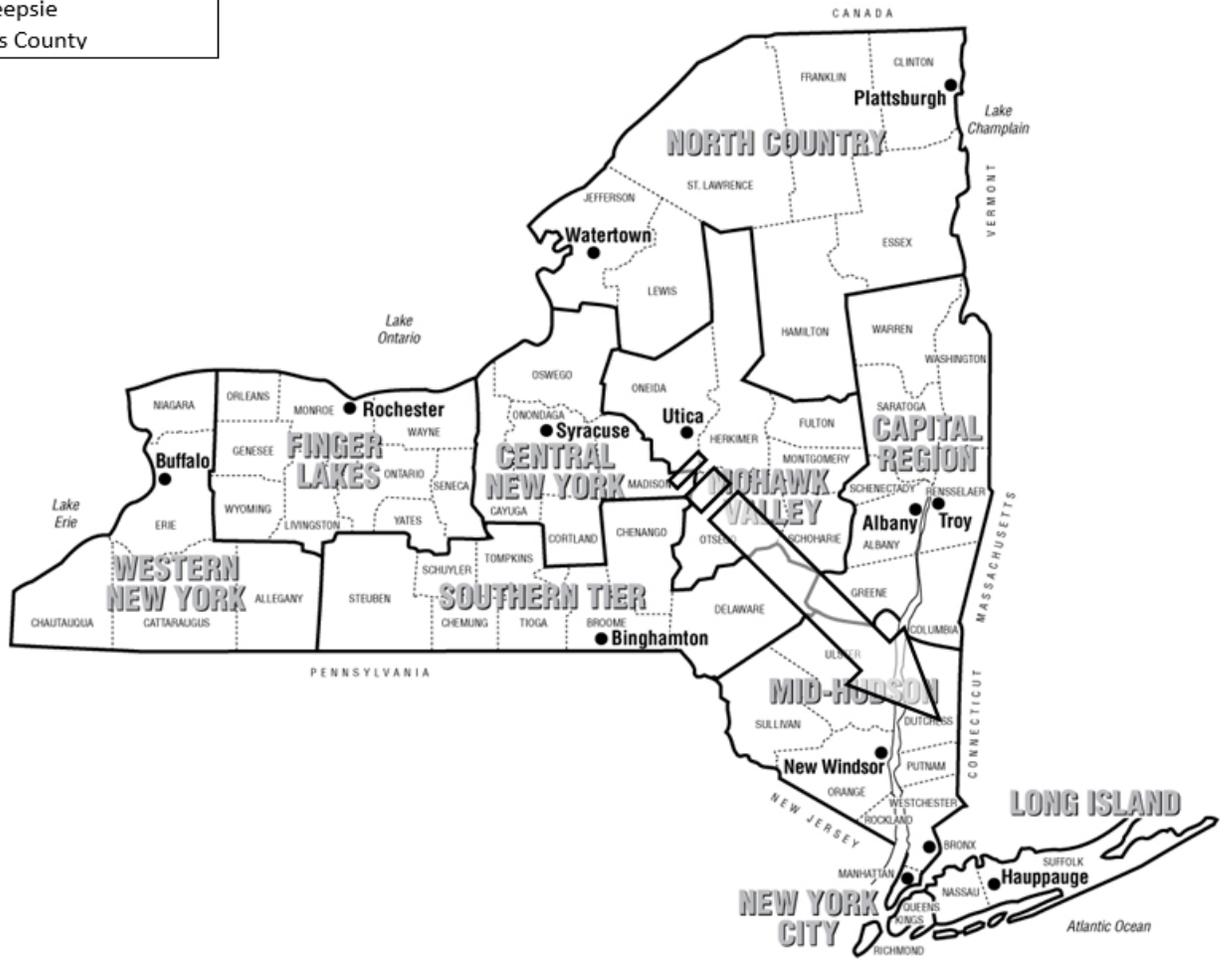
RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

RESOLVED, that the President and Chief Executive Officer Designate 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.

* * *

Schatz Bearing Capital
Poughkeepsie
Dutchess County



FOR CONSIDERATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Regional Council Award – Priority Project – Saratoga Springs (Capital Region – Saratoga County) – SPAC Improvement Capital – Regional Council Grant Fund (Capital Grant)

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

General Project Plan

I. Project Summary

Grantee: Saratoga Performing Arts Center, Inc. (“SPAC” or the “Organization”)

ESD* Investment: A grant of up to \$1,000,000 to be used for a portion of the cost of construction and renovations

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

Project Location: 108 Avenue of the Pines, Saratoga Springs, Saratoga County

Proposed Project: Facility improvements including the demolition of aging structures, infrastructure and landscape improvements, and the construction of a multi-story, year-round events building, concession stalls, restrooms, and security space

Project Type: New Construction and Facility Improvements

Regional Council The project is consistent with the Capital Regional Economic Development Council’s (“CREDC”) strategies of Showcasing Our Beauty by capitalizing on historic arts and cultural attractions, and Preparing for Tomorrow and Opportunity Agenda by increasing access to education and training and advancing the Region’s creative economy.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction/Renovation	\$8,226,704
Other (architect/engineering)	<u>470,000</u>

Total Project Costs \$8,696,704

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$1,000,000	11%
NYS Parks EPF Grant	500,000	6%
Organization's Equity	<u>7,196,704</u>	<u>83%</u>
Total Project Financing	<u>\$8,696,704</u>	<u>100%</u>

III. Project Description

A. Organization

Industry: Performing Arts

Organization History: Incorporated in 1962, for more than half a century Saratoga Performing Arts Center, Inc. has been a place for the community (local, regional & national) to experience world-class art and great natural beauty. SPAC provides best-in-class arts, cultural and entertainment experiences including Classical, Jazz, Rock and Pop, Americana and World music, Ballet, Modern Dance and Opera.

Over the past few years, SPAC has grown from a world-class performance art venue to an epicenter for community engagement, cultural growth, and educational enrichment, playing a significant role in the development of future artists and arts enthusiasts throughout the entire Capital Region and becoming a magnet for artists beyond the region. By expanding its programming, SPAC has been able to promote diversity and serve as a cultural home for the ever-increasing international workforce employed in the Capital Region, helping attract regional businesses and retain the talented individuals they need to flourish.

SPAC's education and outreach programs partner with more than 120 local schools and non-profit organizations, offer more than 400 classes, presentations, performances and events, and reach more than 50,000 diverse and often underserved young people each year. Each year, SPAC's "Festival of Young Artists" gives a platform for self-expression to more than 450 young dancers, musicians, singers, poets, and visual artists

from all over the Capital Region. The “Classical Kids” program brings professional dancers and musicians into 50 middle schools in, offering more than 12,000 students an introduction to the classical arts, complemented with free admission to ballet and orchestra performances at SPAC until the participating students graduate from high school. SPAC’s “Summer Nights at SPAC” program partners with non-profit youth and family service organizations to offer free transportation, food, and performance tickets to hundreds of Schenectady residents who would not otherwise have the opportunity to attend and experience classical dance and music performances.

Ownership: SPAC is a 501 C-3 charitable organization directed by a Board of Directors elected by the organization’s membership.

Size: All facilities are located in Saratoga Springs, New York.

Market: SPAC serves more than 500,000 people annually.

ESD Involvement: After more than 50 years of continued service, the venue’s outdated and failing infrastructure required significant investment in order to renovate and expand the facilities for the basic usability and safety of its guests. This project was designed to replace the concession area rest rooms which were operating at only 60% of capacity because parts for the aged plumbing are difficult to obtain, and access to the infrastructure in its current configuration is limited. The semi-permanent tented structures comprising the concession plaza presented a genuine security risk as they were difficult to adequately secure. The former concessions plaza area was poorly designed, leading to long lines and negative patron experiences. Further, the existing plaza, which consisted of a mixture of brick, metal and tent structures was inconsistent with the aesthetics of the park surroundings. As a result of these issues, SPAC applied to Round 8 of the Consolidated Funding Application (“CFA”) for financial assistance to support the investment of facility upgrades. The proposal was identified by the CREDC as a Priority Project, and as a result of the Governor’s Regional Economic Development Council Initiative, SPAC was awarded a \$1,000,000 grant to assist with this project. Without ESD’s assistance, this project would not have been feasible.

Competition: N/A

Past ESD Support: This is the Organization’s first project with ESD.

B. The Project

Completion: June 2020

Activity: The project replaced the existing concession area and guest restroom facilities located at the center of the SPAC grounds. The former concessions plaza consisted of a large brick and mortar building that housed outdated restroom facilities, as well as two separate, semi-permanent tent structures. These facilities were located directly between the amphitheater and a new gate that had been built to facilitate emergency exit from the venue. The semi-permanent tent-like structures were difficult to secure adequately, and the restroom facilities were substandard. The former facilities have been removed, and in its place, two new buildings and an open-air covered pavilion have been constructed.

The main building totals 32,000 square feet and is two floors. The second floor is a year-round meeting, education and gathering space, accompanied by additional outdoor terrace space available during good weather. This space provides SPAC with the ability to expand its educational programs, community outreach and audience development initiatives. The ground floor of the building houses concession facilities, office and storage space to be used by SPAC and during events by its partners at Live Nation and Legends Hospitality. The number of guest restroom at the facility is now 197, which is more than double the total that previously existed in the previous structures. The second building is a smaller, 3,900 square foot single story structure that will house additional concessions and guest restrooms for patrons to use.

The two buildings described above are separated by approximately 100 yards, and a new open-air pavilion (3,200 square feet) is placed between the two. This covered structure provides SPAC with the ability to schedule events without regard to the weather during the Spring, Summer and Fall, allowing them to expand educational, community outreach and audience development programs.

At the time of the application the project budget was originally \$5,515,527. SPAC, in partnership with the venue promotor invested over \$8,600,000 on the project further enhancing the functionality and visitor experience.

Results: The project will lead to increased visitors to Saratoga Spa State Park, increased employment and expanded education, audience development and community outreach programs benefitting diverse and underserved

populations. This project will enhance the guest experience and allow SPAC to increase attendance and hold events in its typical off season.

Economic Growth

Investment Project: No Benefit-Cost Analysis (“BCA”) is required since these projects generate long-term benefits not captured in the short-term period used for the BCA and may involve no permanent job commitments.

Grantee Contact: Jay Lafond, Chief Financial Officer
Saratoga Performing Arts Center
108 Avenue of the Pines
Saratoga Springs, New York 12866
Phone: 518-584-9330
E-mail: jlafond@spac.org

ESD Project No.: 132,449

Project Team:	Origination	Heidi Pasos
	Project Management	Chelsey Watroba
	Contractor & Supplier Diversity	Danielle Adams
	Finance	Kathleen Uckert
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Organization 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 Organization will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Organization will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Organization’s acceptance of ESD’s offer. Equity is defined as cash injected into the project by the Organization or by investors and should be auditable through Organization financial statements or Organization 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 in lump sum upon documentation of construction/renovation and architectural/engineering project costs totaling \$5,515,527, upon completion of the project substantially as described in these materials, as evidenced by a certificate of occupancy, and 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 December 18, 2018, to be considered eligible project costs. All disbursements must be requested by April 1, 2022.

5. 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 Organization and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.
6. Grant funds will be subject to pro rata recapture if the property at the Project Location is sold within five 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.

IV. Statutory Basis

The funding was authorized in the 2018-2019 New York State budget and reappropriated in the 2019-2020 and 2020-2021 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

The New York State Office of Parks, Recreation and Historic Preservation, as lead agency, has completed an environmental review of the project pursuant to the requirements of the State Environmental Quality Review Act and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project to be a Type I Action, OR an Unlisted Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on July 1, 2019. 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 site's location within the Saratoga Spa State Park District, which is listed in 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.

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 Enterprises (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 30%. The overall goal shall include a Minority Business Enterprise Participation Goal of 15% and a Women Business Enterprise 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
- Project Photographs

August 20, 2020

Regional Council Award – Priority Project – Saratoga Springs (Capital Region – Saratoga County) – SPAC Improvement Capital – Regional Council Grant 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 SPAC Improvement Project -- Regional Council Grant 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 Designate 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 Designate 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 Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Saratoga Performing Arts Center, Inc. a grant for a total amount not to exceed One Million Dollars (\$1,000,000) from the Regional Council Grant 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 Designate 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 Designate 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 Designate 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.

* * *

August 20, 2020

Regional Council Award – Priority Project – Saratoga Springs (Capital Region – Saratoga County) – SPAC Improvement Capital – Regional Council Grant Fund (Capital Grant)–
Determination of No Significant Effect on the Environment

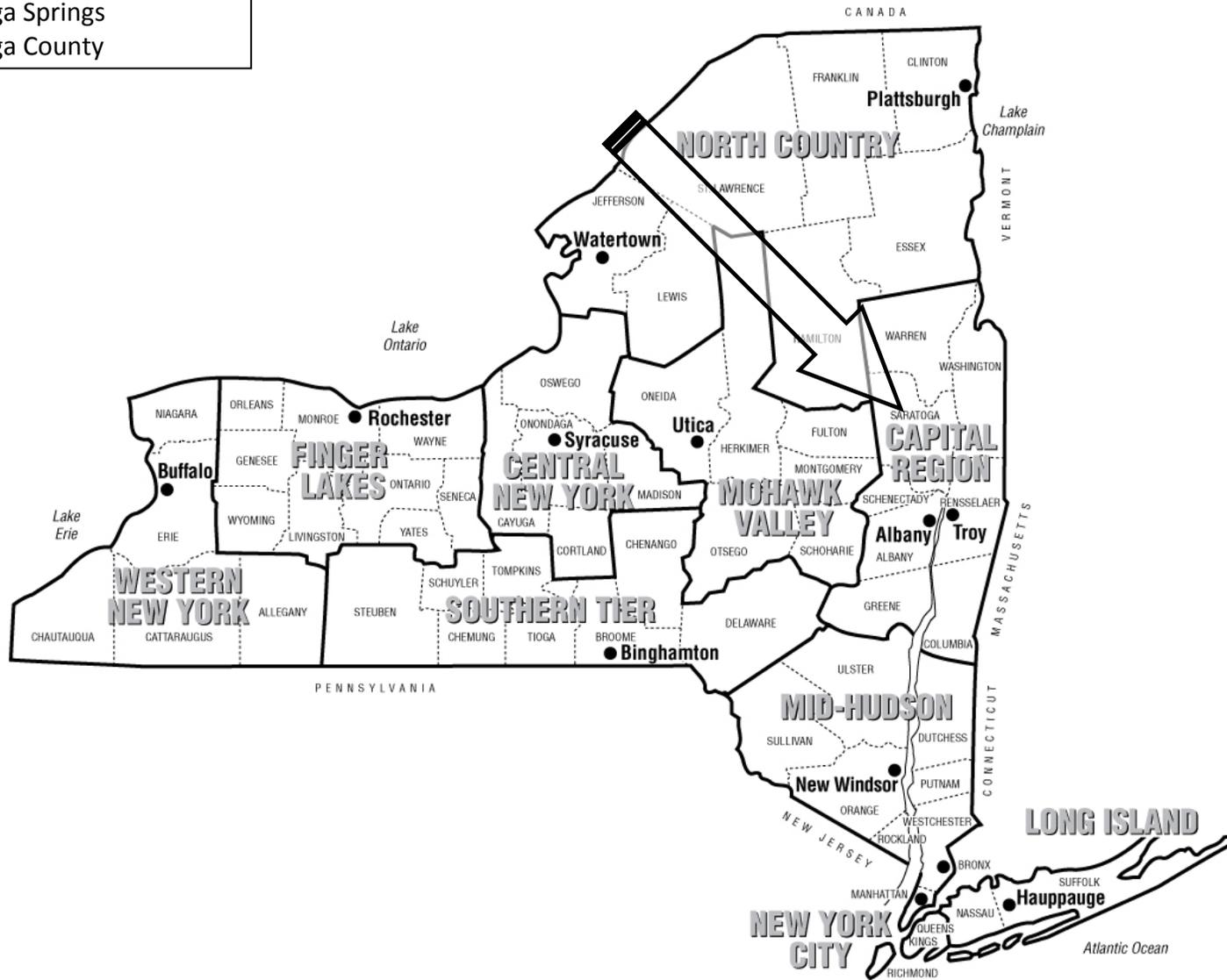
RESOLVED, that based on the material submitted to the Directors with respect to the SPAC Improvement Capital the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

SPAC Improvement Capital

Saratoga Springs

Saratoga County



SPAC Improvement Capital Project



SPAC Improvement Capital Project



FOR CONSIDERATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Endicott and Johnson City (Southern Tier Region – Broome County) – AgZeit Capital – Upstate Revitalization Initiative - Greater Binghamton 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: AgZeit, LLC (“AgZeit” or the “Company”)

ESD* Investment: A grant of up to \$1,949,000 to be used for a portion of the cost of machinery and equipment purchases

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

Project Locations: 303/305 West Main Street, Endicott, Broome County
272 Main Street, Johnson City, Broome County

Proposed Project: Acquire and equip two properties, a 12,500-square-foot building in Endicott and a 20,000-square-foot building in Johnson City, to develop indoor growing operations, retaining and creating jobs

Project Type: Business expansion involving job retention and creation

Regional Council: The Southern Tier Regional Council has been made aware of this item. The project is consistent with the Southern Tier Regional Economic Development Council’s Plan, Southern Tier Soaring, to build the Greater Binghamton Innovation Ecosystem by investing in one of three Innovation Districts in the Greater Binghamton area.

Employment:	Initial employment at time of Application to ESD:	5
	Current employment level:	5
	Minimum employment on January 1, 2022:	88*

*New employees cannot be transferred from other NYS locations

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Real Estate	\$1,176,000
Machinery and Equipment	9,502,598
Furniture, Fixtures, and Equipment	785,000
Other (Training Program)	<u>278,000</u>

Total Project Costs	<u>\$11,741,598</u>
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<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD-Grant	\$1,949,000	17%	
24:45 Organics	100,000	1%	
Loan – Tioga State Bank	363,750	3%	4.75%/20 years/first
Company Equity	<u>9,328,848</u>	<u>79%</u>	
Total Project Financing	<u>\$11,741,598</u>	<u>100%</u>	

III. Project Description

A. Company

Industry: Indoor agriculture

Company History: AgZeit is a sustainable indoor agriculture company that grows organic produce and hemp year-round using 24:45 Organics indoor grow rack technology. The Company was founded in 2017 by Jim Dutcher at the Tiger Ventures/LWW incubator at the Linnaeus W. West School Innovative High School of the Union Endicott School District. Mr. Dutcher developed his expertise in indoor agriculture while working with multiple agriculture startups at SUNY Cobleskill.

Ownership: AgZeit is privately owned by Jim Dutcher, Andy Maslin, Brooks Washburn, and Todd Bard, each with a 25% ownership stake in the Endicott location. Jim Dutcher serves as Chief Executive Officer and General Manager, and Andy Maslin serves as the Chief Agriculture Officer.

Size: All facilities are located in Broome County, NY.

Market: AgZeit sells its produce both directly to consumers and to distributors, such as local grocery stores. The hemp products are sold directly to local processors.

ESD Involvement: AgZeit conceived of a plan to grow its business by purchasing and equipping two new spaces, one in Johnson City and one in Endicott, in 2017. In early 2018, the Company applied for funds from the Greater Binghamton Fund to close a funding gap that was preventing the project from moving forward. In September 2017, the Company was offered an award of \$1,949,000 from the Upstate Revitalization Initiative program to complete the project, which the Company accepted in January 2020. ESD funds are critical to the success of the project.

Competition: As an indoor agriculture company, AgZeit considered locating anywhere in the United States with less than a year-round growing season, which would enable the Company to successfully compete with local and national farms.

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

B. The Project

Completion: June 2021

Activity: The Company will purchase and equip two buildings, a 12,500-square-foot building in Endicott and a 20,000-square-foot building in Johnson City. Machinery and equipment purchased for this project will include indoor grow units made by 2445 Organics with automation add-on kits developed in partnership with Binghamton University. These kits automate lighting and watering and lead to increased efficiency in the growing process. The Company will also develop a high school training program to provide students with experiential, project-based learning, preparing students for careers in both agriculture and business. The facilities will support year-round demand for local produce and hemp plants.

Results: Retain 5 existing jobs and create 83 new jobs.

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 \$2,123,897;
- Fiscal cost to NYS government is estimated at \$1,949,000;
- Project cost to NYS government per direct job is \$37,992;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$24,783;
- Ratio of project fiscal benefits to costs to NYS government is 1.09:1;
- Fiscal benefits to all governments (state and local) are estimated at \$3,723,462;
- Fiscal cost to all governments is \$1,949,000;
- All government cost per direct job is \$37,992;
- All government cost per total job is \$24,783;
- The fiscal benefit to cost ratio for all governments is 1.91:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$24,326,052, or \$309,324 per job (direct and indirect);
- The economic benefit to cost ratio is 12.48:1;
- Project construction cost is \$0, which is expected to generate 0 direct job years and 0 indirect job years of employment;
- For every permanent direct job generated by this project, an additional 0.54 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is six years.

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

Grantee Contact: James Dutcher, Owner
P.O. Box 7422
Endicott, NY 13761-7422
Phone: (607) 760-7455
E-mail: james.dutcher@agzeit.com

ESD Project No.: 132,278

Project Team:	Origination	Donna Howell
	Project Management	Sarah Glose
	Contractor & Supplier Diversity	Jordan Lopez
	Finance	Christina Choi
	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 \$1,949,000 capital grant (\$19,490) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. Jim Dutcher and Brooks Washburn will guarantee the grant repayment obligation of AgZeit, LLC in the event of an Employment Shortfall or other default, as defined in these materials or the Grant Disbursement Agreement.
4. The Company will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after ESD's announcement of the project. 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 or grants from a government source.
5. 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.
6. Up to \$1,949,000 will be disbursed to the Grantee for eligible expenses as follows:
 - a) Up to 50% of the grant (\$974,500) will be disbursed to Grantee for eligible expenses no more frequently than quarterly and in proportion to ESD's funding share for this portion of the grant (approximately an 8% funding share), for real estate acquisition, machinery and equipment, furniture fixtures and equipment, and

training costs, and documentation of the employment of at least 5 Full-time Permanent Employees in New York States, assuming that all project approvals have been completed and funds are available. The final 10% of this portion of the grant (\$97,450) will be disbursed upon completion the project, as evidenced by a Certificate of Occupancy for both Project Locations;

- b) a Second Disbursement of an amount equal to 50% of the grant (\$974,500) will be disbursed upon documentation of the employment of at least 88 Full-time permanent employees in New York State, including 83 new Full-time permanent employees at the Project Locations, provided Grantee is otherwise in compliance with program requirements.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after September 25, 2018 to be considered eligible project costs. All disbursements must be requested by April 1, 2022.

- 7. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$1,949,000, 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. 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	5
A	B
Reporting Date	Employment Goals
February 1, 2021	5+X
February 1, 2022	5+X
February 1, 2023	5+X
February 1, 2024	5+X
February 1, 2025	5+X

X = Grantee's Employment Increment that will be the basis of the Second Disbursement of the Grant as described in section C.5 above (i.e. X=83, and Employment Goals shall equal $[5 + X = 88]$ if the Second Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Second Disbursement has not yet been made then X=0.

IV. Statutory Basis Upstate Revitalization Initiative

The funding was authorized in the 2015-2016 New York State budget and reappropriated in the 2016-2017, 2017-2018, 2018-2019, 2019-2020, and 2020-2021 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

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

VI. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Organization/Recipient 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 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 30% related to the total value of ESD's funding.

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

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

VIII. Additional Submissions to Directors

Resolutions

New York State Map

Benefit-Cost Analysis

Project Finance Memorandum

August 20, 2020

Endicott and Johnson City (Southern Tier Region – Broome County) – AgZeit Capital – Upstate Revitalization Initiative - Greater Binghamton 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 AgZeit Capital -- Upstate Revitalization Initiative - Greater Binghamton 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 Designate 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 Designate 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 Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to AgZeit, LLC a grant for a total amount not to exceed One Million, Nine Hundred and Forty-Nine Thousand Dollars (\$1,949,000) from the Upstate Revitalization Initiative - Greater Binghamton 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 Designate 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 Designate 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

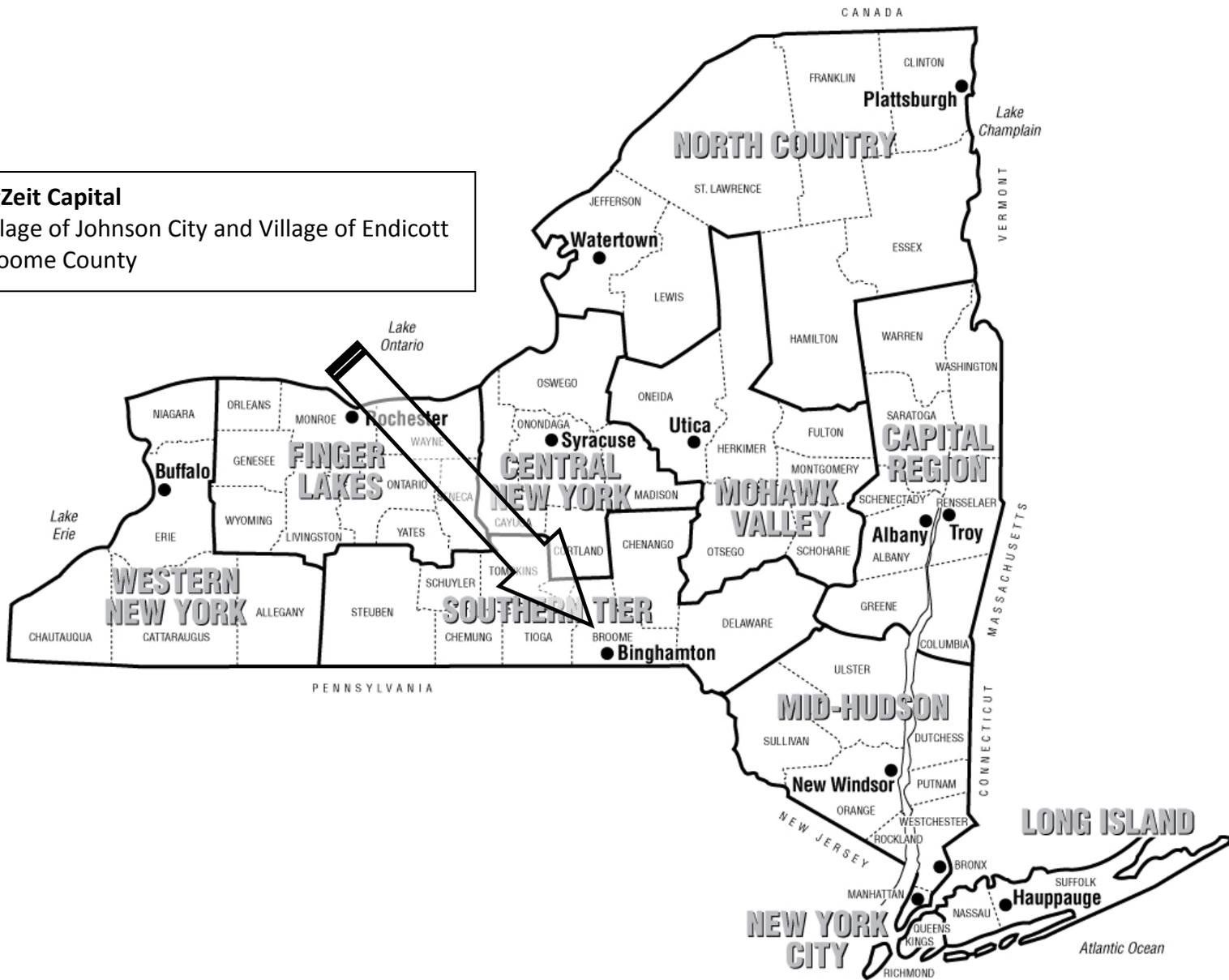
RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

RESOLVED, that the President and Chief Executive Officer Designate 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.

* * *

AgZeit Capital
Village of Johnson City and Village of Endicott
Broome County



FOR CONSIDERATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Regional Council Award – Priority Project – Binghamton (Southern Tier Region – Broome County) – Calice Advanced Manufacturing Center 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: Broome Community College (“SUNY Broome” or the “College”)

ESD* Investment: A grant of up to \$330,000 to be used for a portion of the cost of construction, renovations and the purchase of machinery and equipment

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

Project Location: 907 Upper Front Street, Binghamton, Broome County

Proposed Project: Renovate and equip an existing campus building to establish a state-of-the-art manufacturing training facility and training program

Project Type: Renovation of a community college facility

Regional Council: The project is consistent with Southern Tier Regional Economic Development Council’s (“STREDC”) Strategic Plan to support advanced manufacturing within the region. Dr. Kevin Drumm, President of Broome Community College is a co-chair of the Southern Tier Regional Economic Development Council. In conformance with the State’s policy, this individual has recused himself on votes recommending this project.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction/Renovation	\$7,379,447
Equipment and Machinery	1,733,282
Architectural/Engineering/Soft Costs	924,811
Furniture & Fixtures	<u>245,040</u>
 Total Project Costs	 <u>\$10,282,580</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$330,000	3%
Broome County Community College Foundation*	1,030,000	10%
Dormitory Authority of the State of New York (DASNY) - State University Construction Fund	4,300,000	42%
SUNY2020 Grant	2,781,892	27%
New York State Energy Research and Development Authority (NYSERDA)	905,000	9%
Broome County	925,000	9%
AMETEK Foundation	<u>10,000</u>	<u>>1%</u>
 Total Project Financing	 <u>\$10,282,580</u>	 <u>100%</u>

* Equity to be provided by contribution from Broome County Community College Foundation

III. Project Description

A. Company

Industry: Higher Education

Grantee History: SUNY Broome is a State University of New York two-year college in Broome County, New York. Broome Community College was founded in 1946 when the state legislature agreed to establish five institutes of arts and sciences – in Binghamton, Buffalo, Utica, White Plains and New York City – for an experimental five-year period. SUNY Broome became an official community college in 1953, when the Broome County Board of Supervisors voted to accept the Community College Plan.

Ownership: SUNY Broome is supervised by the State University of New York, sponsored by Broome County, New York, and governed by a Board of Trustees.

Size: The SUNY Broome campus consists of 17 buildings, totaling 605,000 square feet. 6,771 students were enrolled as of the fall 2019 semester. All facilities are located in Broome County.

Market: N/A

ESD Involvement: SUNY Broome conceived of a plan to transform their existing Mechanical Building on campus into a state-of-the-art to support STEM programs of study, especially engineering and advanced manufacturing. In 2016, the College requested assistance from ESD through Round 6 of the Consolidated Funding Application process to bridge a funding gap that prevented the College from moving forward with the project. The College was awarded \$330,000 through the Regional Council Capital Fund. Without ESD assistance, it is unlikely the second phase of the project would move forward.

Competition: N/A

Past ESD Support: Funding for the past five years to the Grantee is summarized in the following chart:

Program	Project #	Amount	Date Start (ESD Directors' Approval Date)	Date End (Project Completion: Contract Expiration)	Purpose
Regional Council Capital Fund - RC 2	Y670	\$150,000	January 21, 2016	December 31, 2021	Capital – Machinery and Equipment purchase

B. The Project

Completion: August 2018

Activity: The College completed capital renovations to an existing campus building and purchased equipment to establish a state-of-the-art manufacturing training facility, the Calice Advanced Manufacturing Center. The project involves upgrading equipment, laboratories, classrooms and simulation environments.

Results: The renovations enable new training programs and curriculums to be added to the College’s offerings.

Economic Growth

Investment Project: No Benefit-Cost Analysis (“BCA”) is required since these projects generate long-term benefits not captured in the short-term period used for the BCA and may involve no permanent job commitments.

Grantee Contact: Dr. Kevin E. Drumm, President
P.O. Box 1017
Binghamton NY 13902-1017
Phone: (607) 778-5100
E-mail: drummke@sunybroome. edu

ESD Project No.: AB636

Project Team:	Origination	Donna Howell
	Project Management	Sarah Glose
	Contractor & Supplier Diversity	Jordan Lopez
	Finance	Christina Choi
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the College shall pay a commitment fee of 1% of the \$330,000 capital grant (\$3,300) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The College will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The College will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after ESD’s announcement of the project. Equity is defined as cash injected into the project by the College or by investors, and should be auditable through College financial statements or College accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
4. Up to \$330,000 will be disbursed to the Grantee in lump sum upon documentation of renovation and machinery and equipment project costs totaling \$10,282,580, and upon completion of the project substantially as described in these materials, as evidenced by a certificate of occupancy, 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 must be incurred on or after December 8, 2016, to be considered eligible project costs. All disbursements must be requested by April 1, 2022.

5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$330,000, 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.
6. Grant funds will be subject to pro rata recapture if the property at the Project Location is sold within five 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.

IV. Statutory Basis – Regional Council Capital Fund

The funding was authorized in the 2016-2017 New York State budget and reappropriated in the 2017-2018, 2018-2019, 2019-2020, an 2020-2021 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

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

VI. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Organization/Recipient 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 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 30% 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
Project Photographs

Regional Council Award – Priority Project – Binghamton (Southern Tier Region – Broome County) – Calice Advanced Manufacturing Center Capital – Regional Council Capital Fund (Capital) – 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 Calice Advanced Manufacturing Center 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 Designate 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 Designate 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 Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Broome Community College a grant for a total amount not to exceed Three Hundred And Thirty Thousand Dollars (\$330,000) 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 Designate 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 Designate 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

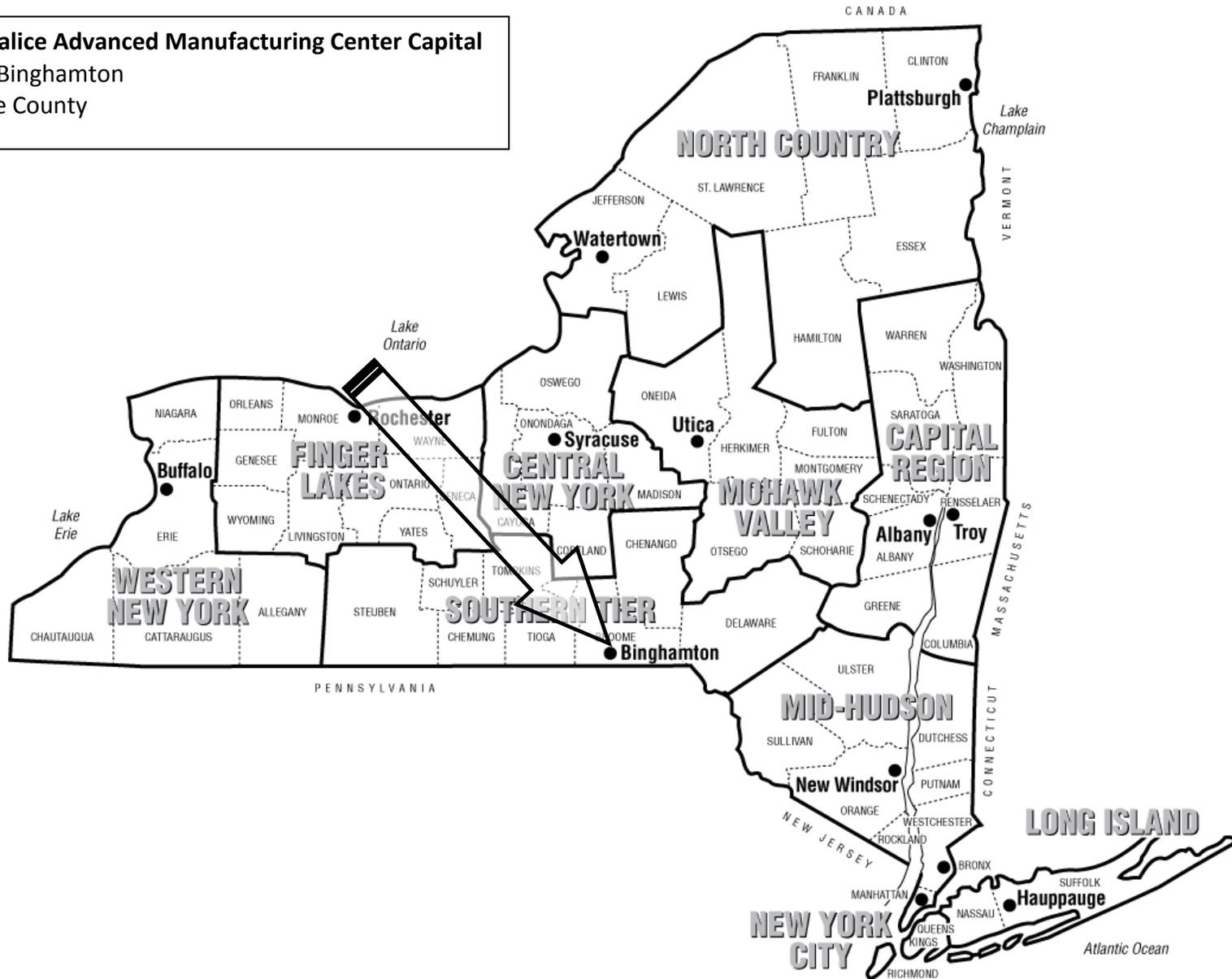
RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

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.

* * *

BCC - Calice Advanced Manufacturing Center Capital
City of Binghamton
Broome County



Calice Advanced Manufacturing Center Capital

Project During Construction



Project After Photos:

Aerial



Calice Advanced Manufacturing Center Capital

Outside



Inside Classroom Space



Indoor Lab Space





FOR CONSIDERATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Regional Council Award – Long Island City (New York City Region – Queens County) – NYSDEC Dredge Team and Study Working Capital – Port Authority Bi-State Dredge Fund (Working Capital Grant)

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

I. Project Summary

Grantee: New York State Department of Environmental Conservation (“DEC” or the “Agency”)

ESD* Investment: A grant of up to \$1,388,988 to be used for a portion of the cost of Dredge Team staffing costs and beneficial reuse pilot study costs

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

Project Location: 47-40 21st Street, Long Island City, Queens County

Proposed Project: Staffing costs to support the retention of a two-member interdisciplinary team through SFY 2024, in addition to the development of a dredged material beneficial use pilot study

Project Type: Working Capital

Regional Council: The New York City Regional Economic Development Council has been made aware of this item. The project is consistent with the New York City Regional Economic Development Council Plan to ensure that all state residents have equal protection from environmental harms and risks.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>	
Staffing Costs	\$988,988	
Beneficial Use Pilot Study	<u>400,000</u>	
Total Project Costs	<u>\$1,388,988</u>	
<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD Grant	<u>1,388,988</u>	<u>100%</u>
Total Project Financing	<u>\$1,388,988</u>	<u>100%</u>

III. Project Description

A. Agency

Industry: Environmental Protection

Agency History: The New York State Department of Environmental Conservation is the regulatory agency for environmental issues in New York State. The Agency's mission is to conserve, improve and protect New York's natural resources and environment and to prevent, abate and control water, land and air pollution, in order to enhance the health, safety and welfare of the people of the state and their overall economic and social well-being.

Ownership: The New York State Department of Environmental Conservation is a NYS regulatory agency.

ESD Involvement: In 1996, the Port Authority of New York and New Jersey ("PA NY&NJ") allocated \$130 million to fund the Governor's Joint Dredging Plan (the "Plan"), with \$65 million allocated for dredging and harbor related projects to each of the States of New York and New Jersey. The Plan was developed with two major objectives, namely promotion of an increased level of certainty and predictability in the dredging project review process and dredged material management and the facilitation of effective long-term environmentally sound management strategies for addressing dredging and disposal needs for the region.

ESD was designated as the New York entity to approve funding allocated to New York pursuant to the Plan. In November 1997, ESD entered into an agreement with the PANY&NJ (including all amendments thereto, the "Agreement"), wherein the PANY&NJ agreed to provide up to \$65 million for program eligible work ("Dredging Funds") to be agreed upon by ESD and the PANY&NJ related to the dredging and disposal of dredged material and related projects including sediment testing, development of

contaminant identification technology, material management initiatives and pollution prevention and navigation studies.

In July 2008, ESD and PANY&NJ agreed to modify the terms of the Agreement with respect to project selection and funding. The modification broadened the scope of eligible work to include the use of Dredging Funds for waterfront economic development and job retention projects at PANY&NJ facilities.

In October 2019, DEC requested financial assistance to support the retention of a two-member interdisciplinary team through SFY 2024, in addition to the development of a dredged material beneficial use pilot study. These initiatives are supported under the Agreement, which states in part: "The States commit to implementation of the Harbor Estuary plan as it relates to the study of sediment contaminants, the identification and elimination of the sources of contamination of harbor sediments, the remediation of contaminated areas, and the pursuit and sanction of polluting entities." The project was selected for funding by ESD in March 2020, and DEC accepted ESD's offer of assistance in April 2020. Without financial assistance from ESD, this project would not have been feasible.

Past ESD Support: This is the Agency's first project with ESD in the last five years.

B. The Project

Completion: March 2024

Activity: The Agency will retain a two-member inter-disciplinary team (the "Team") to work exclusively on dredging and dredged material management activities in DEC's Region 2 (New York City). The Team will be comprised of two staff; one in the Division of Environmental Permits, and one in the Division of Marine Resources. The Team will be overseen by the Regional Director, with day-to-day management provided by the Regional Permit Administrator and the Regional Supervisor of Natural Resources. The Marine Resources staff member will oversee the further development of the dredged material beneficial use pilot study.

Results: The Agency will develop a feasibility assessment examining the beneficial reuse of dredged material in an existing subaqueous borrow pit, located in the New York Harbor. DEC will also participate with harbor stakeholders in the identification, development, and implementation of economically feasible, environmentally sustainable, dredge material management sites, technologies, and methodologies.

Infrastructure

Investment

Project: No Benefit-Cost Analysis (“BCA”) is required since these projects generate long-term benefits not captured in the short-term period used for the BCA and may involve no permanent job commitments.

Grantee Contact: Steve Zahn, Regional Director, Region 2 NYC
47-40 21st Street
Long Island City, NY 11101
Phone: (718) 482-4949
E-mail: steve.zahn@dec.ny.gov

ESD Project No.: 133,706

Project Team:	Origination	Victoria Majchrzak
	Project Management	Jay Vido
	Finance	Rob Kwon
	Contractor & Supplier Diversity	Danah Alexander
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. Funds will be advanced to the Agency, no more frequently than annually, in four installments totaling \$1,348,988 based on the Agency’s anticipated cash flow projection, with the initial installment to be advanced upon execution of the Grant Disbursement Agreement. Advances may be requested annually for up to three additional years, upon submission of documentation of Eligible Expenses (personal and non-personal services, including salaries, fringe benefits, materials, travel, and consultant services) for the previous advance. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. The final 10% of the grant for the study (\$40,000) will be disbursed upon completion of the study, as evidenced by submitting a copy of the study and other supporting documentation. Any unexpended funds must be returned to ESD, or remain with ESD, to be credited back to the Dredging Fund. Expenses must be incurred on or after April 16, 2020, to be considered eligible project costs. All disbursements must be requested by April 1, 2025.
2. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$1,388,988, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Agency 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. 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 and the implementing regulations of 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

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Grantee shall be required to include minorities and women in any job opportunities created, to solicit and utilize certified Minority-and Women-owned Business Enterprises ("MWBEs") for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall Minority and Women Business Enterprise ("MWBE") participation goal of 30% related to the total value of the qualifying expenditures totaling \$400,000. The MWBE participation in relation to ESD funding shall be no less than \$120,000.

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
New York State Map

Regional Council Award – Long Island City (New York City Region – Queens County) – NYSDEC Dredge Team and Study Working Capital – Port Authority Bi-State Dredge Fund (Working Capital Grant) – Findings and Determinations Pursuant to Section 10(g) of the Act; Authorization to Make a Grant and to Take Related Actions

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 NYSDEC Dredge Team and Study Working Capital -- Port Authority Bi-State Dredge Fund (Working 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 Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to New York State Department of Environmental Conservation a grant for a total amount not to exceed One Million Three Hundred Eighty Eight Thousand Nine Hundred Eighty Eight Dollars (\$1,388,988) from the Port Authority Bi-State Dredge 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

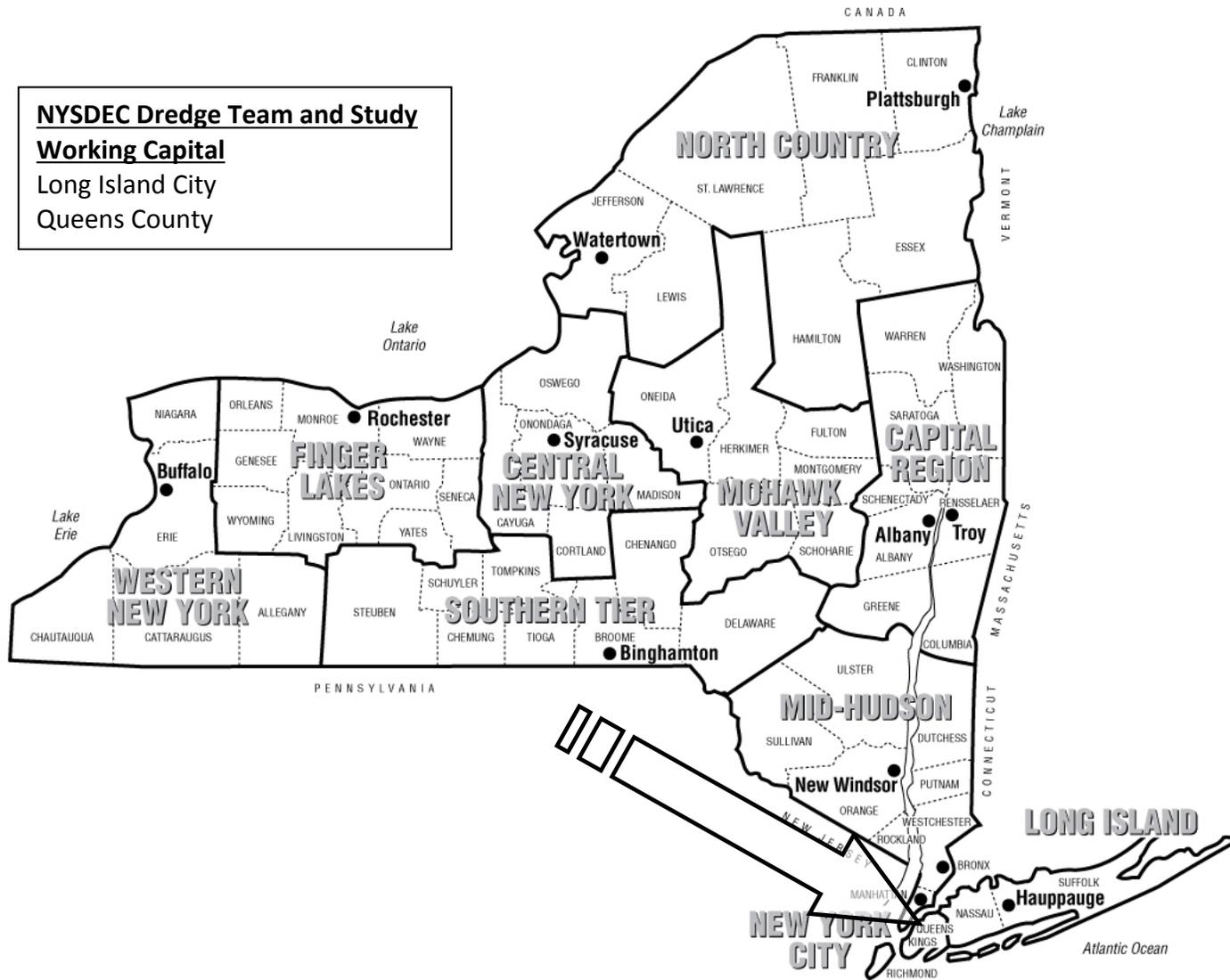
RESOLVED, that the President and Chief Executive Officer Designate of the Corporation or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate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

* * *

NYSDEC Dredge Team and Study
Working Capital
 Long Island City
 Queens County



FOR CONSIDERATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Regional Council Award – Priority Project – Bronx (New York City Region – Bronx County) – GrowNYC Capital – Upstate Agricultural Economic Development Fund and New York Works Economic Development Fund (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: Council on the Environment, Inc. d/b/a GROWNOC (“GrowNYC” or the “Organization”)

ESD* Investment: A grant of up to \$13,368,000 to be used for a portion of the cost of construction of the New York State Regional Food Hub (“NYSRFH”), formerly known as Greenmarket Regional Food Hub.

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

Project Location: Block 2781 portion of Lot 500 and Block 2778 portion of Lot 100, Bronx, Bronx County*

100 Gold Street, New York

*Project activity site; other is job-retention site

Proposed Project: Construction of the NYSRFH in the South Bronx.

Project Type: New construction involving job retention and creation

Regional Council: The New York City Regional Economic Development Council (the “Council”) has been made aware of this item. The Project is consistent with the Council’s plan to invest in the future by investing in food networks that would allow for more efficient ways to move goods into, out of, and throughout the five boroughs.

Employment: Initial employment at time of ESD Incentive Proposal: 14
 Current employment level: 32
 Minimum employment on January 1, 2022: 26

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Hard Costs	\$33,005,000
Soft Costs	<u>5,802,403</u>
Total Project Costs	<u>\$38,807,403</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$13,368,000	35%
*ESD-Grant (AB188)	1,632,000	4%
NYC Leasehold Funding	5,000,000	13%
NYC Capital Funding	9,050,000	23%
US EDA Funding	2,484,746	7%
New Market Tax Credits	4,800,000	12%
Foundation Grants	650,000	1%
Bank Financing	1,650,000	4%
Grantee Equity	<u>172,657</u>	<u>1%</u>
Total Project Financing	<u>\$38,807,403</u>	<u>100%</u>

* In July 2017, ESD’s Board approved \$1,632,000 of the \$15,000,000 grant for costs associated with the design and planning of the NYSRFH.

III. Project Description

A. Company

Industry: Sustainability Services Organization

Company History: Founded in 1970, GrowNYC is the sustainability resource for New Yorkers providing free tools and services anyone can use in order to improve the City and environment. Its mission is to improve New York City's quality of life through environmental programs that transform communities block by block and empower all New Yorkers to secure a clean and healthy

environment for future generations.

Ownership: GrowNYC is a not-for-profit organization.

Size: All facilities are located in New York, NY.

ESD Involvement: Greenmarket Co. is a mission-driven, non-profit food distribution program run by Grow NYC. The goal of the program is to create profitable business opportunities for local farmers and to increase access to healthy, fresh, local foods in underserved communities throughout NYC. Greenmarket Co. is looking to create an expanded facility. A larger facility would allow the program to exponentially increase its capacity to connect underserved New Yorkers with fresh, healthy, local foods. The facility will provide cold storage, aggregation, distribution, and processing infrastructure to connect more NYC wholesale buyers with local farm products.

The NYSRFH facility will be a 60,427-square-foot facility located on a 157,508-square-foot site in Hunts Point, NY. Up to 60,000 square feet of the facility will be dedicated to wholesale food distribution and the remainder of the facility will serve as offices and hallways. GrowNYC will occupy 20,000 square feet of the facility to provide aggregation/distribution services and will lease approximately 20,000 square feet to other distributors for wholesale activities. The remaining 20,000 square feet will be used for food processing that will either be managed by GrowNYC and a partner, or to be occupied by a tenant that may offer co-packing opportunities.

The total amount awarded for this project is \$15,000,000. At this time, \$13,368,000 is being requested. In July 2017, ESD's Board approved \$1,632,000 of the \$15,000,000 grant for costs associated with the design and planning of the NYSRFH. The remaining funding will be used for soft and hard costs associated with the construction of the NYSRFH. Without ESD assistance the project would not have been feasible.

Past ESD Support: Funding for the past five years, totaling \$439,000, to the Grantee is summarized in the following chart:

Program	Project #	Amount	Date Start (ESD Directors' Approval Date)	Date End (Project Completion: Contract Expiration)	Purpose
Urban and Community Development Program	Y347	\$250,000	August 18, 2013	March 31,2018	Working Capital - Working Capital for marketing, wages, distribution, and operations.
NYPA Open for Business Craft Beverage Marketing Program	AA212	\$46,940	October 15, 2015	January 25, 2017	Working Capital - Funds to host a rotating craft beverage stand at 2 Greenmarkets.
NYPA Open for Business Craft Beverage Marketing Program Round 2	AB003	\$142,427	March 16, 2017	December 31, 2018	Working Capital – Funds to host a rotating craft beverage stand at 2 Greenmarkets

B. The Project

Completion: August 2021

Activity: The site at 298 Halleck in the Hunts Point section of the Bronx will undergo the installation of utility services, site improvements, landscaping, and other elements associated with the exterior of the project. A second aspect of the project will be the construction of a new facility. This new construction will require the buildout of slabs, foundation, floors, walls, beams, columns, stairs, and a roof. The construction process will lead to a fully-built empty warehouse building, which will be ready for tenant installations. The final element of the project, which will be the space occupied by GrowNYC will commence at the conclusion of the construction of the new building. This work will be the buildout of GrowNYC’s space for the operation of the NYSRFH. It will include all relevant interior system distribution, HVAC, food storage rooms, and office space.

Results: Construction of the NYSRFH will provide the following benefits to local farmers and underserved communities throughout NYC: access to the New York City wholesale market for more than 120 mid-sized farmers in the State of New York; access to healthy, fresh, local produce to an estimated 500,000 New Yorkers, 70% of which live in underserved communities; lower cost and increased quantities of fresh, local produce available to community-based food access programs; and the donation of 500,000 pounds of unsold fresh produce to food rescue organizations per year. The project will also retain 14 existing jobs and create 12 new jobs.

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 2,347,801;
- Fiscal cost to NYS government is estimated at \$13,368,000;
- Project cost to NYS government per direct job is \$1,559,756;
- Project cost to NYS government per job (direct plus indirect) is estimated
- at \$1,210,178;
- Ratio of project fiscal benefits to costs to NYS government is 0.18:1;
- Fiscal benefits to all governments (state and local) are estimated at \$5,289,550;
- Fiscal cost to all governments is \$13,368,000;
- All government cost per direct job is \$1,559,756;
- All government cost per total job is \$1,210,178;
- The fiscal benefit to cost ratio for all governments is 0.40:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$32,145,117, or \$2,910,033 per job (direct and indirect);
- The economic benefit to cost ratio is 2.40:1;

- Project construction cost is \$38,807,403, which is expected to generate 187 direct job years and 101 indirect job years of employment;
- For every permanent direct job generated by this project, an additional 0.29 indirect jobs are anticipated in the state’s economy;
- The payback period for NYS costs is not calculated.

Grantee Contact: Marcel Van Ooyen, President/CEO
 GrowNYC
 100 Gold Street, Suite #3300
 New York, NY 10038-1617
 Phone: (917) 715-0249

Courtesy copy to:
 Gifford Miller, Managing Member
 Signature Urban Properties, LLC
 220 Fifth Avenue, 19th Floor
 New York, NY 10001-7708
 Phone: (212) 813-3577

ESD Project No.: AB188

Project Team:	Origination	Joseph Tazewell
	Project Management	Andrew Oliver
	Contractor & Supplier Diversity	Danah Alexander
	Finance	Jonevan Hornsby
	Design & Construction	Marty Piecuch
	Environmental	Soo Kang

C. 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 demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Grantee will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after the Grantee’s acceptance of ESD’s offer. Equity is defined as cash injected into the project by the Grantee or by investors, and should be auditable through Grantee financial statements or Grantee accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.

4. Prior to disbursement, the Grantee 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 \$13,368,000, not to exceed 35% of total project costs, will be disbursed to the Grantee no more frequently than quarterly, and in proportion to ESD's funding share and in compliance with Design and Construction requirements, upon documentation of construction costs, and documentation of the employment of at least 14 Full-time Permanent Employees at the Project Job Retention Location, assuming all project approvals have been completed and funds are available. The final ten percent (10%) of the Grant shall not be disbursed by ESD until project is complete as evidenced by a certificate of occupancy and the employment of at least 26 new Full-Time Permanent employees at the Project Site Location (Employment Increment of 12). 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 August 1, 2016, to be considered eligible project costs. All disbursements must be requested by April 1, 2022.
6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$13,368,000, 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	14
A	B
Reporting Date	Employment Goals
February 1, 2021	14+X
February 1, 2022	14+X
February 1, 2023	14+X
February 1, 2024	14+X
February 1, 2025	14+X
February 1, 2026	14+X
February 1, 2027	14+X
February 1, 2028	14+X

X = Grantee's Employment Increment that will be the basis of the Final 10% Disbursement of the Grant as described in section C.5 above (i.e. X=12, and Employment Goals shall equal [14 + X = 26] if the Final 10% Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Final 10% Disbursement has not yet been made then X=0.

IV. Statutory Basis: Upstate Agricultural Economic Development Fund

The funding is authorized under Section 16-s 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 Upstate Agricultural Economic Development Fund . No residential relocation is required as there are no families or individuals residing on the site.

V. Statutory Basis: NY Works Economic Development Fund

The funding was authorized in the 2012-2013 New York State budget and reappropriated in the 2013-2014, 2014-2015, 2015-2016, 2017-2018, 2018-2019, and 2020-2021 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

VI. Design and Construction

Submission of Payment Requisitions to ESD will be made according to the design and construction disbursement terms outlined in the Grant Disbursement Agreement. ESD reserves the right to inspect the project site to ensure compliance of these terms and monitor project progress.

VII. Environmental Review

The NYC Small Business Services, as lead agency, has completed an environmental review of the project pursuant to the requirements of the State Environmental Quality Review Act and the implementing regulations of the New York State Department of Environmental Conservation. This review 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 July 29, 2020. 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.

VIII. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. Grow NYC shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women-owned Business Enterprises ("MWBEs") for any contractual opportunities generated in connection with the Project and to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 32%. The overall goal shall include a Minority Business Enterprise ("MBE") Participation Goal of 16% and a Women-owned Business Enterprise ("WBE") Participation Goal of 16% related to the total value of ESD's funding.

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

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

X. Additional Submissions to Directors

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

Bronx (New York City Region – Bronx County) – Grow NYC Capital – Upstate Agricultural Economic Development Program and New York Works Economic Development Fund (Capital Grant) – Findings and Determinations Pursuant to Sections 16-s 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 Grow NYC Capital -- Upstate Agricultural Economic Development Program and New York Works Economic Development Fund (Capital Project) (the "Project"), the Corporation hereby determines pursuant to Section 10(g) of the New York State Urban Development Corporation Act of 1968, as amended (the "Act"), that there are no families or individuals to be displaced from the project area; and be it further

RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plan (the "Plan") for the Project submitted to this meeting, together with such changes therein as the President and Chief Executive Officer Designate 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 Council on the Environment d/b/a GROW NYC a grant for a total amount not to exceed Thirteen Million Three Hundred and Sixty Eight Thousand Dollars (\$13,368,000) from the Upstate Agricultural Economic Development Program and New York Works 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 Designate 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 Designate 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 Designate 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.

* * *

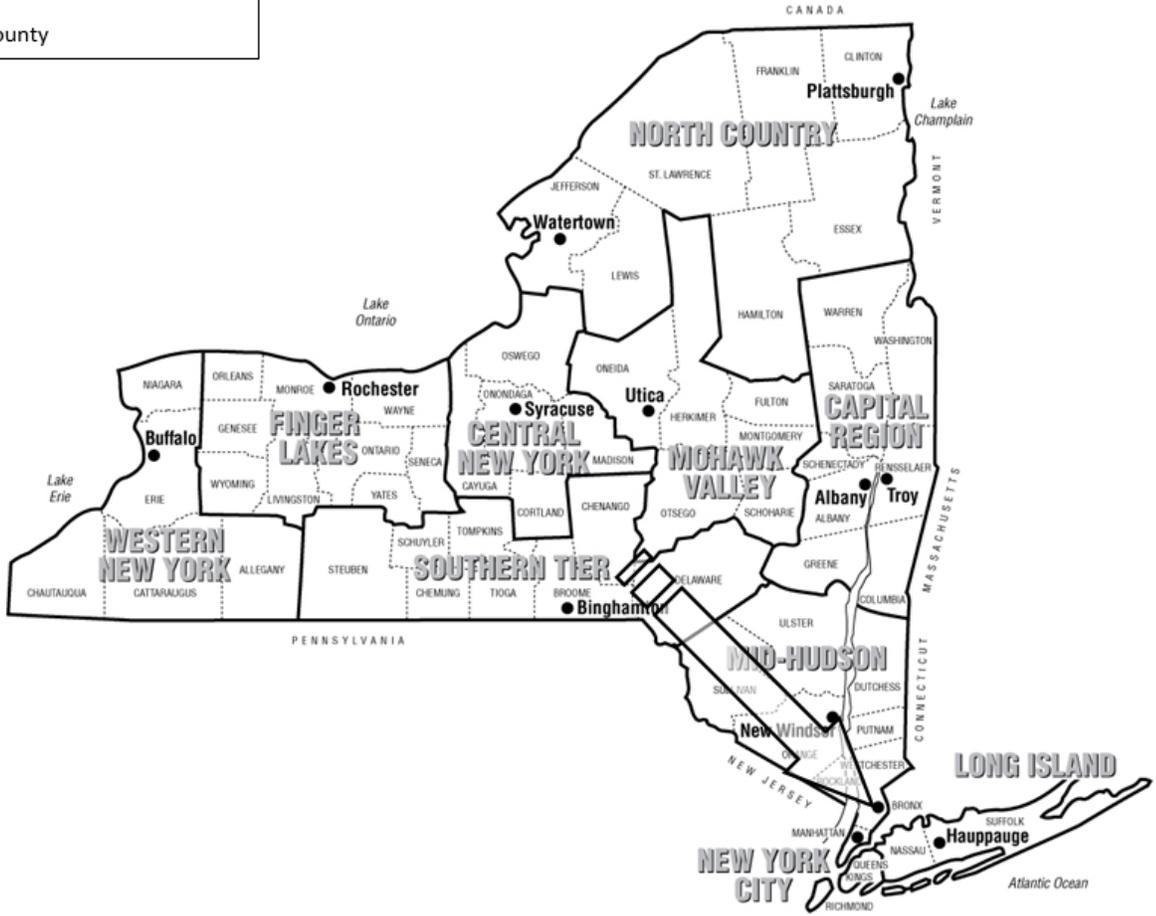
August 20, 2020

Bronx (New York City Region – Bronx County) – Grow NYC Capital – Upstate Agricultural Economic Development Program and New York Works Economic Development Fund (Capital Grant) – Determination of No Significant Effect on the Environment

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

* * *

Grow NYC Capital
Bronx
Bronx County



FOR CONSIDERATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Market New York Grant Program – Market New York (Working Grants)

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

I. Project Summaries

	Project Name	Project #	Grantee	Assistance Up To
	Market New York Program			
A.	Get Outside: Four-Season Destination Strategy Working Capital	133,478	Natural History Museum of the Adirondacks d/b/a The Wild Center	\$366,300
B.	A Marketing Plan for Expansion Working Capital	133,555	Historic Hudson Valley	\$428,104
C.	Diamonds of the Hall of Fame Collection Video Series Working Capital	133,514	National Baseball Hall of Fame & Museum, Inc.	\$317,250
	TOTAL MARKET NY PROJECTS - 3		TOTAL	\$1,111,654

ESD* Investment: Up to a total of \$1,111,654 from Market New York Round 9 to be used for tourism working capital projects in the North Country, Long Island and Mohawk Valley regions of New York State

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

Project Locations: Statewide - See Schedules A - C attached

Proposed Projects: See Schedules A - C attached

Regional Council: Each respective Regional Economic Development Council has been made aware of, and has endorsed, the relevant proposed project(s).

Anticipated
Appropriation
Source(s): Market New York Program

II. Project Cost and Financing Sources

See Schedules A - C attached.

III. Project Description

A. Background

Rounds 7, 8 & 9 of the Regional Council Consolidating Funding Application all included up to \$15 million for Market New York, Round 6 included \$13.5 million, Rounds 4 & 5 up to \$12 million and Round 3 had a total available of up to \$10 million for a program that will support regionally themed New York focused projects. Market New York will help to bolster tourism growth by promoting tourism destinations, attractions, and special events.

Funding is available for projects intended to increase tourism in a community or region. Grant funding will be allocated among the ten regions, each represented by a Regional Council, based on each Regional Council's development and implementation of a five-year strategic plan that sets out a comprehensive vision for economic development and specific strategies to implement that vision. Funding will be allocated to projects, including priority projects identified by the regional councils, identified as significant, regionally supported and capable of stimulating economic investment through attraction of tourists to the dedicated area.

B. The Projects

ESD will make available \$1,111,654 from Round 9 to fund three working capital projects. The grantee has identified and prioritized Regional Marketing and Capital Tourism projects that support the Regional Economic Development Council's strategic plans for tourism and will coordinate with New York State's "I LOVE NEW YORK" tourism division to maximize the overall program impact statewide. The Market New York Grantee will carry out its Regional Marketing Tourism project as described in the individual project description as set forth in Schedules A - C attached.

ESD Project Nos.: See Table Above

Project Team:	Project Management Program Director Contractor & Supplier Diversity Environmental	See Schedules A - C attached Kelly Baquerizo Geraldine Ford Soo Kang
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Financial Terms and Conditions

ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$1,111,654 for the project, if ESD determines that 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

Market New York Program - DED

The funding was authorized in the 2019-2020 New York State budget and reappropriated in the 2020-2021 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

Unless otherwise noted on a project summary attached as Schedules A - C, ESD staff has determined that the projects described in Schedules A – C either constitute Type II actions or do not constitute actions 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 projects.

VI. Non-Discrimination and Contractor & Supplier Diversity

ESD’s Non-discrimination and Contractor Diversity policies will apply to the projects. Each Grantee shall be required to use good faith efforts to achieve an overall Minority and Women Business Enterprise (“MWBE”) Participation Goal, each project has been assigned an individual goal by the Office of Contractor & Supplier Diversity based on the elements of the individual project and 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 Employment Enforcement Policy

ESD's Employment Enforcement Policy will not apply since these projects 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. Requested Actions

The Directors are requested to: (1) make the findings and determination required by Section 10(g) of the UDC Act; and (2) authorize the making of the grants which are the subject of these materials.

X. Recommendation

Based on the foregoing, I recommend approval of the requested actions.

Additional Submissions to Directors

Resolutions
Schedules A – C

Statewide – Market New York Program (Working Capital Grants) – Findings and Determinations Pursuant to Section 10(g) of the Act; Authorization to Make Grants and Take Related Actions

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Market New York Program Project 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 President and Chief Executive Officer Designate 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; (2) receipt of all other necessary approvals; and (3) receipt of funds; and be it further

Market New York Program

	Project Name	Project #	Grantee	Assistance Up To
	Market New York Program			
A.	Get Outside: Four-Season Destination Strategy Working Capital	133,478	Natural History Museum of the Adirondacks d/b/a The Wild Center	\$366,300
B.	A Marketing Plan for Expansion Working Capital	133,555	Historic Hudson Valley	\$428,104
C.	Diamonds of the Hall of Fame Collection Video Series Working Capital	133,514	National Baseball Hall of Fame & Museum, Inc.	\$317,250
	TOTAL MARKET NY PROJECTS - 3		TOTAL	\$1,111,654

and be it further

RESOLVED, that the President and Chief Executive Officer Designate 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. Get Outside: Four-Season Destination Strategy Working Capital (133,478/MNYAE115)

August 20, 2020

- Grantee:** Natural History Museum of the Adirondacks d/b/a The Wild Center (“Museum” or the “Organization”)
- ESD Investment:** A grant of up to \$366,300 to be used for regional tourism marketing funding
- Proposed Project:** Promote and complete a 2-year marketing campaign project that will attract new, and repeat visitors to the Adirondacks in the traditionally slow fall and winter months. The project will increase tourism revenue and expand the season by targeted marketing, opening Wild Walk year-round, adding Wild Winter Weekends and First to Fall activities including ice fishing & a Get Outside Festival.
- Project Type:** Working Capital
- Regional Council:** The North Country Regional Economic Development Council has been made aware of this project. The Incentive Offer was accepted in March 2020. The project is consistent with the Regional Plan to promote tourism within the North Country Region and across New York State.

Background:

Industry - Tourism and Recreation

Organizational History – The Wild Center was founded in 1999 as the Natural History Museum of the Adirondacks on land donated by the residents of Tupper Lake, NY. It opened to the public as The Wild Center in 2006. The Organization’s goal was to create a new kind of audience-centric science museum grounded in the region’s amazing natural resources and beauty that would provide ways to explore the natural world in accessible and engaging ways while generating sustainable economic growth for the area. The Wild Center includes a 54,000 square-foot Silver LEED exhibit facility, Wild Walk, an elevated boardwalk into the forest, which is located on a 115-acre campus of water and forest resources, and all-season trails. The Organization attracts an average 110,000 visitors each year and brings over \$24 million to the region each year, according to recent economic impact studies.

Ownership – The Wild Center is a not-for profit organization.

ESD Involvement – A \$366,300 grant from the Market New York Grant Program

Past ESD Support – Funding for the past five years to the grantee is summarized in the following table:

Get Outside: Four-Season Destination Strategy Working Capital (133,478/MNYAE115)

August 20, 2020

Program	Project #	Amount	Date Start (ESD Director's Approval Date)	Date End (Project Completion Contract Expiration)	Purpose
Regional Council Capital Fund- RC3	Y829	\$250,000	August 20, 2015	April 2016	Capital Grant - Phase 2 Wild Walk exhibits and signage
Market New York-Program - RC4	Z724	\$372,000	July 16, 2015	December 2017	Working Capital - Multi-media marketing for tourism
Market New York Program -RC5	AA648	153,100	August 20, 2016	December 2017	Capital Grant- Panoramic Theater
Market New York Program -RC5	AA668	130,625	August 18, 2016	December 2017	Working Capital - Multi-media marketing for tourism
Market New York Program	AB499	\$300,000	April 17, 2017	December 2018	Working Capital Grant- Multi-media marketing for tourism

The Project:

Completion Date – December 2021

Activity – The Wild Center will complete a 2-year project that will attract new and repeat visitors to the Adirondacks in the traditionally slow fall and winter months. The project will increase tourism revenue and expand the season by targeted marketing, opening Wild Walk year-round, adding Wild Winter Weekends and First to Fall activities including ice fishing & a Get Outside Festival.

Results – The project will measure the success of their efforts based on attendance and visitor feedback during the targeted shoulder seasons. The project will track formal and informal feedback on new programs including: Winter Wild Walk; Ice Fishing program; Patrick Dougherty Installation; Get Outside programing. In addition, they will continue to track effectiveness of digital and Social media meeting efforts through available analytics.

Upon completion of the project, the Grantee will furnish a final report describing the impact and effectiveness of the project.

Get Outside: Four-Season Destination Strategy Working Capital (133,478/MNYAE115)

August 20, 2020

Financing Uses	Amount	Financing Sources	Amount	Percent
Special Events (Fees paid to artisans, supplies, rentals)	\$71,000	ESD Grant	\$366,300	75%
Public Relations	72,000	Grantee Equity	122,100	25%
Promotion (Print Collateral, Web Updates, Licensing/Talent Fees, Trade Shows/Special Promotions/Group Tour)	93,300			
Media Advertising	205,000			
Project Administration	47,100			
Total Project Costs	\$488,400	Total Project Financing	\$488,400	100%

Grantee Contact - Hillarie Logan-Dechene
 Deputy Director
 45 Museum Drive
 Tupper Lake, NY 12986
 Phone: (518) 359-7800
 E-mail: hlogan-dechene@wildcenter.org

Project Team -

Origination	Kelly Rabideau-Baquerizo
Project Management	Jenna Krzyzak
Contractor & Supplier Diversity	Danah Alexander
Environmental	Soo Kang

Financial Terms and Conditions:

1. Grantee will be obligated to advise ESD of any materially adverse changes in its financial conditions prior to disbursement.
2. The Grantee will be required to contribute a minimum of 25% of the total project cost in the form of a match that can consist of local, federal, foundational or other organizations' fund. Other State funds (including other funding from ESD), "in-kind" matches/donations and salaries/wages/fringe benefits are not an eligible match for this requirement. The match must be committed and specifically shown in the project budget. Grantee's affirmation of these Directors' materials will be considered by ESD as validation of this committed matching requirement.
3. Up to \$366,300 will be disbursed, no more frequently than quarterly, and in proportion to ESD's funding share, to Grantee upon documentation of eligible project expenditures, and presentation to ESD of an invoice and such other documentation as ESD may reasonably require (including the mandatory project measurements/metrics form and documentation included in the Grant Disbursement Agreement). Expenses must be incurred on or after December 19, 2019, to be considered eligible project costs. The project must be completed by December 31, 2021. All disbursements require

Get Outside: Four-Season Destination Strategy Working Capital (133,478/MNYAE115)

August 20, 2020

compliance with program requirements and must be requested by no later than April 2022. As stated, it is expected that reimbursement shall be in proportion to ESD's funding share. Thus, for each payment request, a match should be shown in proportion to Grantee's overall share of project costs.

4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$366,300 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 ESD.
5. All projects should align with I LOVE NY marketing. It is required that all projects use the I LOVE NY logo with all marketing and promotion elements paid with Market New York Funds for the awarded project. Any use of the I LOVE NEW YORK logo must be approved by ESD and conform to ESD guidelines. Additionally, In the event I LOVE NY/NYS Division of Tourism chooses to have a presence at events in connection with this grant, no further funds shall be exchanged for a sponsorship or space fee.

Non-Discrimination and Contractor & Supplier Diversity:

ESD's Non-discrimination & Contractor and Supplier Diversity policies will apply to this project. The Recipient shall be required to use "Good Faith Efforts," pursuant to 5 NYCRR §142.8, to achieve an overall Minority-and Women-owned Business Enterprise ("MWBE") participation goal of 30% (\$109,890) 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. A further explanation of the MWBE requirements is attached hereto.

Statutory Basis – Market New York Program:

The funding was authorized in the 2019-2020 New York State budget and reappropriated in the 2020-2021 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.

B. A Marketing Plan for Expansion Working Capital (133,555/MNYAE114)

August 20,2020

- Grantee:** Historic Hudson Valley (“HHV” or the “Organization”)
- ESD Investment:** A grant of up to \$428,104 to be used for regional tourism marketing funding
- Proposed Project:** Historic Hudson Valley presents “The Great Jack O’Lantern Blaze: A Marketing Plan for Expansion” an event that will create lasting memories for New York families and generate vital tourism revenue by expanding a successful seasonal event to a second location at Old Bethpage Village Restoration on Long Island.
- Project Type:** Working Capital
- Regional Council:** The Long Island Region Regional Economic Development Council has been made aware of this project. The Incentive Offer was accepted in March 2020. The project is consistent with the Regional Plan to promote tourism within the Long Island Region and across New York State.

Background:

Industry - Tourism & Culture

Organizational History – Chartered in 1951 by the Board of Regents of the State University of New York as an educational institution, Historic Hudson Valley (originally named Sleepy Hollow Restorations) was created by John D. Rockefeller, Jr., after he founded Colonial Williamsburg. The mission of the Organization is to celebrate the history, architecture, landscape, and culture of the Hudson River Valley, advancing its importance and thereby ensuring its preservation.

HHV operates a network of five, National Historic Landmark sites along the Hudson River in New York: Philipsburg Manor, Van Cortlandt Manor, Washington Irving’s Sunnyside, Union Church of Pocantico Hills, and Kykuit, the Rockefeller Estate. The sites possess documented historical integrity, architectural distinction, superb decorative and fine arts collections, and exceptional importance of landscape and setting. To fulfill the dual mission of education and preservation, HHV maintains 23 historic structures; 250 acres of historic landscapes; and a collection of 9,000 objects relating to the history of the region. In 2011, HHV opened the Regional History Center. With the Organization’s distinguished research library as its centerpiece, the building includes spaces for public programs and meetings, as well as facilities for staff, researchers, volunteers, and interns. HHV offers a range of public programs at the sites and beyond that are designed to appeal to a variety of interests and learning styles. Included are daily site

A Marketing Plan for Expansion Working Capital (133,555/MNYAE114)

August 20, 2020

tours, school-time programs, after-school enrichment programs for underserved youth, teacher training workshops, exhibitions, and internships. Seasonal, popular events celebrate the rich history, culture, and folklore of the region, helping to build traditional museum audiences, attract visitors, and generate economic activity through heritage tourism.

Ownership – Historic Hudson Valley is a not-for-profit educational organization.

ESD Involvement – A \$428,104 grant from the Market New York Grant Program

Past ESD Support – Funding for the past five years to the grantee is summarized in the following table:

Program	Project #	Amount	Date Start (ESD Director's Approval Date)	Date End (Project Completion Contract Expiration)	Purpose
Market New York Program	AB429	\$159,937	July 2017	December 2018	Working Capital Grant-Promotion of Event

The Project:

Completion Date – December 2021

Activity – Historic Hudson Valley presents The Great Jack O'Lantern Blaze: A Marketing Plan for Expansion will create lasting memories for New York families and generate vital tourism revenue by expanding a successful seasonal event to a second location at Old Bethpage Village Restoration on Long Island. The grantee has plans in place to ensure events follow current COVID guidelines. Expenditures will include exhibit materials and fabrication, rental of lighting equipment, lighting design and installation services, including rental of tents, rigging, and other event equipment. Marketing will be achieved through radio and print advertising, along with digital media that includes paid advertisements in print, on radio, TV, and outdoor, earned editorial placements, social media outreach, and search engine marketing. There will also be opt-in marketing and direct email to more than 250,000 Historic Hudson Valley e-newsletter subscribers and previous ticket buyers. Advertising efforts will begin in August 2020 and continue through early November 2020. Historic Hudson Valley will work on media strategy and media buys with Main Street Agency, a NYS Certified Women Owned Business Enterprise.

Results – The project will offer paid services to increase economic impact in the region and to accommodate approximately 250,000 seasonal visitors.

A Marketing Plan for Expansion Working Capital (133,555/MNYAE114)

August 20, 2020

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
Consultation/Vendor Event Services	\$442,104	ESD Grant	\$428,104	75%
Radio & Print Advertising	130,000	Grantee Equity	144,000	25%
Total Project Costs	\$572,104	Total Project Financing	\$572,104	100%

Grantee Contact - Jennifer Kovalskaya
Historic Hudson Valley
639 Bedford Road
Pocantico Hills, NY 10591
Phone: (917) 366-6941
E-mail: jkovalskaya@hudsonvalley.org

Project Team -

Origination	Kelly Rabideau-Baquerizo
Project Management	Jenna Krzyzak
Contractor & Supplier Diversity	Danah Alexander
Environmental	Soo Kang

Financial Terms and Conditions:

1. Grantee will be obligated to advise ESD of any materially adverse changes in its financial conditions prior to disbursement.
2. The Grantee will be required to contribute a minimum of 25% of the total project cost in the form of a match that can consist of local, federal, foundational or other organizations' fund. Other State funds (including other funding from ESD), "in-kind" matches/donations and salaries/wages/fringe benefits are not an eligible match for this requirement. The match must be committed and specifically shown in the project budget. Grantee's affirmation of these Directors' materials will be considered by ESD as validation of this committed matching requirement.
3. Up to \$428,104 will be disbursed, no more frequently than quarterly, and in proportion to ESD's funding share, to Grantee upon documentation of eligible project expenditures, and presentation to ESD of an invoice and such other documentation as ESD may reasonably require (including the mandatory project measurements/metrics form and documentation included in the Grant Disbursement Agreement). Expenses must be incurred on or after December 19, 2019, to be considered eligible project costs. The project must be completed by December 31, 2021. All disbursements require compliance with program requirements and must be requested by no later than April

A Marketing Plan for Expansion Working Capital (133,555/MNYAE114)

August 20, 2020

2022. As stated, it is expected that reimbursement shall be in proportion to ESD's funding share. Thus, for each payment request, a match should be shown in proportion to Grantee's overall share of project costs.

4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$428,104 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 ESD.
5. All projects should align with I Love NY marketing. It is required that all projects use the I LOVE NY logo with all marketing and promotion elements paid with Market NY Funds for the awarded project. Any use of the I LOVE NEW YORK logo must be approved by ESD and conform to ESD guidelines. Additionally, In the event I LOVE NY/NYS Division of Tourism chooses to have a presence at events in connection with this grant, no further funds shall be exchanged for a sponsorship or space fee.

Non-Discrimination and Contractor & Supplier Diversity:

ESD's Non-discrimination & Contractor and Supplier Diversity policies will apply to this project. The Recipient shall be required to use "Good Faith Efforts," pursuant to 5 NYCRR §142.8, to achieve an overall Minority-and Women-owned Business Enterprise ("MWBE") participation goal of 30% (\$128,431) 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. A further explanation of the MWBE requirements is attached hereto.

Statutory Basis – Market New York Program:

The funding was authorized in the 2019-2020 New York State budget and reappropriated in the 2020-2021 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. Diamonds of the Hall of Fame Collection Video Series Working Capital
(133,514/MNYAE129)**

August 20, 2020

- Grantee:** National Baseball Hall of Fame & Museum, Inc. (“NBHFM” or the “Museum”)
- ESD Investment:** A grant of up to \$317,250 to be used for regional tourism marketing funding
- Proposed Project:** National Baseball Hall of Fame and Museum will produce a new video series called "Diamonds of the Hall of Fame Collection" to be distributed on YouTube and social media channels. Each episode will be hosted by a well-known sports broadcaster or Hall of Famer telling the story of an artifact in the Museum and encouraging visitors to come see the item in person
- Project Type:** Working Capital
- Regional Council:** The Mohawk Valley Region Regional Economic Development Council has been made aware of this project. The Incentive Offer was accepted in March 2020. The project is consistent with the Regional Plan to promote tourism within the Mohawk Valley Region and across New York State.

Background:

Industry - Arts & Culture

Organizational History – The National Baseball Hall of Fame and Museum is a 501(c)3 not-for-profit educational institution, dedicated to preserving history, honoring excellence and connecting generations. Core to the fulfillment of our mission is the ability to preserving and sharing our Museum collection and Library archive. What started as a one-room museum in 1939 has grown into a state-of-the art museum and library, education center, and hall of fame. More than 17 million visits have been made to the Museum in Cooperstown, NY since our doors opened June 12, 1939.

Ownership – The National Baseball Hall of Fame & Museum, Inc. is a not-for-profit organization

ESD Involvement – A \$317,250 grant from the Market New York Grant Program

Past ESD Support –Funding for the past five years to the grantee is summarized in the following table:

Program	Project #	Amount	Date Start (ESD Director's Approval Date)	Date End (Project Completion Contract Expiration)	Purpose
Market New York Program	Z132	\$234,000	August 2014	December 2016	Working Capital Grant-Marketing Campaign
Market New York Program	AB571	\$333,750	July 2017	December 2019	Working Capital Grant-Marketing Campaign
Market New York Program	AA517	\$131,400	December 2016	December 2020	Working Capital Grant-Marketing Campaign
Market New York Program	AC693	\$250,000	June 2018	December 2021	Working Capital Grant-Marketing Campaign
Market New York Program	132,642	\$300,000	April 2019	December 2020	Working Capital Grant-Marketing Campaign

The Project:

Completion Date – December 2021

Activity – National Baseball Hall of Fame and Museum will produce a new video series called "Diamonds of the Hall of Fame Collection" to be distributed on YouTube and social media channels. Each episode will be hosted by a well-known sports broadcaster or Hall of Famer telling the story of an artifact in the Museum and encouraging visitors to come see the item in person.

Results –The success of the program will be measured by total views of the videos, new subscribers to the Museum's YouTube channel, and click-through traffic to the Museum's plan your visit web page. Additionally, the project will closely track attendance at the Museum, increasing attendance will be the ultimate measure of the program.

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
Video Production	\$200,000	ESD Grant	\$317,250	75%
Advertising & Paid Content Dist.	143,000	Grantee Equity	105,750	25%
On-Screen Talent	80,000			
Total Project Costs	\$423,000	Total Project Financing	\$423,000	100%

Grantee Contact - Ken Meifert, V.P. of Sponsorships and Development
National Baseball Hall of Fame & Museum, Inc.
25 Main Street
Cooperstown, NY 13326
Phone: (607) 287-1043
E-mail: kmeifert@baseballhall.org

**C. Diamonds of the Hall of Fame Collection Video Series Working Capital
(133,514/MNYAE129)
August 20, 2020**

<u>Project Team -</u>	Origination Project Management Contractor & Supplier Diversity Environmental	Kelly Rabideau-Baquerizo Jenna Krzyzak Danielle Adams Soo Kang
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Financial Terms and Conditions:

1. Grantee will be obligated to advise ESD of any materially adverse changes in its financial conditions prior to disbursement.
2. The Grantee will be required to contribute a minimum of 25% of the total project cost in the form of a match that can consist of local, federal, foundational or other organizations' fund. Other State funds (including other funding from ESD), "in-kind" matches/donations and salaries/wages/fringe benefits are not an eligible match for this requirement. The match must be committed and specifically shown in the project budget. Grantee's affirmation of these Directors' materials will be considered by ESD as validation of this committed matching requirement.
3. Up to \$317,250 will be disbursed, no more frequently than quarterly, and in proportion to ESD's funding share, to Grantee upon documentation of eligible project expenditures, and presentation to ESD of an invoice and such other documentation as ESD may reasonably require (including the mandatory project measurements/metrics form and documentation included in the Grant Disbursement Agreement). Expenses must be incurred on or after December 19, 2019, to be considered eligible project costs. The project must be completed by December 31, 2021. All disbursements require compliance with program requirements and must be requested by no later than April 2022. As stated, it is expected that reimbursement shall be in proportion to ESD's funding share. Thus, for each payment request, a match should be shown in proportion to Grantee's overall share of project costs.
4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$317,250 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 ESD.
5. All projects should align with I LOVE NY marketing. It is required that all projects use the I LOVE NY logo with all marketing and promotion elements paid with Market NY Funds for the awarded project. Any use of the I LOVE NEW YORK logo must be approved by ESD and conform to ESD guidelines. Additionally, In the event I LOVE NY/NYS Division of

**C. Diamonds of the Hall of Fame Collection Video Series Working Capital
(133,514/MNYAE129)
August 20, 2020**

Tourism chooses to have a presence at events in connection with this grant, no further funds shall be exchanged for a sponsorship or space fee.

Non-Discrimination and Contractor & Supplier Diversity:

ESD's Non-discrimination & Contractor and Supplier Diversity policies will apply to the project. The Recipient shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall Minority and Women Business Enterprise (MWBE) participation goal of 30% related to the total value of the qualifying expenditures totaling \$317,250. The MWBE participation in relation to ESD funding shall be no less than \$95,175. Recipient is required to actively solicit and utilize MWBEs for any contractual opportunities generated in connection with the project. A further explanation of the MWBE requirements is attached hereto.

Statutory Basis – Market New York Program:

The funding was authorized in the 2019-2020 New York State budget and reappropriated in the 2020-2021 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

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Statewide – Restore New York Communities – Capital Grant

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

General Project Plan

I. Project Summaries

	Grantee	Project Name	Project #	Grant	Village, Town, City	County
A.	Town of Wilna	Town of Wilna - Dock Street Rehabilitation RESTORE NY V	131,748	\$772,000	Wilna	Jefferson
B.	Village of Canajoharie	Village of Canajoharie - Exit 29 Redevelopment/Beechnut RESTORE V & IV	131,781	\$6,000,000	Canajoharie	Montgomery County
C.	Village of Canajoharie	Village of Canajoharie - Exit 29 Redevelopment/Beechnut RESTORE V & IV	AB779	\$500,000	Canajoharie	Montgomery County
D.	City of Schenectady	City of Schenectady - Downtown Revitalization RESTORE NY IV	AB737	\$980,000	Schenectady	Schenectady County
E.	Village of Sylvan Beach	Village of Sylvan Beach – Sylvan Beach 13 Canal Street RESTORE IV	AB777	\$500,000	Sylvan Beach	Oneida County

II. Program Description

A. Background

The purpose of the Restore New York Communities Initiative (“Restore NY” or 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. Since 2006, ESD has received \$300 million in appropriations for Restore New York to fund three rounds of projects. The appropriations were allocated as follows: up to \$50 million in FY 2006-2007; \$100 million in FY 2007-2008; and \$150 million in FY 2008-2009.

In FY 2015-2016, \$25 million was appropriated in the New York State budget for Round IV of Restore NY. In addition, \$25 million of unused funds from previous Restore NY appropriations were also allocated to Round IV for a total of \$50M. On June 20, 2016, applicants were informed of eligibility to apply under the Program, and on January 26, 2017, awardees were announced. Following the issuance of an RFP in June 2016, a total of 75 municipalities were selected in January 2017 for funding assistance under Round IV.

In FY 2017-2018, \$70 million was appropriated for Round V of the Restore NY program. The application process was opened on August 17, 2017, and awardees were announced on March 26, 2018. A total of 71 municipalities were awarded funding under Round V. It is anticipated that upon completion the projects funded by New York State will attract individuals, families, industry, and commercial enterprises to the municipalities.

B. The Projects

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 the Grantee that will stipulate the manner in which funds will be disbursed.

The attached Project schedules provide a more detailed description of the recommended Projects.

III. Statutory Basis

The funding was authorized in the 2016-2017, New York State budget and reappropriated in the 2017-2018, 2018-2019, 2019-2020 and 2020-2021 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

IV. Environmental Review

Unless otherwise noted on the 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, the grantee shall use their “Good Faith Efforts” to achieve an overall Minority and Women Business Enterprise (“MWBE”) Participation Goal of 23% related to the total value of ESD’s funding. This shall include a Minority Business Enterprise (“MBE”) Participation goal of 13% and a Women Business Enterprise (“WBE”) Participation goal of 10%. 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 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 Summaries
New York State Map

August 20, 2020

Statewide – Restore NY Communities (Capital Grants) – Findings and Determinations Pursuant to Sections 10(g) and 16-n 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 Restore New York Communities Initiative 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 areas; 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 Designate of the Corporation or his designee(s) may deem appropriate, a copy of which Plans, together with such changes, are hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written findings of the President and Chief Executive Officer Designate of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearings held on the Plans, such Plans shall be effective at the conclusion of such hearing, and that upon such written findings being made, the President and Chief Executive Officer Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make grants to the parties and for the amount listed below from Restore NY Communities, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer Designate 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 Designate 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

Restore New York Communities Initiative Program – Project Summaries Table

	Grantee	Project Name	Project #	Grant	Village, Town, City	County
A.	Town of Wilna	Town of Wilna - Dock Street Rehabilitation RESTORE NY V	131,748	\$772,000	Wilna	Jefferson
B.	Village of Canajoharie	Village of Canajoharie - Exit 29 Redevelopment/Beechnut RESTORE V & IV	131,781	6,000,000	Canajoharie	Montgomery County
C.	Village of Canajoharie	Village of Canajoharie - Exit 29 Redevelopment/Beechnut RESTORE V & IV	AB779	500,000	Canajoharie	Montgomery County
D.	City of Schenectady	City of Schenectady- Downtown Revitalization RESTORE NY IV	AB737	\$980,000	Schenectady	Schenectady County
E.	Village of Sylvan Beach	Village of Sylvan Beach – Sylvan Beach 13 Canal Street RESTORE IV	AB777	\$500,000	Sylvan Beach	Oneida County
	Total RESTORE NY – 5 Projects	TOTAL		\$8,272,000		

RESOLVED, that the President and Chief Executive Officer Designate of the Corporation or her 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. Town of Wilna - Dock Street Rehabilitation RESTORE NY V (131,748)

August 20, 2020

General Project Plan

- Grantee:** Town of Wilna (the “Wilna” or the “Town”)
- Beneficiary Company:** Turning Point of the Black River, LLC (the “Developer”)
- ESD Investment:** A grant of up to \$772,000 to be used for a portion of the cost of construction and renovations
- Project Location:** 130 Canal Street, Carthage, Jefferson County
- Proposed Project:** Rehabilitation of a vacant, 9,000-square-foot, commercial building, located on the Black River waterfront in downtown Carthage, to create a destination restaurant for residents and visitors
- Project Type:** Rehabilitation of a vacant property to revitalize the Town’s business district
- Regional Council:** The North Country Regional Council has been made aware of this item. The project is consistent with the Regional Plan to restore vibrancy to urban centers.

Background:

Grantee History - The Town of Wilna was established in 1813. Its proximity to the Black River in the North Country made it an integral community for papermaking facilities, hosting numerous facilities throughout the villages of Carthage. Over time, the paper industry shifted to areas in the Southern U.S., and the Wilna communities have struggled with their identities. Currently, the Town is the home to Fort Drum, a large US Army military base. Fort Drum was established in 1908, but grew massively in the 1980s, and currently employs over 20,000 people, including military personnel and civilians. The economic impact of Fort Drum on Jefferson County has been significant over the last two decades. Wilna and its villages, including Carthage, are redeveloping themselves to be a Community of Choice in the North Country.

ESD Involvement – In 2016, a study conducted by the Carthage Industrial development Corporation determined that the conversion of a historic building, built in 1905 and vacant for two decades, to a waterfront restaurant was essential to continue the revitalization efforts in the village. Redevelopment of 130 Canal Street, Carthage, NY (the “Building”), located on the Black River waterfront at the entrance of the Village of Carthage, supports the North Country Regional Economic Development Council's

Town of Wilna - Dock Street Rehabilitation RESTORE NY V (131,748)

August 20, 2020

Strategic Plan. It attracts new residents and businesses to support the economic growth of downtown Carthage.

In December 2017, the Town applied for Round V Restore NY funding to assist in bridging a funding gap for the rehabilitation of the Building. ESD awarded the Town a \$772,000 grant in April 2018. Without assistance from ESD, the rehabilitation of the Building would not be financially viable. Restore V funding will further the Town's on-going strategy to build and sustain healthy neighborhoods by leveraging a variety of public and private resources.

Past ESD Support - This is the Town's first project with ESD.

The Project:

Completion – June 2020

Activity - Turning Point of the Black River, LLC (the "Developer") was created in 2018 to acquire the Building. Owned by Scott Sauer, the Developer partnered with The Town to rehabilitate a vacant 9,000-square-foot commercial building, located on the Black River waterfront in downtown Carthage, into a full-scale restaurant. The Developer began renovations in August 2019 and completed it in June 2020. The operation of the project building will create 11.5 full-time jobs over the next 3 years.

Results - The project will transform downtown Carthage by renovating a formerly dilapidated building. Reuse of a restaurant creates short-term construction jobs, long-term food service jobs, and helps enhance Carthage as a destination location in the North Country. Restore NY funds are critical to the success of this project.

No Benefit-Cost Analysis ("BCA") is required since these projects generate long-term benefits not captured in the short-term period used for the BCA and may involve no permanent job commitments.

Town of Wilna - Dock Street Rehabilitation RESTORE NY V (131,748)

August 20, 2020

the Project.

4. Up to \$772,000 will be disbursed to Grantee in a lump sum, upon documentation of project costs totaling \$1,501,200 and upon completion of the project substantially as described in these materials, 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 December 15, 2017 to be considered reimbursable project costs. Previously expended funds may be applied toward match requirements retroactive to April 10, 2017, 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 \$772,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Town 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 Contract & Supplier Diversity:

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Grantee shall be required to include minorities and women in any job opportunities created, to solicit and utilize certified Minority-and Women-owned Business Enterprises ("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 30% related to the total value of ESD's funding.

Statutory Basis – Restore NY Communities:

The funding was authorized in the 2017-2018 New York State budget and re-appropriated in the 2018-2019 and 2020-2021 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

**B./C. Village of Canajoharie - Exit 29 Redevelopment/Beechnut RESTORE V & IV
(131,781/AB779)
August 20, 2020**

General Project Plan

- Grantee:** Village Of Canajoharie (“Canajoharie” or the “Village”)
- Beneficiary:** Montgomery County (the “County”)
- ESD Investment:** Two grants of up to \$6,500,000 to be used for a portion of the cost of demolition, remediation and rehabilitation costs
- Project Location:** 68 Church St, Canajoharie, Montgomery County

131-781 – \$6,000,000 (Restore NY Round V)
AB779 - \$500,000 (Restore NY Round IV)
- Proposed Project:** Demolition and redevelopment of the 554,000 square-foot former Beechnut facility, an abandoned and condemned warehouse space which sits on a 26-acre parcel of land in the heart of the village of Canajoharie, in order to create a 15 acre shovel ready parcel for further redevelopment
- Project Type:** Demolition and Rehabilitation of an abandoned property
- Regional Council:** The Mohawk Valley Regional Council has been made aware of this item. The project is consistent with the Regional Plan to restore vibrancy to urban centers.

Background:

Grantee History - The Village of Canajoharie is a small village on the Mohawk River and Erie Canal in Montgomery County. The current population of the Village is approximately 2,300 residents, while the larger geographic Town of Canajoharie has a population of approximately 3,910. Industrial development in the 19th century centered on the Arkell & Smith Sack Factory, which pioneered the development of the paper flour sack during the Civil War. Unfortunately, this industry left the village in the 1950s.

Canajoharie had long been known as the home of the Beech-Nut Factories. Founded in the 1890’s as a small firm that packaged the locally famous smoked ham of a Village resident, the Beech-Nut Packing Company expanded rapidly under founding president Bartlett Arkell to become a major player in the food processing industry. Unfortunately, the Beech-Nut Packing Company relocated to a 550,000 square-foot facility in Florida, NY.

**B./C. Village of Canajoharie - Exit 29 Redevelopment/Beechnut RESTORE V & IV
(131,781/AB779)
August 20, 2020**

ESD Involvement - In 2006, the Beech-Nut Factories were severely damaged by floods, and a new facility was required to remain competitive. In 2010, the Beech-Nut Packing Company left Canajoharie and relocated 20 miles away in Florida, NY. In 2013, the entire campus was sold to a would-be developer, who stripped the buildings of valuable materials and left property taxes unpaid. The facility, a central multi-story monolithic structure, still visually and viscerally dominates the community. Restore funding will further the Village’s on-going strategy to build and sustain healthy neighborhoods by leveraging a variety of public and private resources.

Due to the significant financial commitment required to undertake this multi-phased project, the Village applied in October 2016 for Restore NY Round IV funding assistance. In March 2017 the Village was awarded \$500,000 to assist in undertaking the project. In December 2017, the Village applied under Restore NY Round V for additional funding assistance and was awarded \$6 million.

In response to the threat of accelerating deterioration and the resulting economic impact which affected the entire county, Montgomery County partnered with Canajoharie to assist with environmental permitting and analysis of the site.

Past ESD Support - Funding for the past five years to the Grantee is summarized in the following chart:

Program	Project #	Amount	Date Start (ESD Directors’ Approval Date)	Date End (Project Completion: Contract Expiration)	Purpose
New York State Economic Development Assistance Program	X751	\$650,000	October 18, 2012	December 31, 2017	Capital Grant - Wastewater treatment plant improvement.

The Project:

Completion – December 2021

Activity - First the County will demolish and remove hazardous materials for 263,813 square-feet of abandoned and condemned contiguous warehouse space on the east side of the Canajoharie Creek. Following this, the County will advance a wholly differentiated redevelopment schema on the west side of the Canajoharie Creek by

**B./C. Village of Canajoharie - Exit 29 Redevelopment/Beechnut RESTORE V & IV
(131,781/AB779)**

August 20, 2020

undertaking the demolition of a 107,912 square-feet of building space that frames Church Street and 187,693 square-feet of deteriorated building structures to the rear of the Church Street buildings on the west side of the creek, the removal of three northernmost bridges spanning Canajoharie Creek, and the retainage of the Warren Truss Access Bridge.

Results - The County will create a 15-acre shovel-ready site with abundant water capacity, wastewater treatment capacity, three-phase power and direct access to the New York State Thruway. Additionally, slightly over 100,000 square-feet of stabilized and remediated building space will be ready for fit-up and economic reuse. The Village tentatively plans to market the eastern portion of the site for industrial/mixed uses. The western side of the site will be a mix of public space, as well as possibly commercial/light industrial uses. Restore NY funds are critical to the success of this project.

Financing Uses	Amount	Financing Sources	Amount	Percent
Engineering/Oversight	\$725,000	ESD Grant (#131,781)	\$6,000,000	84%
Demolition	2,721,804	ESD Grant (#AB779)	\$500,000	7%
Abatement	3,703,196	Beneficiary Equity*	650,000	9%
Total Project Costs	\$7,150,000	Total Project Financing	\$7,150,000	100%

*Source of equity is funds from Montgomery County

Grantee Contact - Jeff Baker, Mayor
75 Erie Blvd
Canajoharie, NY, 13317
Phone: (518) 673-5512 x 107
E-mail: jbaker@villageof Canajoharie. org

Beneficiary Contact - Ken Rose, Director
9 Park Street
Fonda, NY, 12068
Phone: (518) 853-8334
E-mail: krose@co.montgomery.ny. us

<u>Project Team</u> -	Project Management	Jay Vido
	Contractor & Supplier Diversity	Danielle Adams
	Design & Construction	Ethan Morrissey
	Environmental	Soo Kang

B./C. Village of Canajoharie - Exit 29 Redevelopment/Beechnut RESTORE V & IV
(131,781/AB779)
August 20, 2020

Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Village will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Village will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
3. The Village will contribute at least a 10% match of the grant amount to the Project.
4. Up to \$6,500,000 will be disbursed to Grantee during the course of the project no more frequently than quarterly, in compliance with ESD's Design and Construction requirements, 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 October 3, 2016, to be considered reimbursable project costs.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$6,500,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Village and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

Environmental Review:

The Village of Canajoharie, as lead agency, has completed environmental reviews for the East Side of the Former Beech-Nut Plant project and the West Side of the Former Beech-Nut Plant project pursuant to the requirements of the State Environmental Quality Review Act and the implementing regulations of the New York State Department of Environmental Conservation. These reviews found the projects to be Type I Actions, which would not have a significant effect on the environment. The lead agency issued Negative Declarations for the respective projects on December 4, 2018 and on June 2, 2020. ESD staff reviewed the Negative Declarations and supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

Due to the buildings' inclusion in the 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 ("OPRHP") pursuant to the requirements of Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law. ESD, OPRHP, Montgomery County and the Village of Canajoharie have agreed that the project will be implemented in accordance with a Letter of Resolution ("LOR") for the redevelopment of the East Side of the Former Beech-Nut Plant and an LOR for the redevelopment of the West Side of

**B./C. Village of Canajoharie - Exit 29 Redevelopment/Beechnut RESTORE V & IV
(131,781/AB779)
August 20, 2020**

the Former Beech-Nut Plant. ESD will ensure that all conditions stipulated in the Letter of Resolutions are met.

Design and Construction:

Submission of Payment Requisitions to ESD will be made according to the design and construction disbursement terms which will be outlined in the Grant Disbursement Agreement. ESD reserves the right to inspect the project site to ensure compliance of these terms, monitor project progress, insure work appropriate progress payments are made for work performed, and insure that contractors are paid for work performed.

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 Enterprises (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 30% related to the total value of ESD's funding.

Statutory Basis – Restore NY Communities:

The funding was authorized in the 2016-2017 New York State budget and re-appropriated in the 2017-2018, 2018-2019, 2019-2020 and 2020-2021 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

Attachment: Resolution

August 20, 2020

Regional Council Award – Canajoharie (Mohawk Valley Region – Montgomery County) – Village of Canajoharie - Exit 29 Redevelopment/Beechnut RESTORE V & IV – Restore NY Comm 17-18 Capital & Restore New York Comm 16-17 – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the RESTORE NY V Exit 29 Redevelopment Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

D. City of Schenectady- Downtown Revitalization RESTORE NY IV (AB737)

August 20, 2020

General Project Plan

- Grantee:** City of Schenectady (“Schenectady” or the “City”)
- ESD Investment:** A grant of up to \$980,000 to be used for a portion of the cost of construction, renovation, abatement of hazardous materials and demolition of 15 properties
- Project Location:** Downtown Schenectady*, Schenectady County
- *See Schedule A for listing of individual property addresses*
- Proposed Project:** The City of Schenectady will oversee the commercial rehabilitation and reconstruction of 5 properties, residential rehabilitation of 2 properties and demolition of 8 properties, in downtown Schenectady
- Project Type:** The demolition and redevelopment of 15 properties to revitalize downtown Schenectady
- Regional Council:** The Capital Regional Council has been made aware of this item. The project is consistent with the Regional Plan to eliminate blight and revitalize downtown areas. Gary McCarthy, Mayor of the City of Schenectady, is an ex-officio member of the Capital Regional Economic Development Council. In conformance with the State’s policy, this individual has recused himself on votes recommending this project.

Background:

Grantee History - The City of Schenectady, population 65,625, is located in eastern New York near the confluence of the Mohawk and Hudson Rivers. After construction of the Erie Canal in the 19th century, Schenectady became an important transportation and trade center, with connection westward to the Great Lakes.

Schenectady became the headquarters of the General Electric Company ("GE") in 1892 and the American Locomotive Company ("ALCO") in 1901. At its height, the two companies employed nearly 60,000 people. Following World War II, locomotive manufacturing began to decline, and ALCO ceased its domestic operations in 1969. While GE still has major operations in the City, currently employing around 4,000, it downsized substantially after GE relocated its headquarters from Schenectady to New York City in the mid-1970s when total employment was 28,000. The profound loss of employment opportunities caused the City to lose nearly a third of its population and much of its tax base.

City of Schenectady – Downtown Revitalization RESTORE NY IV (AB737)

August 20, 2020

Today, the major employers in the City are Rivers Casino and Resort with over 1,100 jobs. The Golub Corporation, which operates over 130 grocery stores under the Price Chopper and Market 32 brand, relocated its headquarters with over 900 employees in 2012. The City also serves as the headquarters for MVP Health Care, a multi-state health insurance company with 900 employees in downtown Schenectady. Ellis Hospital, Union College, and the State of New York with four agencies located in downtown — Gaming Commission, Workers Compensation Board, Justice Center for the Protection of People with Special Needs, and Office of Children and Family Services — are major employers in the City of Schenectady.

ESD Involvement - Schenectady needed to expand its revitalization efforts to parts of the City's downtown core that remained severely distressed. Housing options are limited, and the City continues to suffer from blight, antiquated infrastructure, and disinvestment.

In October 2016, the City applied under Round IV of the Restore NY program to help close a funding gap in its budget to rehabilitate and reconstruct 5 commercial properties, rehabilitate 2 residential properties and demolish 8 blighted properties, in downtown Schenectady.

The Restore NY project conforms with and complements the goals of the City of Schenectady's Comprehensive Plan, Schenectady 2020. Rehabilitation of substandard buildings, improved housing options, and downtown revitalization are strategic goals of the Schenectady 2020 plan, and such improvements are specifically outlined in the Plan. In addition, the proposed activities directly align with ongoing collaborative downtown revitalization efforts being undertaken by the City of Schenectady in partnership with Schenectady Metroplex Development Authority ("Metroplex"). All four of the proposed rehabilitation projects are architecturally significant and are designed to complement redeveloped properties that have occurred or are in the works.

Schenectady's downtown revitalization has generated impressive outcomes as a result of the partnership between the City, Schenectady County, and Metroplex. Metroplex has invested over \$193 million since 1999 in downtown projects, leveraging over \$1 billion in private investment. Redevelopment has focused on arts, entertainment, culture, and technology. More recently, establishing market-rate housing in the central business district complements the development in the downtown area including the creation of eating and drinking establishments.

Restore NY funding is vital to further development of market-rate rental housing, and

City of Schenectady – Downtown Revitalization RESTORE NY IV (AB737)

August 20, 2020

commercial development in Schenectady’s central business district.

Past ESD Support – The City was the Round IV Downtown Revitalization Initiative winner, and a \$980,000 Restore IV grant was approved in February 2017.

Funding for the past five years to the Grantee is summarized in the following chart:

Program	Project #	Amount	Date Start (ESD Directors’ Approval Date)	Date End (Project Completion: Contract Expiration)	Purpose
Restore NY Comm 17-18	131,725	\$1,800,000	June 27, 2019	December 31, 2024	Capital – Renovation & Restoration

The Project:

Completion – March 2020

Activity – The project involved the redevelopment and adaptive reuse of the former Annie Schaffer senior center property located at the southwest corner of Nott Terrace and Eastern Avenue at 101 Nott Terrace. Vacant for more than 10 years, the conversion of the building to 27 market-rate apartments removed blight at a high-profile location proximate to Union College (one block north), Clarkson Graduate School (across the street), and the on-going revitalization of Eastern Avenue.

The \$5.7 million project included extensive asbestos and lead paint abatement, replacement of all major building systems, gut rehabilitation of the interior of the facility as well as adding a third floor to the building. The addition not only increased the number of units, but enhanced the aesthetics of the pre-existing, dated masonry façade. A pre-existing enclosed bridge connecting the building with the neighboring Schaffer Heights building was removed.

The Union Inn building, located at 515 Union Street, dates to the 1860s and is listed on the National Register of Historic Places. The building was closed and abandoned in 2014. With the support from Restore NY, local developer Phil Ruggiero, bought the building at 515 Union Street and completed a major renovation. The project was financed by NBT Bank.

City of Schenectady – Downtown Revitalization RESTORE NY IV (AB737)

August 20, 2020

St. Mary's Campus — church, school convent and rectory — that have now been listed on the New York State and federal historic building registries is one of four deteriorated buildings included in this project. The Convent restoration project included replacement of major building systems, structural repairs, and historic restoration of the interior. Exterior improvements included new storm windows, roofing, and repairs to the fire escape.

764 ½ Eastern Avenue is located at the corner of Eastern Avenue and Prospect Street, this was a long-vacant, fire-damaged structure that required a gut renovation. The Land Bank acquired the property after a municipal foreclosure and sold it to the developer for renovation. The property was renovated to house Mangino's Gourmet Market, an Italian bistro/deli.

The former Castelo's at 183 Nott Terrace was completely demolished and completely rebuilt. The grantee is currently seeking a tenant or buyer.

600 Liberty was renovated. This project retained approximately 500 Fluor employees (formerly Bechtel) in downtown Schenectady. The total private investment was \$5.9 million.

Seven severely blighted properties were demolished with Restore NY funding at a total investment of \$739,506. Four (4) properties were demolished by the Capital Region Land Bank and Metroplex: 1101 Barrett Street, 729 State Street, 608 Smith Street, and 219 Nott Terrace. The Community Builders, Inc. demolished the three remaining properties: 759 Albany Street, 834 Albany Street and 288 Paige Street as part of a \$40 million, phase 2 project to build 85 high-quality affordable housing units on Albany Street. One planned demolition did not occur at 845 Eastern Avenue as the property was instead renovated by a private developer. This developer also purchased a former zombie property that was renovated by the Land Bank

Results – The Schenectady Restore IV project allowed fifteen important projects along the City of Schenectady's mixed-use corridors connecting our neighborhoods to downtown to move forward. In total, seven severely blighted buildings were demolished while eight buildings were preserved and enhanced.

The Restore funding resulted in \$13.6 million in new investment, of which \$11.6 million was from the private sector. Indirect investment in the surrounding corridor includes over \$64 million in new mixed-use construction, with approximately 140 new quality affordable units of housing and the preservation of important buildings, some on the national and state historic register.

City of Schenectady – Downtown Revitalization RESTORE NY IV (AB737)

August 20, 2020

- 3, 2016 to be considered reimbursable project costs.
5. 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 October 3, 2016, to be considered reimbursable project costs. Previously expended funds may be applied toward match requirements retroactive to June 23, 2006 when the Restore New York Legislation was enacted.
 6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$980,000 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.

Environmental Review:

ESD staff has determined that the projects at 826.5 Eastern Avenue, 515 Union Street, 600 Liberty Street, and 739, 764.5 and 845 Eastern Avenue constitute Type II actions 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 these projects.

For the renovation projects at 101 and 183 Nott Terrace, the demolition projects at 729 State Street, 1101 Barrett Street and 608 Smith Street, and the demolition and affordable housing development project at 288 Paige Street and 759 and 834 Albany Street, the Schenectady Metroplex Development Authority, as lead agency, completed environmental reviews pursuant to the requirements SEQRA. These reviews found the projects to be Unlisted Actions, which would not have a significant effect on the environment. The lead agency issued Negative Declarations for the respective projects on February 15, 2017, October 24, 2017, May 16, 2018, and May 10, 2018. ESD staff reviewed the Negative Declarations and supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

For the demolition project at 219 Nott Terrace, ESD staff has determined that, although the funding of this project by ESD may constitute an “action” as defined by SEQRA, the project itself has been previously completed. ESD’s action in the funding decision will not alter the adverse environmental impacts, if any, of the project as completed. ESD staff accordingly believes that funding the completed project will not have any significant adverse impacts on the environment. Therefore, it is recommended that the Directors make a Determination of No Significant Effect on the Environment.

Due to the listing of the buildings at 826.5 Eastern Avenue and 515 Union Street in the New

City of Schenectady – Downtown Revitalization RESTORE NY IV (AB737)

August 20, 2020

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.

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 Enterprises (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 30% related to the total value of ESD's funding.

Statutory Basis – Restore NY Communities:

The funding was authorized in the 2016-2017 New York State budget and reappropriated in the 2017-2018, 2018-2019, 2019-2020 and 2020-2021 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

Attachments:

- Resolution
- Schedule A: Project Properties Table
- Schedule B: Project Map

August 20, 2020

Schenectady (Capital Region – Schenectady County) – Schenectady Metroplex – Restore
NY Comm 16-17 Capital – Determination of No Significant Effect on the Environment

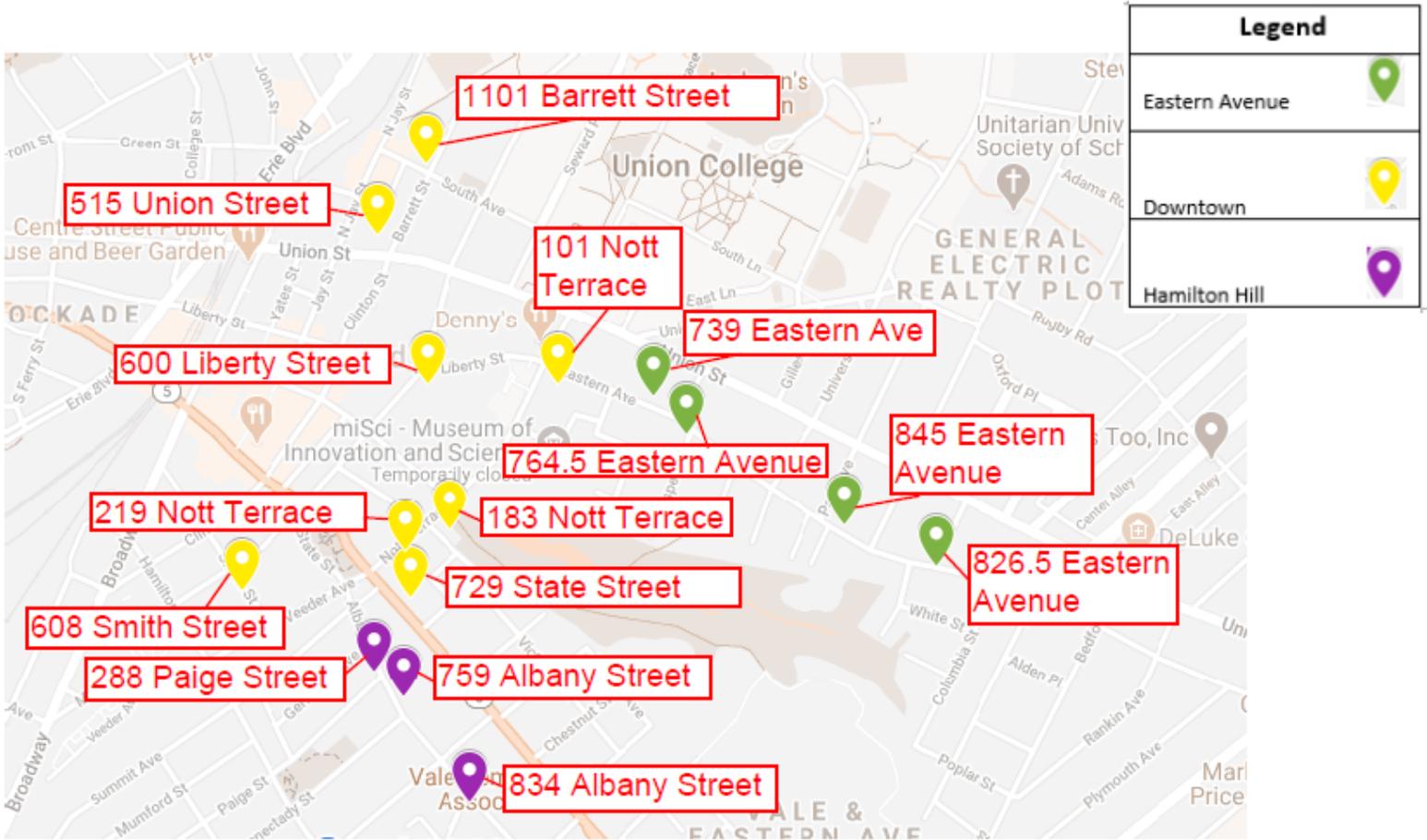
RESOLVED, that based on the material submitted to the Directors with respect to the City of Schenectady Restore IV Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

Schedule A - Property Addresses

Property #	Address	Scope of Work
1	101 Nott Terrace	Commerical rehabilitation, renovation, hazardous materials abatement and construction
2	826.5 Eastern Avenue	Commerical rehabilitation, renovation, hazardous materials abatement and construction
3	183 Nott Terrace	Commerical rehabilitation, renovation, hazardous materials abatement and construction
4	515 Union Street	Commerical rehabilitation, renovation, hazardous materials abatement and construction
5	600 Liberty Street	Commerical rehabilitation, renovation, hazardous materials abatement and construction
6	764.5 Eastern Avenue	Residentail rehabilitation
7	739 Eastern Ave	Residentail rehabilitation
8	288 Paige Street	Building demolition
9	729 State Street	Building demolition
10	219 Nott Terrace	Building demolition
11	1101 Barrett Street	Building demolition
12	845 Eastern Avenue	Building demolition
13	759 Albany Street	Building demolition
14	608 Smith Street	Building demolition
15	834 Albany Street	Building demolition

Schedule B - Project Map



E. Village of Sylvan Beach – Sylvan Beach 13 Canal Street RESTORE IV (AB777)

August 20, 2020

General Project Plan

- Grantee:** Village of Sylvan Beach (“Sylvan Beach”) or the “Village”)
- ESD Investment:** A grant of up to \$500,000 to be used for a portion of the cost of construction and renovation
- Project Location:** 13 Canal Street, Sylvan Beach, Oneida County
- Proposed Project:** Restoration of 13,850 square-feet of Yesterday’s Royal (the “Royal”) building including renovations to the building’s foundation and repairs to the roof, windows and flooring.
- Project Type:** The rehabilitation of a property to revitalize a neighborhood and boost tourism as part of the City’s master plan
- Regional Council:** The Mohawk Valley Regional Council has been made aware of this item. The project predates the Regional Council Initiative. The project is consistent with the Regional Plan to support the renewal of communities while preserving and building on existing resources.

Background:

Grantee History – The Village of Sylvan Beach saw its initial growth in the 1870s as New York State’s water transportation network became dependent on the Oneida Lake and Erie Canal systems with tugs and barges utilizing the waterways and making Sylvan Beach an active canal port. In the 1880’s and 90’s hotels and two amusement parks brought in thousands of tourists as the Village became known as the “Coney Island of Central New York.” By 1928 the Erie/Barge Canal increased water-borne commerce and pleasure-boat traffic. After many years of ups and downs, the Village formally incorporated in 1971, giving the Village the autonomous rule needed to control its own destiny. As a result, many new projects and improvements were made. New life was breathed into the community and with continued upgrades to the beachfront, marinas, campgrounds and amusement park, Sylvan Beach is once again becoming a place for family fun.

ESD Involvement – In order to restore the historic former restaurant Yesterday’s Royal building into a safe structure, major repair of its’ foundation roof, windows and floors was needed. The building is over 100 years old and was neglected for many years prior to the current owner’s purchase. The rehabilitation of the Royal is consistent with the Village’s Local Waterfront Restoration Plan and will increase foot traffic, draw tourists and inject revenue into the Village. Due to the nature of the repairs and the cost estimates provided

E. Village of Sylvan Beach – Sylvan Beach 13 Canal Street RESTORE IV (AB777)

August 20, 2020

for the work, the project would not be financially feasible without support from ESD. The Village applied for RESTORE NY funds in September 2016 and was awarded in March 2017. Restore IV funding will further the City’s on-going strategy to build and sustain healthy neighborhoods by leveraging a variety of public and private resources.

Past ESD Support - This is the Sylvan Beach’s first project with ESD.

The Project:

Completion – June 2020

Activity – The vacant Yesterday’s Royal restaurant, a 13,850 square-foot building, will be preserved and restored to maintain its original look and nostalgic feel. The rehabilitation addresses recreational needs and tourism goals in the community which is experiencing a new resurgence in business growth, and which will act as a link to bond all future improvements to the waterfront.

Results – The rehabilitation and restoration of the Yesterday’s Royal building, adjacent to the Village’s main street, amusement park, canal boat access and free public beach, will bring back one of the premier tourist attractions to the area. The opening of the restaurant and dining room will result in positive economic and community development and will in turn re-energize the commercial resort district.

Financing Uses	Amount	Financing Sources	Amount	Percent
Construction/Renovation	\$500,000	ESD Grant	\$500,000	90%
Architectural/Engineering/ Soft Costs	50,000	Village Equity	50,000	10%
Total Project Costs	\$550,000	Total Project Financing	\$550,000	100%

Grantee Contact - Wanda Durant, Village Clerk-Treasurer
808 Marina Drive
Sylvan Beach, NY 13157
Phone: (315) 762-4844
E-mail: vsbclerk@cnymail.com

Project Team - Project Management Anna Franzini
Contractor & Supplier Diversity Danielle Adams
Environmental Soo Kang

Village of Sylvan Beach – Sylvan Beach 13 Canal Street RESTORE IV (AB777)

August 20, 2020

Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Village will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Village will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
3. “The Village will ensure the contribution of at least a 10% match of the grant amount to the Project.
4. Up to \$500,000 will be disbursed to Grantee in a lump sum upon documentation of project costs totaling \$550,000 and upon completion of the project substantially as described in these materials, and as evidenced by a certificate of occupancy, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after October 3, 2016 to be considered eligible project expenditures.
5. 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 Village and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

Environmental Review:

ESD staff has determined that, although the funding of this project by ESD may constitute an “action” as defined by the State Environmental Quality Review Act, the project itself has been previously completed. ESD’s action in the funding decision will not alter the adverse environmental impacts, if any, of the project as completed. ESD staff accordingly believes that funding the completed project will not have any significant adverse impacts on the environment. Therefore, it is recommended that the Directors make a Determination of No Significant Effect on the Environment.

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 Enterprises (MWBs) 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 30% related to the total value of ESD’s funding.

Village of Sylvan Beach – Sylvan Beach 13 Canal Street RESTORE IV (AB777)

August 20, 2020

Statutory Basis – Restore NY Communities:

The funding was authorized in the 2016-2017 New York State budget and reappropriated in the 2017-2018, 2018-2019, 2019-2020 and 2020-2021 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

Attachment: Resolution

August 20, 2020

Sylvan Beach (Mohawk Valley Region – Oneida County) – Village of Sylvan Beach – Sylvan Beach 13 Canal Street RESTORE NY IV – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Sylvan Beach 616 Main Street - RESTORE IV Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

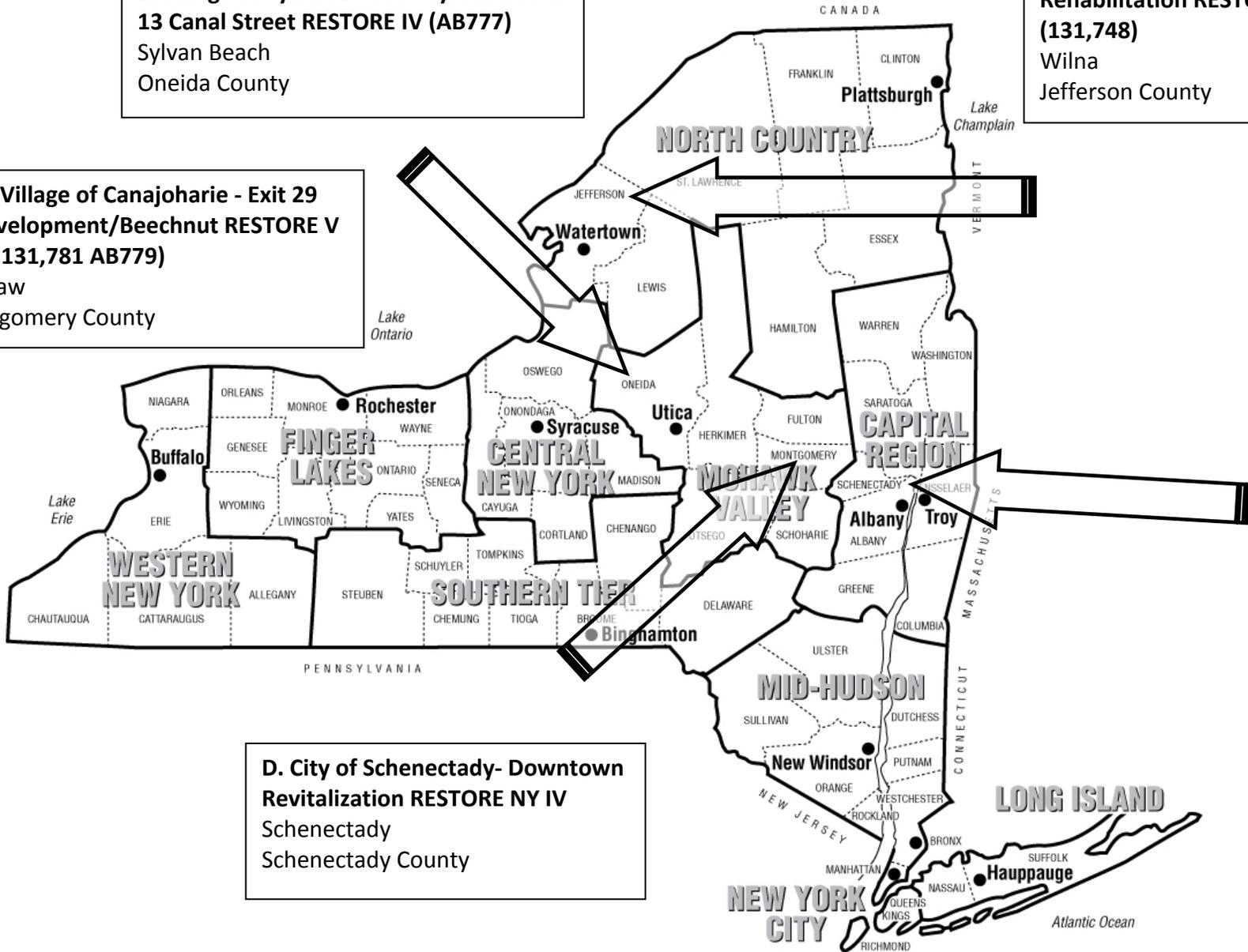
Restore New York Communities Initiative Projects Map

E. Village of Sylvan Beach – Sylvan Beach
13 Canal Street RESTORE IV (AB777)
 Sylvan Beach
 Oneida County

A. Town of Wilna - Dock Street Rehabilitation RESTORE NY V (131,748)
 Wilna
 Jefferson County

B./C. Village of Canajoharie - Exit 29 Redevelopment/Beechnut RESTORE V & IV (131,781 AB779)
 Warsaw
 Montgomery County

D. City of Schenectady- Downtown Revitalization RESTORE NY IV
 Schenectady
 Schenectady County



FOR CONSIDERATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Mission Statement and Related Performance Measures

REQUEST FOR: Re-Examination of Mission Statement and Related Performance Measures

I. Background

In accordance with the Public Authorities Law (the “PAL”), Empire State Development (“ESD”) adopted the following mission statement and related performance measures to help ESD determine how well it is carrying out its mission. Furthermore, pursuant to the PAL, ESD must re-examine its mission statement and related performance measures annually to ensure that its mission has not changed, and the performance measures continue to support its mission. To assist you in your review, the mission statement and related performance measures are set forth below.

Mission Statement

The mission of Empire State Development (“ESD”) is to promote a vigorous and growing state economy, encourage business investment and job creation, and support diverse, prosperous local economies across New York State through the efficient use of loans, grants, tax credits, real estate development, marketing and other forms of assistance.

To support our economic development mission, ESD:

- invests strategically in infrastructure, innovation, place-making and revitalization, tradable sectors and workforce development;
- is transparent and responsive to the needs of diverse communities across the state through the active participation of the Regional Councils;
- supports the retention and health of existing businesses, the retention of populations, and the development of new businesses and industries that will contribute to the development of the 21st century economy;
- promotes equality of economic opportunities for minority- and women-owned businesses (“MWBEs”);
- provides early-stage support for new ventures, including the research and development of new technologies; and

- strengthens New York State’s innovation-based economy through partnerships with our acclaimed universities, promoting entrepreneurialism through the development of incubators and next-generation manufacturing and technology hubs across the state.

Performance Measures

- Customers served and the types of assistance provided;
- The number of jobs committed to be retained and created, and the amount of investment awarded and leveraged;
- The number of jobs ultimately created or retained related to ESD assistance;
- The number of jobs retained and created, and leveraged investment by region and industry; and
- Utilization of certified MWBEs in ESD procurement.

II. Requested Action

The Directors are requested to confirm their re-examination of the mission statement and related performance measures in accordance with the PAL.

III. Recommendation

Based upon the foregoing, I recommend no further amendments to the mission statement and related performance measures.

Attachment
Resolution

August 20, 2020

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE
DEVELOPMENT – Mission Statement and Related Performance Measures – Re-
Examination of Mission Statement and Related Performance Measures

WHEREAS, New York State Public Authorities Law §2824-a requires each authority to re-examine its mission statement and performance measures annually, therefore

BE IT RESOLVED, that the Directors hereby confirm that they have re-examined the mission statement and performance measures as previously adopted and recommend no further amendments.

* * *



FOR CONSIDERATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Land Bank Program

REQUEST FOR: Approval of Land Bank Application and Authorization to Take All Related Actions

I. Background

New York State’s Land Bank Program (the “Program”) was established with enactment of Article 16 of the New York State Not-for-Profit Corporation Law (the “Act”). The Legislative intent of the Act found and declared that New York’s communities are important to the social and economic vitality of the state and that whether urban, suburban or rural; many communities are struggling to cope with vacant, abandoned and tax delinquent properties.

In order to combat the problem of vacant and abandoned properties, the Act permits local communities on their own, or together through the execution of intergovernmental agreements, to create not-for-profit corporation land banks to be utilized to facilitate the return of vacant, abandoned and tax-delinquent properties to productive use. The primary focus of land bank operations is the acquisition of real property that is tax delinquent, tax foreclosed, vacant and/or abandoned, and to use the tools of the Act to eliminate the harms and liabilities caused by such properties.

Pursuant to Section 1603 of the Act, the creation of a land bank is conditioned upon approval of the New York State Urban Development Corporation d/b/a Empire State Development (“ESD”).

II. The Program Guidelines

ESD’s role in this initiative is to approve applications from municipalities seeking to create land banks in their communities. Pursuant to the Act, the number of land banks state-wide was initially limited to ten, but after several amendments, the number has been expanded to thirty-five. At its November 2011 Board meeting, the Directors approved guidelines for the Program which set forth the application process, eligibility criteria, evaluation criteria, the approval process and other terms and conditions regarding approval of applications (the “Guidelines”).

Pursuant to the Guidelines, ESD moved forward with approving applications in multiple rounds from interested municipalities. The first round of applications were received by March 30, 2012 and as a result, five applicants were approved by the ESD Board at its meeting in May of 2012. Second Round applications were received by January 30, 2013 and as a result, three additional applications were approved. Since that time, ESD has opened the application process and has approved seventeen additional land banks for a total of twenty-five to date. ESD will continue to accept land bank applications until approval of the maximum number of land banks in New York is achieved.

III. Recommendation

The Guidelines adopted by ESD cite the criteria in which ESD evaluated the applications. In general, the factors can be broken down into three categories: 1) the level of intergovernmental cooperation; 2) the need for a land bank; and 3) the likely success of the land bank as proposed. Based on staff review, it is recommended that the application submitted by Dutchess County and the City of Poughkeepsie be approved.

The application has shown strong municipal cooperation, both direct financial and in-kind support to be provided by the County and the City and has demonstrated a significant problem with vacant properties in the community. Based on the foregoing, the applicant has made a strong case that the land bank will be successful in its communities.

IV. Environmental Review

Pursuant to the State Environmental Quality Review Act ("SEQRA"), Article 8 of the Environmental Conservation Law and its implementing regulations (6 NYCRR Part 617), and in connection with the previous approval of land bank applications, the Directors made a Determination of No Significant Effect on the Environment at their meeting of May 17, 2012. This determination addressed all aspects of the proposed action. Therefore, no further environmental review is required in connection with this action.

V. Requested Actions

The Directors are requested to: 1) pursuant to Section 1603 of the Act, approve the creation of a land bank based on the application submitted by Dutchess County and the City of Poughkeepsie; and 2) take all related actions.

VI. Recommendation

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

Attachment
Resolution

August 20, 2020

Land Bank Program – Approval of Land Bank Application and Authorization to Take All Related Actions

RESOLVED, that on the basis of the materials (the “Materials”) presented at this meeting, a copy of which is hereby ordered filed with the records of the New York State Urban Development Corporation d/b/a Empire State Development (the “Corporation”), relating to the Land Bank Program (the “Program”), the Corporation hereby approves creation of a land bank by Dutchess County and the City of Poughkeepsie for the purposes and substantially in the form set forth in the Materials, with such changes as the President and Chief Executive Officer Designate of the Corporation or his designee(s) may deem appropriate; and be it further

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

* * *

FOR CONSIDERATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Large-Scale Construction Projects – Diversity Compliance

REQUEST FOR: Authorization to Enter into an Amendment to the Letter Agreement with the Metropolitan Transportation Authority Construction and Development Company and the New York State Thruway Authority Regarding Diversity Compliance and Other Related Services; and Authorization to Take Related Actions

AGREEMENT NEEDS AND JUSTIFICATION

I. Agreement Summary

Payee: New York State Metropolitan Transportation Authority Construction and Development Company (“MTA C&D”)

Scope of Services: Time and services of personnel experienced in meeting and monitoring Diversity Goals in connection with large-scale construction and infrastructure development projects as necessary to assist ESD and its subsidiaries

Original Agreement Term: August 16, 2019 through August 13, 2020

Proposed Amendment Term: One year through August 13, 2021 with the option to renew the engagement for up to one additional year

Original Agreement Amount: Not to exceed \$ 132,060

Proposed Amendment Amount: Not to exceed \$ 317,940 (\$158,970 each year)

New Proposed Total Agreement Amount: Not to exceed \$450,000

Funding Source(s): ESD Corporate and allocation to ESD subsidiary funding as appropriate.

II. Background

ESD and its subsidiaries initiated several transformational, large-scale construction and infrastructure development projects, such as the expansion of the Jacob K. Javits Convention Center, the Javits Transformer Project, the Moynihan Redevelopment Project, and Belmont Park Arena Development. The completion of these major projects will transform their respective communities and tremendously enhance the New York State economy. The original agreement among ESD, MTA C&D and New York State Thruway Authority, which commenced on August 16, 2019, for \$132,060 did not require board approval. The agreement provides for certain MTA C&D services to be shared among the three authorities. Increasing the agreement value and extending the term of the agreement will ensure that ESD has the specialized services needed to support ESD's diversity Compliance and other related Services.

III. Agreement Justification and Scope of Work

Large-scale and design-build construction projects face significant challenges to successfully meeting New York State ("State") Executive Law Articles 15-A and 17-B goals for participation by New York State certified minority, women and disabled veteran owned businesses ("Diversity Goals"). ESD's Office of Contractor and Supplier Diversity ("OCSD") does not have sufficient resources to provide adequate oversight and compliance assistance that is required to ensure that contractors for such large-scale construction projects meet or exceed the Diversity Goals.

ESD does not often manage construction projects of this size and scope. As a result, ESD substantially benefits from the knowledge and support of a State entity experienced with meeting Diversity Goals on these types of projects.

To address this need, the MTA C&D was identified as the State agency possessing the best experience, skills and personnel to successfully aid ESD in achieving and overseeing Diversity Goals for its large-scale construction projects, which now are a significant part of ESD's role as the State's chief economic development entity.

The MTA C&D, like ESD, is a New York State public authority and is familiar with New York State laws applicable to Diversity Goals and the Minority and Women Owned Business Enterprises ("MWBE") and Service-Disabled Veteran-Owned Business ("SDVOB") programs. The MTA C&D has extensive experience in managing Diversity Goals in all phases of State government procurement, development, design, and construction of large-scale construction projects within the State. ESD would benefit greatly from the MTA C&D's extensive experience and its diversity compliance services help ESD's contractors meet the Diversity Goals on ESD's large construction projects.

The MTA C&D would lend ESD the time and services of personnel experienced in meeting Diversity Goals for these large construction projects, which would include an experienced Diversity Compliance Manager. From time to time, ESD and the MTA C&D will determine which

ESD and subsidiary construction projects require the MTA C&D's assistance. The MTA C&D will support ESD with several tasks, including assisting contractors in utilizing relevant State databases of certified MWBE and SDVOB companies, reviewing utilization plans submitted by contractors, assisting with structuring trade packages in a manner that ensures optimum opportunities for MWBE and SDVOB companies, and tracking and monitoring of utilization reports submitted by contractors to facilitate compliance with State Executive Law Articles 15-A and 17-B.

The MTA C&D will staff and provide the services of an experienced Diversity Compliance Manager who will be responsible for coordinating, supervising, and/or performing Personal Services on behalf of ESD and its subsidiaries. Personal Services include, but are not limited to, review of utilization plans submitted by appropriate contractors, assisting contractors in utilizing relevant state databases of certified MWBE & SDVOBs, assistance in procurement of trade packages to ensure optimum opportunity for MWBE and SDVOB, tracking and monitoring or utilization reports submitted by contractors, and ensuring compliance with Executive Law Articles 15-A and 17-B.

IV. Agreement Term, Price and Funding

The original term was August 16, 2019 through August 13, 2020. This amendment will extend the agreed term for one-year from August 14, 2020 through August 13, 2021 and provide authorization for the President or Chief Financial Officer ("CFO") to extend an additional year through August 13, 2022. The price has been determined by calculating the percentage of salary that is equivalent to labor costs, including salary, plus fringe benefits of time spend on ESD projects. ESD would reimburse the MTA C&D for the use of its personnel, as well as any additional direct and indirect costs the MTA C&D may incur to support ESD and its subsidiaries on a time and materials basis. Such additional costs may include fees paid to third-party experts and consultants retained by the MTA C&D to assist ESD. The amended agreement would limit the maximum amount for which ESD would reimburse the MTA C&D up to \$450,000 for a period not to exceed three years, inclusive of the initial term of the agreement. In turn, ESD may be reimbursed for the MTA C&D's services by its subsidiaries or project general funds.

V. Environmental Review

ESD staff has determined that the requested authorization to enter into an amended agreement with the MTA C&D constitutes a Type II action as defined by the New York State Environmental Quality Review Act and the implementing regulations of the New York State Department of Environmental Conservation. 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 Articles 15-A and 17-B, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of

certified minority-and women-owned business enterprises (MWBEs) and service-disabled veteran-owned businesses (SDVOBs) in the performance of ESD projects and procurements. The ESD Office of Contractor and Supplier Diversity has reviewed the project and has determined that there exists no potential for MWBE or SDVOB participation. As such, participation goals will not be established or required.

VII. Requested Action

The Directors are requested to (1) authorize the Corporation to Amend a Letter Agreement with the MTA C&D and the New York State Thruway Authority for one-year, effective as of August 14, 2020, nunc pro tunc, (2) authorize the President or CFO to extend an additional year, for an amount of \$158,970 annually for a total amended agreement amount not to exceed \$450,000 on the terms and conditions set forth in these Materials; and (3) to take all related actions.

VIII. Recommendation

Based on the foregoing, I recommend approval of the requested actions.

Attachments

Resolutions

August 20, 2020

NEW YORK STATE URBAN DEVELOPMENT CORPORATION d/b/a EMPIRE STATE DEVELOPMENT – Large-Scale Construction Projects – Diversity Compliance - Authorization to Enter into an Amendment to the Letter Agreement with the Metropolitan Transportation Authority Construction and Development Company and the New York State Thruway Authority Regarding Diversity Compliance and Other Related Services; and Authorization to Take Related Actions

BE IT RESOLVED, that the Corporation is hereby authorized to amend the letter agreement with the Metropolitan Transportation Authority Construction and Development Company (“MTA C&D”) and the New York State Thruway Authority for an additional amount not to exceed \$317,940 (\$158,970 annually) for a total amended agreement amount not to exceed \$450,000 for the purposes and services, and substantially on the terms and conditions, set forth in the Materials; and be it further.

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

* * *

FOR CONSIDERATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: New York City (New York County) – Empire Station Complex Project

REQUEST FOR: Authorization to Amend a Contract With FX Collaborative Architects LLP for Architectural, Planning and Design Guidelines services and Authorization to Take Related Actions

CONTRACT NEEDS AND JUSTIFICATION

I. CONTRACT SUMMARY

Consultant: FX Collaborative Architects LLP (“FX Collaborative”)

Scope of Services: Architectural, Planning and Design Guidelines services in connection with the Empire Station Complex District

Contract Term: February 2020 through August 2021

Contract Amount: Original Amount: Not to exceed \$-590,000(\$587,253.26 + \$2,746.74 contingency)
Proposed First Amendment Amount: \$127,000
Total Contract Amount after the First Amendment: Not to Exceed \$717,000

Funding Source: A New York State budget appropriation and cost sharing letters to be entered into with participating developers whose properties are within the Project area.

II. BACKGROUND

In his 2020 State of the State address in early January, Governor Andrew M. Cuomo announced an action plan for transforming Penn Station and the area around it into the Empire Station Complex. The plan would provide critical improvements to the existing Penn Station, integrate it with the soon-to-be completed Moynihan Train Hall and redevelop the block south of Penn Station to create an expanded, remodeled and interconnected commuter rail and subway

complex. The plan creates new, larger terminals and will increase platform capacity by 40 percent - addressing the underlying and most critical problem at the busiest transit hub in the Western Hemisphere. The plan also would catalyze opportunities for development around Penn Station to create a new economic engine for the city and state and a funding stream to help finance improvements to the transportation facility.

Penn Station serves more passengers than John F. Kennedy, LaGuardia, and Newark Airports combined. Every day, more than 650,000 passengers are forced to navigate the station's narrow underground labyrinth, which notoriously has been devoid of natural light, consistent wayfinding, and sufficient waiting areas since the original Pennsylvania Station was demolished over a half century ago. This transformational plan greatly will improve passenger circulation, decrease passenger and train congestion, and again allow natural light into the complex. All these improvements will facilitate access into, and egress out of the new Empire Station Complex, thereby increasing safety and security for the hundreds of thousands of people who travel through the facility daily.

The proposed project would be achieved through the creation of a new business-transit development district that would transform antiquated and underutilized buildings into a new economic engine for New York. The district would include a value-capture framework which would combine Payments In Lieu of Taxes ("PILOTs") and income from new commercial development in the district to help fund Penn Station's revitalization, create public realm improvements and enhance the quality of life for New Yorkers, visitors and commuters. The new district around the Empire Station Complex will be incorporated in a General Project Plan ("GPP") that is expected to be presented to the Empire State Development ("ESD") Directors upon completion of a Draft Environmental Impact Statement ("DEIS") in accordance with the State Environmental Quality Review Act ("SEQRA").

III. SCOPE OF WORK

Base Contract: FX Collaborative will provide architectural and planning services related to the Empire Station Complex including, but not limited to the following tasks:

- Creating a conceptual development plan for Block 780;
- Assisting ESD in developing an overall development plan for the area around the Empire Station Complex for the proposed GPP, including but not limited to site massings and public improvements; and
- Developing Design Guidelines for the district

The amendment will modify the Contract Scope of Work to add the following tasks:

- Creating conceptual development plans for Blocks 754 and 806
- Creation of project renderings and views required for the DEIS

This work will be used in the development of urban design studies in the DEIS and the proposed GPP.

IV. CONSULTANT SELECTION PROCESS

In May 2017, ESD placed an advertisement in the New York State Contract Reporter requesting proposals for real estate development and planning related consulting firms with expertise in the following practice areas: 1) Real Estate Planning and Advisory Services, 2) Financial and Economic Analysis, 3) Architecture and Design, 4) Construction and Engineering, 5) Phase I Environmental Site Assessment, 6) Environmental Review, 7) Infrastructure Advisory Services, 8) Transportation Planning, 9) Historic Preservation and Adaptive Reuse, 10) Surveyors, 11) Community Engagement. After reviewing all responses, including a response by FX Collaborative, ESD staff recommended, and August 2017 ESD Directors approved, a Pre-Qualified Consultant List, which included FX Collaborative in the practice area of Architecture and Design services.

For this engagement, ESD staff solicited bids for Architecture and Design services in connection with the above scope of work from seven pre-qualified Architectural and Design firms, including FX Collaborative. Of the seven firms that received the scope of work, three firms responded. After review of the responses, an ESD committee of real estate and planning staff reviewed and scored the proposals in accordance with the selection criteria for the engagement.

V. RESPONSIBLE PARTY

Pursuant to State Finance Law Section 163 and the Corporation's policy related thereto, staff has: (a) considered FX Collaborative'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 FX Collaborative to be responsible.

VI. ENVIRONMENTAL REVIEW

Staff has determined that the proposed amendment constitutes a Type II action as defined by SEQRA and the implementing regulations for the New York Department of Environmental Conservation. No further environmental review is required in connection with this authorization.

VII. NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Contractor shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women-owned Business Enterprises ("MWBs") and Service-Disabled Veteran-owned Businesses ("SDVOBs") 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 and 9 NYCRR § 252.2(m)) to achieve an overall MWBE Participation Goal of 9 related to the total value of ESD's funding.

VIII. REQUESTED ACTIONS

The Directors are asked to: authorize ESD to amend the contract with FX Collaborative for work associated with the Empire Station Complex District, in an amount not to exceed \$714,000

IX. RECOMMENDATION

Based on the foregoing, I recommend approval of the requested actions.

X. ATTACHMENT

Resolutions

August 20, 2020

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT – New York City (New York County) – Empire Station Complex Project - Authorization to Amend a Contract With FX Collaborative Architects LLP for Architectural, Planning and Design Guidelines services and Authorization 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 FX Collaborative Architects LLP (“FX Collaborative”), to be responsible; and be it further

RESOLVED, that the Corporation is hereby authorized to amend the contract with FX Collaborative to increase the maximum contract amount by \$127,000 for up to \$714,000 including expenses, for the purposes and services, and substantially on the terms and conditions, as set forth in the Materials presented to this meeting, with such changes as the President and Chief Executive Officer Designate 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 Designate 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

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: New York City (New York County) – Empire Station Complex Project

REQUEST FOR: Authorization to Amend a Contract With VHB Engineering, Surveying, Landscape Architecture and Geology, P.C. for a Neighborhood Conditions Study and Authorization to Take Related Actions

CONTRACT NEEDS AND JUSTIFICATION

I. CONTRACT SUMMARY

Consultant: VHB Engineering, Surveying, Landscape Architecture and Geology, P.C. (“VHB”)

Scope of Services: Neighborhood Conditions Study in connection with the Empire Station Complex District

Contract Term: February 2020 through August 2021

Original Amount: Not to exceed \$221,900
Proposed Amendment Amount: \$37,200
Total Contract Amount after Amendment: Not to Exceed \$259,100

Funding Source: A New York State budget appropriation and cost sharing letters to be entered into with participating developers whose properties are within the Project area.

II. BACKGROUND

In his 2020 State of the State address in early January, Governor Andrew M. Cuomo announced an action plan for transforming Penn Station and the area around it into the Empire Station Complex. The plan would provide critical improvements to the existing Penn Station, integrate it with the soon-to-be completed Moynihan Train Hall and redevelop the block south of Penn Station to create an expanded, remodeled and interconnected commuter rail and subway

complex. The plan creates new, larger terminals and will increase platform capacity by 40 percent - addressing the underlying and most critical problem at the busiest transit hub in the Western Hemisphere. The plan also would catalyze opportunities for development around Penn Station to create a new economic engine for the city and state and a funding stream to help finance improvements to the transportation facility.

Penn Station serves more passengers than John F. Kennedy, LaGuardia, and Newark Airports combined. Every day, more than 650,000 passengers are forced to navigate the station's narrow underground labyrinth, which notoriously has been devoid of natural light, consistent wayfinding, and sufficient waiting areas since the original Pennsylvania Station was demolished over a half century ago. This transformational plan greatly will improve passenger circulation, decrease passenger and train congestion, and again allow natural light into the complex. All these improvements will facilitate access into, and egress out of the new Empire Station Complex, thereby increasing safety and security for the hundreds of thousands of people who travel through the facility daily.

The proposed project would be achieved through the creation of a new business-transit development district that would transform antiquated and underutilized buildings into a new economic engine for New York. The district would include a value-capture framework which would combine Payments In Lieu of Taxes ("PILOTs") and income from new commercial development in the district to help fund Penn Station's revitalization, create public realm improvements and enhance the quality of life for New Yorkers, visitors and commuters. The new district around the Empire Station Complex will be incorporated in a General Project Plan ("GPP") that is expected to be presented to the Empire State Development ("ESD") Directors upon completion of a Draft Environmental Impact Statement ("DEIS") in accordance with the State Environmental Quality Review Act ("SEQRA").

III. SCOPE OF WORK

Base Contract: VHB is conducting a Neighborhood Conditions Study to understand the prevalence of blight conditions in the surrounding area of Penn Station. The findings of the study will allow ESD to determine how to proceed with development around Penn Station.

The new amendment will involve the following changes:

- the addition of several areas of analysis, including: Energy efficiency/accessibility, environmental conditions and additional analysis of Penn Station conditions
- the expansion the economic conditions study scope.

IV. CONSULTANT SELECTION PROCESS

In May 2017, ESD placed an advertisement in the New York State Contract Reporter requesting proposals for real estate development and planning related consulting firms with expertise in the following practice areas: 1) Real Estate Planning and Advisory Services, 2) Financial and

Economic Analysis, 3) Architecture and Design, 4) Construction and Engineering, 5) Phase I Environmental Site Assessment, 6) Environmental Review, 7) Infrastructure Advisory Services, 8) Transportation Planning, 9) Historic Preservation and Adaptive Reuse, 10) Surveyors, 11) Community Engagement. After reviewing all responses, including a response by VHB, ESD staff recommended, and August 2017, ESD Directors approved, a Pre-Qualified Consultant List, which included VHB in the practice area of Real Estate Planning and Consulting services.

V. RESPONSIBLE PARTY

Pursuant to State Finance Law Section 163 and the Corporation's policy related thereto, staff has: (a) considered VHB'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 VHB to be responsible.

VI. ENVIRONMENTAL REVIEW

Staff has determined that the proposed amendment constitutes a Type II action as defined by SEQRA and the implementing regulations for the New York Department of Environmental Conservation. No further environmental review is required in connection with this authorization.

VII. NON-DISCRIMINATION AND CONTRACTOR & SUPPLIER DIVERSITY

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Contractor shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women-owned Business Enterprises ("MWBEs") and Service-Disabled Veteran-owned Businesses ("SDVOBs") 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 and 9 NYCRR § 252.2(m)) to achieve an overall MWBE Participation Goal of 30% and an SDVOB Participation Goal of 6% related to the total value of ESD's funding.

VIII. REQUESTED ACTIONS

The Directors are asked to: authorize ESD to amend the contract with VHB for work associated with the Empire Station Complex District, in an amount not to exceed \$259,100.00

IX. RECOMMENDATION

Based on the foregoing, I recommend approval of the requested actions.

X. ATTACHMENT

Resolutions

August 20, 2020

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT – New York City (New York County) – Empire Station Complex Project - Authorization to Amend a Contract With VHB Engineering, Surveying, Landscape Architecture and Geology, P.C. for a Neighborhood Conditions Study and Authorization 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 VHB Engineering, Surveying, Landscape Architecture and Geology, P.C. (“VHB”), to be responsible; and be it further

RESOLVED, that the Corporation is hereby authorized to amend a contract with VHB to increase the maximum amount by \$37,200 for a maximum amount of up to \$259,100 including expenses, for the purposes and services, and substantially on the terms and conditions, as set forth in the Materials presented to this meeting, with such changes as the President and Chief Executive Officer Designate 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 Designate 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 INFORMATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: FY 2019-2020 Performance Measurement Report

I. Background

In accordance with the requirements of the Public Authorities Law (the “PAL”), the New York State Urban Development Corporation, doing business as Empire State Development (“ESD”), adopted the following Mission Statement and related performance measurements to assist ESD in determining how well it is carrying out its mission. Furthermore, pursuant to the PAL, ESD must annually create a performance measurement report that is consistent with the authority’s mission statement and performance measurements.

Mission Statement

The mission of Empire State Development (“ESD”) is to promote a vigorous and growing state economy, encourage business investment and job creation, and support diverse, prosperous local economies across New York State through the efficient use of loans, grants, tax credits, real estate development, marketing and other forms of assistance.

To support our economic development mission, ESD:

- invests strategically in infrastructure, innovation, place-making and revitalization, tradable sectors and workforce development;
- is transparent and responsive to the needs of diverse communities across the state through the active participation of the Regional Councils;
- supports the retention and health of existing businesses, the retention of populations, and the development of new businesses and industries that will contribute to the development of the 21st century economy;
- promotes equality of economic opportunities for minority- and women-owned businesses (“MWBES”);
- provides early-stage support for new ventures, including the research and development of new technologies; and
- strengthens New York State’s innovation-based economy through partnerships with our acclaimed universities, promoting entrepreneurialism through the development of incubators and next-generation manufacturing and technology hubs across the state.

Performance Measurements

- Customers served, and the types of assistance provided;
- The number of jobs committed to be retained and created, and the amount of investment awarded and leveraged;
- The number of jobs ultimately created or retained related to ESD assistance;
- The number of jobs retained and created, and leveraged investment by region and industry; and
- Utilization of certified MWBEs in ESD procurement.

Upon these measurements, the Corporation may evaluate its performance and the achievement of its goals.

II. FY 2019-2020 Performance Measurement Report

Attached is a report on the non-SUNY Poly assistance approved by ESD during FY 2019-2020, using the performance measurements set forth above. In summary, ESD accomplished the following:

- A total of 356 companies and organizations were assisted;
- A total of \$2.6 billion of investments was made in NYS (including ESD investment of over \$397 million, other public investment of \$123 million, and private investment of \$2.1 billion);
- This assistance will result in the retention of 16,316 jobs and the creation of 3,938 jobs; and
- In Fiscal Year 2019-2020, 909 unique MWBEs received payments under ESD grants and procurements. ESD's MWBE utilization numbers are still being finalized and are expected to be presented to the Board of Directors in the Fall of 2020.

The attached report provides additional detail on the assistance provided by the Corporation, broken down by major program categories, regions, industry, and SUNY Poly projects. Please note that the job numbers that are reflected indicate the minimum amount of jobs required to access the grant or loan funding. Actual job numbers are monitored by ESD Portfolio Management after funding is disbursed and during the compliance period for each individual project. ESD prepares an "Annual Report on Jobs Created and Retained" that is made available to the public by the end of each calendar year. ESD administers funding for diverse types of projects and, as a result, some projects are more job-intensive while other projects, such as infrastructure projects, may not require jobs but have indirect jobs and other economic benefits associated.

III. Attachments

FY 2019-2020 Performance Measurement Report

ESD PERFORMANCE MEASURES BY FUNDING SOURCE									
FY 2019-2020									
Programs	Companies/ Organizations Assisted	FY 19-20 Grant Amount	FY 19-20 Loan Amount	Non-ESD Public Investment	Private Investment	Total Project Costs	Minimum Direct Job Commitments*		
							Existing Jobs Retained	Jobs Created	Total Projected Jobs Retained and Created
Core Discretionary Programs & Pre-Regional Council Initiatives									
Core Discretionary Programs ¹	53	\$ 68,410,178	\$ -	\$ 870,000	\$ 317,306,518	\$ 386,586,696	3,795	1,151	4,946
Restore NY Communities	21	\$ 17,295,600	\$ -	\$ 83,222,303	\$ 230,500,339	\$ 331,018,242	N/A	N/A	N/A
Total	74	\$ 85,705,778	\$ -	\$ 84,092,303	\$ 547,806,857	\$ 717,604,938	3,795	1,151	4,946
Regional Council Initiatives									
RC1	4	\$ 3,888,500	\$ -	\$ 100,000	\$ 27,993,882	\$ 31,982,382	136	14	150
RC2	5	\$ 2,275,000	\$ -	\$ 992,000	\$ 9,189,257	\$ 12,456,257	66	44	110
RC3	4	\$ 1,600,000	\$ -	\$ -	\$ 40,974,910	\$ 42,574,910	106	66	172
RC4	13	\$ 14,417,556	\$ -	\$ 6,062,159	\$ 252,056,143	\$ 272,535,858	1,856	269	2,125
RC5	27	\$ 19,874,305	\$ -	\$ 16,791,628	\$ 217,838,516	\$ 254,504,449	1,170	354	1,524
RC6	33	\$ 16,833,657	\$ -	\$ 387,438	\$ 104,465,656	\$ 121,686,751	1,061	283	1,344
RC7	49	\$ 17,774,900	\$ -	\$ 7,396,861	\$ 90,434,741	\$ 115,606,502	974	245	1,219
RC8	58	\$ 13,480,973	\$ -	\$ 4,574,303	\$ 42,009,943	\$ 60,065,219	582	33	615
Total	193	\$ 90,144,891	\$ -	\$ 36,304,389	\$ 784,963,048	\$ 911,412,328	5,951	1,308	7,259
Other Regional/Multi-Program Projects									
Buffalo Regional Innovation Cluster	17	\$ 36,925,000	\$ 1,550,000		\$ 42,160,444	\$ 80,635,444	N/A	N/A	N/A
New York State Life Sciences Initiative	1	\$ 25,000,000	\$ -	\$ -	\$ -	\$ 25,000,000	N/A	N/A	N/A
New NY Broadband Capital	4	\$ 10,762,876	\$ -		\$ 1,284,894	\$ 12,047,770	N/A	N/A	N/A
Upstate Revitalization Initiative	21	\$ 122,901,050	\$ -	\$ 2,700,000	\$ 724,912,522	\$ 850,513,572	6,570	1,479	8,049
Total	43	\$ 195,588,926	\$ 1,550,000	\$ 2,700,000	\$ 768,357,860	\$ 968,196,786	6,570	1,479	8,049
Non-ESD/Other/Non-Discretionary Programs									
Non ESD/Other ²	14	\$ 2,136,662	\$ -	\$ -	\$ 254,208	\$ 2,390,870	N/A	N/A	N/A
Non-Discretionary ³	32	\$ 22,216,000	\$ -		\$ 7,560,719	\$ 29,776,719	N/A	N/A	N/A
Total	46	\$ 24,352,662	\$ -	\$ -	\$ 7,814,927	\$ 32,167,589	N/A	N/A	N/A
TOTAL	356	\$ 395,792,257	\$ 1,550,000	\$ 123,096,692	\$ 2,108,942,692	\$ 2,629,381,641	16,316	3,938	20,254
CAPITAL INVESTMENT SUBTOTAL	230	\$ 293,845,974	\$ 1,550,000	\$ 123,059,192	\$ 1,882,669,533	\$ 2,301,124,699	16,205	3,504	19,709

¹ Economic Development Initiatives, Empire State Economic Development Fund, Economic Development Purposes Fund, Economic Transformative Program, Jobs Now Program, NYPA Craft Beverage Marketing, Urban and Community Development Program, New York Works, Downstate Revitalization Fund, and New York Open For Business Fund

² Federal DOD OEA, Federal EMBED AIM 2018, and World Trade Center Job Creation and Retention Program

³ ESD administers these funds but does not select the funding recipients.

* Please note that the job numbers that are reflected in the charts indicate the minimum amount of jobs required to access the grant or loan funding. Actual job numbers are monitored by ESD Portfolio Management after funding is disbursed and during the compliance period for each individual project. ESD administers funding for diverse types of projects. Some projects are more job intensive in regards to the job requirements that are reflected in the charts while other projects, such as infrastructure projects, may not require jobs but have indirect jobs and other benefits associated. Lastly, note that items marked "N/A" do not have job requirements directly associated with them because those are not programs with leveraged investment ratios or jobs.

ESD PERFORMANCE MEASURES BY REGION									
FY 2019-2020									
Region	Companies/ Organizations Assisted	FY 19-20 Grant Amount	FY 19-20 Loan Amount	Non-ESD Public Investment	Private Investment	Total Project Costs	Minimum Direct Job Commitments*		
							Existing Jobs Retained	Jobs Created	Total Projected Jobs Retained and Created
Capital	27	\$ 31,007,132	\$ -	\$ 19,005,959	\$ 221,499,280	\$ 271,512,371	66	64	130
Central	40	\$ 35,403,217	\$ -	\$ 992,000	\$ 195,920,379	\$ 232,315,596	710	801	1,511
Finger Lakes	58	\$ 102,056,633	\$ -	\$ 10,425,191	\$ 717,108,147	\$ 829,589,971	7,536	1,226	8,762
Long Island	26	\$ 52,059,476	\$ -	\$ -	\$ 222,134,342	\$ 274,193,818	3,555	762	4,317
Mid Hudson	31	\$ 14,755,546	\$ -	\$ -	\$ 84,764,487	\$ 99,520,033	1,612	516	2,128
Mohawk Valley	32	\$ 17,896,614	\$ -	\$ 2,440,438	\$ 40,156,855	\$ 60,493,907	609	108	717
New York City	32	\$ 37,588,791	\$ -	\$ 78,232,500	\$ 434,942,448	\$ 550,763,739	50	255	305
North Country	33	\$ 23,663,741	\$ -	\$ 8,259,309	\$ 22,318,924	\$ 54,241,974	212	22	234
Southern Tier	24	\$ 27,064,050	\$ -	\$ 3,741,295	\$ 37,084,058	\$ 67,889,403	1,199	73	1,272
Western New York	50	\$ 47,968,354	\$ 1,550,000	\$ -	\$ 132,837,421	\$ 182,355,775	767	111	878
Multiple Regions	3	\$ 6,328,703	\$ -	\$ -	\$ 176,351	\$ 6,505,054	0	0	0
Grand Total	356	\$ 395,792,257	\$ 1,550,000	\$ 123,096,692	\$ 2,108,942,692	\$ 2,629,381,641	16,316	3,938	20,254

ESD PERFORMANCE MEASURES BY INDUSTRY									
FY 2019-2020									
Industry	Companies/ Organizations Assisted	FY 19-20 Grant Amount	FY 19-20 Loan Amount	Non-ESD Public Investment	Private Investment	Total Project Costs	Minimum Direct Job Commitments*		
							Existing Jobs Retained	Jobs Created	Total Projected Jobs Retained and Created
Agriculture, Food Processing & Distribution	26	\$ 29,687,693	\$ -	\$ 1,650,000	\$ 354,637,311	\$ 385,975,004	2,154	516	2,670
Base Retention & Strategic Development	47	\$ 3,839,611	\$ -	\$ 97,938	\$ 1,620,619	\$ 5,558,168	N/A	N/A	N/A
Biotechnology/Science Chemicals/Hi-tech Manufacturing/R&D/ STEM	8	\$ 76,220,000	\$ -	\$ 500,000	\$ 175,446,692	\$ 252,166,692	82	233	315
Broadband Internet Access	4	\$ 10,762,876	\$ -	\$ -	\$ 1,284,894	\$ 12,047,770	N/A	N/A	N/A
Corporate & Professional Services	9	\$ 20,805,259	\$ -	\$ -	\$ 234,167,509	\$ 254,972,768	8,283	1,989	10,272
Educational Services/Institutions of Higher Learning	18	\$ 25,774,507	\$ -	\$ 16,079,509	\$ 71,110,385	\$ 112,964,401	54	6	60
Export Assistance	23	\$ 659,574	\$ -	\$ -	\$ 349,283	\$ 1,008,857	N/A	N/A	N/A
Hospital & Assisted Living	5	\$ 4,965,000	\$ -	\$ 195,000	\$ 45,893,736	\$ 51,053,736	1,531	480	2,011
Hospitality & Tourism	79	\$ 67,039,573	\$ -	\$ 5,216,168	\$ 242,372,612	\$ 314,628,353	198	132	330
Infrastructure & Transportation	21	\$ 43,315,000	\$ -	\$ 8,233,336	\$ 98,158,216	\$ 149,706,552	208	10	218
Manufacturing	33	\$ 14,238,450	\$ -	\$ 1,643,500	\$ 88,122,433	\$ 104,004,383	3,693	285	3,978
Motion Picture and Video Distribution	1	\$ 2,000,000	\$ -	\$ -	\$ 38,025,348	\$ 40,025,348	50	250	300
Real Estate Development	59	\$ 60,011,814	\$ 1,550,000	\$ 84,776,938	\$ 742,240,287	\$ 888,579,039	63	37	100
Small Business Development Programs	13	\$ 31,465,000	\$ -	\$ -	\$ 7,100,000	\$ 38,565,000	N/A	N/A	N/A
Supermarkets and Other Grocery (except Convenience) Stores	1	\$ 74,000	\$ -	\$ -	\$ 370,000	\$ 444,000	N/A	N/A	N/A
Workforce Development	9	\$ 4,933,900	\$ -	\$ 4,704,303	\$ 8,043,367	\$ 17,681,570	N/A	N/A	N/A
Grand Total	356	\$ 395,792,257	\$ 1,550,000	\$ 123,096,692	\$ 2,108,942,692	\$ 2,629,381,641	16,316	3,938	20,254

ESD PERFORMANCE MEASURES BY SUNY POLY PROJECTS*									
FY 2019-2020									
Project Name	Regions	FY 19-20 Grant Amount	FY 19-20 Loan Amount	Other State Investment	Private Investment	Total Project Costs	Existing Jobs Retained	Jobs Created	Total Projected Jobs Retained and Created
Cree – Marcy Nanocenter Capital	Mohawk Valley	\$ 500,000,000	\$ -	\$ -	\$ 505,000,000	\$ 1,005,000,000	0	614	614
RF-NY CREATES Operating Support Working Capital	Capital	\$ 72,500,000	\$ -	\$ -	\$ -	\$ 72,500,000	N/A	N/A	N/A
Grand Total		\$ 572,500,000	\$ -	\$ -	\$ 505,000,000	\$ 1,077,500,000	0	614	614

* Please note that SUNY Poly projects are typically grants from ESD to non-profits affiliated with the SUNY Polytechnic Institute. SUNY Poly projects involve investments in publicly-owned assets that, in addition to any direct job and spending commitments, often also generate significant unmeasured indirect economic benefits. As such, these projects are presented separately and are not included in prior totals for funding sources, regions or industries.

FOR INFORMATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: FY 2019-20 Budget Variance Reports

In accordance with applicable law, attached are the FY2019-20 Empire State Development (ESD) operating budget variance reports by department, as well as the ESD subsidiary operating and capital reports.

Total corporate department operating spending in FY2019-20 was approximately \$65.9 million, or 90% of the total \$73.6 million budget, compared to last year's spending of \$64.8 million, or 94% of the total \$69.1 million budget. The current year's spending variance primarily reflects lower personal services expenses, including salaries and fringe benefits, due to several vacant positions during the fiscal year. While there was also reduced total spending for non-personal services, other post employment cost was higher due to required changes in the actuarial valuation calculation. This "cost" is a required accounting entry, but not an actual cash outlay.

Total FY2019-20 ESD subsidiary operating expenditures, excluding Lower Manhattan Development Corporation (LMDC) and Harlem Community Development Corporation (HCDC) Weatherization, was approximately \$5.3 million, or 84% of the total \$6.3 million budget, compared to last year's spending of \$5.0 million, or 81% of the total \$6.1 million budget. The current year's spending variance is primarily attributable to lower personal services costs related to vacant positions at several subsidiaries, along with lower than expected spending for outside services and insurance. The LMDC and HCDC's Weatherization Program, which are both federally funded, are reported separately. Both LMDC and HCDC's Weatherization Program finished the fiscal year within budget.

Total FY2019-20 subsidiary capital spending was approximately \$907 million, or 88% of the \$1.0 billion total subsidiary capital budget, compared to last year's spending of \$870 million, or 87% of the total \$1.0 billion budget. Capital spending was less than budget due to the time lag in billing for construction expenditures for a number of subsidiary projects, which is common for large scale capital development projects. While each project is reported to be on schedule and expected to be completed on time, invoices usually are not received until 45-60 days after the construction work has been completed.

Attachments

Departmental Budget Variance Report FY 2019-20 4th Quarter ended 3/31/20

Subsidiary Capital Budget Summary Variance Report FY 2019-20 4th Quarter ended 3/31/20

Subsidiary Operating Budget Summary Variance Report FY 2019-20 4th Quarter ended 3/31/20

Departmental Budget Variance Report
March 31, 2020

	Administrative Services	Chief Financial Office	Controller	Corporate	Contract Admin	Economic Analysis & Research	Economic Incentives	Executive Office	Global NY	Human Resources	Information Technology	Innovation & Broadband (Broadband)	Internal Audit	Intergovernmental/Legislative Affairs
ANNUAL BUDGET														
Personal Services (incl. Benefits)	\$ 495,935	\$ 441,727	\$ 2,323,317	\$ 15,834,461	\$ 1,620,198	\$ 211,714	\$ 572,336	\$ 1,992,791	\$ 391,289	\$ 811,300	\$ 2,003,621	\$ 863,938	\$ 369,982	\$ 397,648
Occupancy Expenses	-	-	-	8,302,600	-	-	-	-	-	-	-	-	-	-
Other Post Employment Cost	-	-	-	5,600,000	-	-	-	-	-	-	-	-	-	-
Professional Serv/ Consultant Fees/ Agency Temps	-	-	159,100	1,135,800	-	-	-	-	-	-	-	875,000	-	-
Office Maint / Prop Mgmt / Other Outside Serv	530,000	200	37,500	359,287	200	-	-	25,000	10,750	35,000	22,500	26,000	-	500
Computers/ Software/ Equipment	-	500	-	-	-	-	-	-	-	-	706,000	-	-	-
Telephone/ Fax/ Internet	-	-	-	-	-	-	-	-	-	-	610,000	-	-	-
Travel & Meals	500	3,000	5,000	46,070	3,500	2,500	6,000	130,000	30,000	1,500	25,000	8,600	1,000	7,500
Insurance	-	-	-	441,219	-	-	-	-	-	-	-	-	-	-
On-Line Services, Dues & Subscriptions	-	1,500	500	-	-	500	300	4,000	-	2,000	6,000	-	1,425	1,500
Office Supplies / Printing / Postage/ Advertising	230,000	-	-	17,541	-	-	-	-	-	-	-	-	-	-
Total	\$ 1,256,435	\$ 446,927	\$ 2,525,417	\$ 31,736,978	\$ 1,623,898	\$ 214,714	\$ 578,636	\$ 2,151,791	\$ 432,039	\$ 849,800	\$ 3,373,121	\$ 1,773,538	\$ 372,407	\$ 407,148
ACTUAL TO DATE														
Personal Services (incl. Benefits)	\$ 489,770	\$ 441,727	\$ 2,085,246	\$ 12,361,116	\$ 1,227,524	\$ 211,714	\$ 548,326	\$ 1,780,916	\$ 344,946	\$ 728,317	\$ 1,820,323	\$ 605,540	\$ 361,288	\$ 397,648
Occupancy Expenses	-	-	-	7,662,683	-	-	-	-	-	-	-	-	-	-
Other Post Employment Cost	-	-	-	10,457,153	-	-	-	-	-	-	-	-	-	-
Professional Serv/ Consultant Fees/ Agency Temps	-	-	204,076	376,844	50,667	-	-	-	-	-	-	667,185	-	-
Office Maint / Prop Mgmt / Other Outside Serv	129,862	-	36,759	58,556	-	-	-	5,168	-	34,118	3,595	25,931	-	40
Computers/ Software/ Equipment	-	-	-	-	-	-	-	-	-	-	698,528	-	-	-
Telephone/ Fax/ Internet	-	-	-	-	-	-	-	-	-	-	603,228	-	-	-
Travel & Meals	472	820	1,047	4,069	816	929	2,827	101,048	4,036	180	21,290	2,798	990	8,335
Insurance	-	-	-	351,719	-	-	-	-	-	-	-	-	-	-
On-Line Services, Dues & Subscriptions	-	1,454	447	-	-	-	300	1,170	-	1,296	-	-	1,310	-
Office Supplies / Printing / Postage/ Advertising	147,053	-	-	9,118	-	-	-	-	-	-	-	-	-	-
Total	\$ 767,157	\$ 444,001	\$ 2,327,575	\$ 31,281,257	\$ 1,279,007	\$ 212,643	\$ 551,452	\$ 1,888,302	\$ 348,981	\$ 763,911	\$ 3,146,964	\$ 1,301,454	\$ 363,588	\$ 406,023
Balance Remaining														
Personal Services (incl. Benefits)	\$ 6,165	\$ -	\$ 238,071	\$ 3,473,345	\$ 392,674	\$ -	\$ 24,010	\$ 211,875	\$ 46,343	\$ 82,983	\$ 183,298	\$ 258,398	\$ 8,694	\$ 0
Occupancy Expenses	-	-	-	639,917	-	-	-	-	-	-	-	-	-	-
Other Post Employment Cost	-	-	-	(4,857,153)	-	-	-	-	-	-	-	-	-	-
Professional Serv/ Consultant Fees/ Agency Temps	-	-	(44,976)	758,956	(50,667)	-	-	-	-	-	-	207,815	-	-
Office Maint / Prop Mgmt / Other Outside Serv	400,138	200	741	300,731	200	-	-	19,832	10,750	882	18,905	69	-	460
Computers/ Software/ Equipment	-	500	-	-	-	-	-	-	-	-	7,472	-	-	-
Telephone/ Fax/ Internet	-	-	-	-	-	-	-	-	-	-	6,772	-	-	-
Travel & Meals	28	2,180	3,953	42,001	2,684	1,571	3,173	28,952	25,964	1,320	3,710	5,802	10	(835)
Insurance	-	-	-	89,500	-	-	-	-	-	-	-	-	-	-
On-Line Services, Dues & Subscriptions	-	46	53	-	-	500	-	2,830	-	704	6,000	-	116	1,500
Office Supplies / Printing / Postage/ Advertising	82,947	-	-	8,423	-	-	-	-	-	-	-	-	-	-
Total	\$ 406,331	\$ 2,926	\$ 197,842	\$ 447,298	\$ 344,891	\$ 2,071	\$ 27,184	\$ 263,489	\$ 83,058	\$ 85,889	\$ 226,157	\$ 472,084	\$ 8,819	\$ 1,125
OVERVIEW														
Annual Budget	\$ 1,256,435	\$ 446,927	\$ 2,525,417	\$ 31,736,978	\$ 1,623,898	\$ 214,714	\$ 578,636	\$ 2,151,791	\$ 432,039	\$ 849,800	\$ 3,373,121	\$ 1,773,538	\$ 372,407	\$ 407,148
Actual to Date	\$ 767,157	\$ 444,001	\$ 2,327,575	\$ 31,281,257	\$ 1,279,007	\$ 212,643	\$ 551,452	\$ 1,888,302	\$ 348,981	\$ 763,911	\$ 3,146,964	\$ 1,301,454	\$ 363,588	\$ 406,023
Balance Remaining	\$ 489,278	\$ 2,926	\$ 197,842	\$ 455,721	\$ 344,891	\$ 2,071	\$ 27,184	\$ 263,489	\$ 83,058	\$ 85,889	\$ 226,157	\$ 472,084	\$ 8,819	\$ 1,125
% of Annual Budget Used	61%	99%	92%	99%	79%	99%	95%	88%	81%	90%	93%	73%	98%	100%

Departmental Budget Variance Report
March 31, 2020

	Legal	Life Sciences	Loans & Grants	Marketing	Minority Women & Business Division	Motion Pictures & TV	NYSTAR	Portfolio Management & Project Finance	Public Affairs	Real Estate Development & Planning	Regional Councils	Regional Offices - Capital District	Regional Offices - Central NY	Regional Offices - Finger Lakes
ANNUAL BUDGET														
Personal Services (incl. Benefits)	\$ 3,475,840	\$ 327,449	\$ 1,919,073	\$ 1,998,312	\$ 408,369	\$ 272,637	\$ 905,337	\$ 652,082	\$ 1,110,801	\$ 1,298,636	\$ 1,408,287	\$ 142,716	\$ 150,393	\$ 93,840
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Serv/ Consultant Fees/ Agency Temps	400,000	-	-	-	-	-	1,605,600	-	2,500	750,000	-	-	-	-
Office Maint / Prop Mgmt / Other Outside Serv	16,000	50,000	500	120,385	86,000	300	70,000	12,000	-	15,500	135,000	-	1,000	-
Computers/ Software/ Equipment	-	2,000	-	-	-	-	41,500	-	-	-	-	-	-	-
Telephone/ Fax/ Internet	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel & Meals	20,000	3,500	7,000	65,000	43,829	5,000	50,000	7,500	18,000	12,000	32,500	2,000	3,500	500
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
On-Line Services, Dues & Subscriptions	85,000	2,500	-	-	3,000	-	7,000	500	2,100	2,000	-	-	-	-
Office Supplies / Printing / Postage/ Advertising	1,000	2,000	-	1,000	1,500	-	27,000	-	-	-	3,000	1,750	-	250
Total	\$ 3,997,840	\$ 387,449	\$ 1,926,573	\$ 2,184,697	\$ 542,698	\$ 277,937	\$ 2,706,437	\$ 672,082	\$ 1,133,401	\$ 2,078,136	\$ 1,578,787	\$ 146,466	\$ 154,893	\$ 94,590
ACTUAL TO DATE														
Personal Services (incl. Benefits)	\$ 3,019,901	\$ 310,840	\$ 1,910,803	\$ 1,900,375	\$ 408,365	\$ 272,631	\$ 743,512	\$ 638,082	\$ 1,031,461	\$ 1,235,889	\$ 1,309,804	\$ 142,716	\$ 150,393	\$ 93,840
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Serv/ Consultant Fees/ Agency Temps	220,376	-	-	-	-	-	115,000	-	17,533	100,366	-	-	-	-
Office Maint / Prop Mgmt / Other Outside Serv	15,929	24,785	19	119,347	39,629	-	28,014	4,893	-	1,383	64,336	-	269	-
Computers/ Software/ Equipment	-	-	-	-	-	-	388	-	-	-	-	-	-	-
Telephone/ Fax/ Internet	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel & Meals	15,759	101	5,077	63,841	13,281	3,458	4,557	3,514	3,514	15,132	6,012	685	3,693	212
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
On-Line Services, Dues & Subscriptions	82,586	-	-	2,970	-	-	1,040	275	2,009	131	-	-	-	-
Office Supplies / Printing / Postage/ Advertising	-	-	-	61	-	-	333	-	-	-	2,439	400	-	-
Total	\$ 3,354,550	\$ 335,726	\$ 1,915,899	\$ 2,086,594	\$ 461,275	\$ 276,089	\$ 892,844	\$ 646,764	\$ 1,054,518	\$ 1,352,900	\$ 1,382,591	\$ 143,801	\$ 154,355	\$ 94,052
Balance Remaining														
Personal Services (incl. Benefits)	\$ 455,939	\$ 16,609	\$ 8,270	\$ 97,937	\$ 4	\$ 6	\$ 161,825	\$ 14,000	\$ 79,340	\$ 62,747	\$ 98,483	\$ -	\$ -	\$ -
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Serv/ Consultant Fees/ Agency Temps	179,624	-	-	-	-	-	1,490,600	-	(15,033)	649,634	-	-	-	-
Office Maint / Prop Mgmt / Other Outside Serv	71	25,215	481	1,038	46,371	300	41,986	7,107	-	14,117	70,664	-	731	-
Computers/ Software/ Equipment	-	2,000	-	-	-	-	41,112	-	-	-	-	-	-	-
Telephone/ Fax/ Internet	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel & Meals	4,241	3,399	1,923	1,159	30,548	1,542	45,443	3,986	14,486	(3,132)	26,488	1,315	(193)	288
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
On-Line Services, Dues & Subscriptions	2,414	2,500	-	(2,970)	3,000	-	5,960	225	91	1,869	-	-	-	-
Office Supplies / Printing / Postage/ Advertising	1,000	2,000	-	939	1,500	-	26,667	-	-	-	561	1,350	-	250
Total	\$ 642,290	\$ 49,723	\$ 10,674	\$ 97,164	\$ 79,923	\$ 1,848	\$ 1,786,926	\$ 25,318	\$ 78,884	\$ 725,236	\$ 195,635	\$ 1,315	\$ 538	\$ 288
OVERVIEW														
Annual Budget	\$ 3,997,840	\$ 387,449	\$ 1,926,573	\$ 2,184,697	\$ 542,698	\$ 277,937	\$ 2,706,437	\$ 672,082	\$ 1,133,401	\$ 2,078,136	\$ 1,578,787	\$ 146,466	\$ 154,893	\$ 94,590
Actual to Date	\$ 3,354,550	\$ 335,726	\$ 1,915,899	\$ 2,086,594	\$ 461,275	\$ 276,089	\$ 892,844	\$ 646,764	\$ 1,054,518	\$ 1,352,900	\$ 1,382,591	\$ 143,801	\$ 154,355	\$ 94,052
Balance Remaining	\$ 643,290	\$ 51,723	\$ 10,674	\$ 98,103	\$ 81,423	\$ 1,848	\$ 1,813,593	\$ 25,318	\$ 78,884	\$ 725,236	\$ 196,196	\$ 2,665	\$ 538	\$ 538
% of Annual Budget Used	84%	87%	99%	96%	85%	99%	33%	96%	93%	65%	88%	98%	100%	99%

Departmental Budget Variance Report
March 31, 2020

	Regional Offices - Long Island	Regional Offices - Mid Hudson	Regional Offices- Mohawk Valley	Regional Offices- North Country	Regional Offices- New York City	Regional Offices- Southern Tier	Regional Offices- Western NY	Small Business & Tech Development	Strategic Business Development	Technology & New Media	Trade & Tourism Puerto Rico	Treasury	Total of Departments
ANNUAL BUDGET													
Personal Services (incl. Benefits)	\$ 305,225	\$ 384,945	\$ 210,512	\$ 156,082	\$ 317,175	\$ 353,824	\$ 1,230,312	\$ 2,056,716	\$ 926,920	\$ 376,375	\$ 237,832	\$ 873,083	\$ 49,923,030
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	75,400	-	8,378,000
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	5,600,000
Professional Serv/ Consultant Fees/ Agency Temps	-	-	-	-	-	-	-	55,000	-	-	10,100	-	4,993,100
Office Maint / Prop Mgmt / Other Outside Serv	300	500	750	-	-	-	2,500	10,000	500	300	27,600	-	1,596,072
Computers/ Software/ Equipment	-	-	-	-	-	-	-	-	-	-	3,000	-	753,000
Telephone/ Fax/ Internet	-	-	-	-	-	-	-	-	-	-	-	-	610,000
Travel & Meals	3,000	8,000	1,500	5,500	2,750	3,000	30,000	20,000	40,000	5,000	12,500	2,000	673,749
Insurance	-	-	-	-	-	-	-	-	-	-	6,000	-	447,219
On-Line Services, Dues & Subscriptions	-	500	200	100	450	300	1,000	162,500	2,000	-	-	29,500	316,375
Office Supplies / Printing / Postage/ Advertising	-	-	-	-	-	-	1,500	1,500	500	-	3,000	-	291,541
Total	\$ 308,525	\$ 393,945	\$ 212,962	\$ 161,682	\$ 320,375	\$ 357,124	\$ 1,265,312	\$ 2,305,716	\$ 969,920	\$ 381,675	\$ 375,432	\$ 904,583	\$ 73,582,086
ACTUAL TO DATE													
Personal Services (incl. Benefits)	\$ 286,359	\$ 380,834	\$ 210,512	\$ 156,079	\$ 317,174	\$ 341,371	\$ 1,201,227	\$ 1,166,140	\$ 841,672	\$ 360,454	\$ 236,003	\$ 867,942	\$ 42,938,780
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	43,947	-	7,706,630
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	10,457,153
Professional Serv/ Consultant Fees/ Agency Temps	-	-	-	-	-	-	-	53,340	5,879	-	42,942	-	1,854,208
Office Maint / Prop Mgmt / Other Outside Serv	300	64	343	-	-	-	2,413	-	-	-	7,140	-	602,893
Computers/ Software/ Equipment	-	-	-	-	-	-	-	-	-	-	380	-	699,296
Telephone/ Fax/ Internet	-	-	-	-	-	-	-	-	-	-	-	-	603,228
Travel & Meals	2,956	5,003	1,200	5,406	2,532	3,179	10,992	21,713	39,668	3,124	11,383	351	396,001
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	351,719
On-Line Services, Dues & Subscriptions	-	250	200	100	450	300	1,000	5,263	4,795	-	-	29,041	136,387
Office Supplies / Printing / Postage/ Advertising	-	-	-	-	-	-	-	435	-	-	8,319	-	168,158
Total	\$ 289,615	\$ 386,151	\$ 212,256	\$ 161,585	\$ 320,156	\$ 344,850	\$ 1,215,632	\$ 1,246,891	\$ 892,014	\$ 363,578	\$ 350,114	\$ 897,334	\$ 65,914,452
Balance Remaining													
Personal Services (incl. Benefits)	\$ 18,866	\$ 4,111	\$ -	\$ 3	\$ 1	\$ 12,453	\$ 29,085	\$ 890,576	\$ 85,248	\$ 15,921	\$ 1,829	\$ 5,141	\$ 6,984,250
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	31,453	-	671,370
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	(4,857,153)
Professional Serv/ Consultant Fees/ Agency Temps	-	-	-	-	-	-	-	1,660	(5,879)	-	(32,842)	-	3,138,892
Office Maint / Prop Mgmt / Other Outside Serv	-	436	407	-	-	-	87	10,000	500	300	20,460	-	993,179
Computers/ Software/ Equipment	-	-	-	-	-	-	-	-	-	-	2,620	-	53,704
Telephone/ Fax/ Internet	-	-	-	-	-	-	-	-	-	-	-	-	6,772
Travel & Meals	44	2,997	300	94	218	(179)	19,008	(1,713)	332	1,876	1,117	1,649	277,748
Insurance	-	-	-	-	-	-	-	-	-	-	6,000	-	95,500
On-Line Services, Dues & Subscriptions	-	250	-	-	-	-	-	157,237	(2,795)	-	-	459	179,988
Office Supplies / Printing / Postage/ Advertising	-	-	-	-	-	-	1,500	1,065	500	-	(5,319)	-	123,383
Total	\$ 18,910	\$ 7,794	\$ 707	\$ 97	\$ 219	\$ 12,274	\$ 48,180	\$ 1,057,760	\$ 77,406	\$ 18,097	\$ 30,637	\$ 7,249	\$ 7,667,635
OVERVIEW													
Annual Budget	\$ 308,525	\$ 393,945	\$ 212,962	\$ 161,682	\$ 320,375	\$ 357,124	\$ 1,265,312	\$ 2,305,716	\$ 969,920	\$ 381,675	\$ 375,432	\$ 904,583	\$ 73,582,086
Actual to Date	\$ 289,615	\$ 386,151	\$ 212,256	\$ 161,585	\$ 320,156	\$ 344,850	\$ 1,215,632	\$ 1,246,891	\$ 892,014	\$ 363,578	\$ 350,114	\$ 897,334	\$ 65,914,452
Balance Remaining	\$ 18,910	\$ 7,794	\$ 707	\$ 97	\$ 219	\$ 12,274	\$ 49,680	\$ 1,058,825	\$ 77,906	\$ 18,097	\$ 25,318	\$ 7,249	\$ 7,667,635
% of Annual Budget Used	94%	98%	100%	100%	100%	97%	96%	54%	92%	95%	93%	99%	90%

**Subsidiary Capital Budget Summary Variance Report
March 31, 2020**

	Convention Center Development Corporation	Erie Canal Harbor Development Corporation	Harlem Community Development Corporation	Moynihan Station Development Corporation	Queens West Development Corporation	USA Niagara Development Corporation	Total All Subsidiaries
<u>ANNUAL BUDGET</u>							
Acquisition Costs	\$0	\$100,000	\$0	\$0	\$0	\$14,605,000	\$14,705,000
Design & Other Soft Costs	6,000,000	7,308,777	0	4,961,880	0	2,125,657	20,396,314
Legal Costs	2,000,000	550,000	0	250,000	40,000	108,464	2,948,464
Property Management/Maintenance Costs	14,000,000	2,260,500	0	0	120,000	1,400,000	17,780,500
Insurance	0	120,000	0	1,500,000	0	600,000	2,220,000
Demolition & Site Clearance	0	0	0	0	0	6,000,000	6,000,000
Construction Costs	430,000,000	30,114,920	250,000	474,665,400	1,350,000	7,244,302	943,624,622
Other Misc. Costs	10,000,000	300,000	0	500,000	0	8,856,269	19,656,269
Total	\$462,000,000	\$40,754,197	\$250,000	\$481,877,280	\$1,510,000	\$40,939,692	\$1,027,331,169
<u>ACTUAL SPENDING TO DATE</u>							
Acquisition Costs	\$0	\$0	\$0	\$0	\$0	\$14,466,458	\$14,466,458
Design & Other Soft Costs	5,868,207	2,702,859	0	1,899,188	0	767,224	11,237,478
Legal Costs	470,756	63,747	0	235,570	0	0	770,073
Property Management/Maintenance Costs	14,244,392	1,914,949	0	0	25,832	1,344,917	17,530,090
Insurance	0	104,478	0	996,470	0	88,170	1,189,118
Demolition & Site Clearance	0	0	0	0	0	0	0
Construction Costs	415,811,071	7,116,515	0	435,136,886	0	3,376,900	861,441,372
Other Misc. Costs	0	270,319	0	0	0	224,843	495,162
Total	\$436,394,426	\$12,172,867	\$0	\$438,268,114	\$25,832	\$20,268,512	\$907,129,750
<u>BALANCE REMAINING</u>							
Acquisition Costs	\$0	\$100,000	\$0	\$0	\$0	\$138,542	\$238,542
Design & Other Soft Costs	131,793	4,605,918	0	3,062,692	0	1,358,433	9,158,836
Legal Costs	1,529,244	486,253	0	14,430	40,000	108,464	2,178,391
Property Management/Maintenance Costs	-244,392	345,551	0	0	94,168	55,083	250,410
Insurance	0	15,522	0	503,530	0	511,830	1,030,882
Demolition & Site Clearance	0	0	0	0	0	6,000,000	6,000,000
Construction Costs	14,188,929	22,998,405	250,000	39,528,514	1,350,000	3,867,402	82,183,250
Other Misc. Costs	10,000,000	29,681	0	500,000	0	8,631,426	19,161,107
Total	\$25,605,574	\$28,581,330	\$250,000	\$43,609,166	\$1,484,168	\$20,671,180	\$120,201,419
<u>ANNUAL OVERVIEW</u>							
Annual Budget	\$462,000,000	\$40,754,197	\$250,000	\$481,877,280	\$1,510,000	\$40,939,692	\$1,027,331,169
Actual Spending to Date	\$436,394,426	\$12,172,867	\$0	\$438,268,114	\$25,832	\$20,268,512	\$907,129,750
Balance Remaining	\$25,605,574	\$28,581,330	\$250,000	\$43,609,166	\$1,484,168	\$20,671,180	\$120,201,419
% of Budget Used	94.46%	29.87%	0.00%	90.95%	1.71%	49.51%	88.30%

**Subsidiary Operating Budget Summary Variance Report
March 31, 2020**

	Atlantic Yards Community Development Corporation	Convention Center Development Corporation	Empire State New Market Corporation	Erie Canal Harbor Development Corporation	New York Empowerment Zone Corporation	Harlem Community Development Corporation	Moynihan Station Development Corporation	Queens West Development Corporation	USA Niagara Development Corporation	Total	Harlem Community Development Weatherization	Lower Manhattan Development Corporation
ANNUAL BUDGET												
Personal Services (incl. Benefits)	\$203,997	\$422,615	\$0	\$1,039,188	\$341,557	\$1,178,741	\$970,927	\$61,221	\$622,617	\$4,840,863	\$608,804	\$675,000
Occupancy Expenses	11,750	25,000	0	75,000	0	11,000	0	15,000	63,300	201,050	0	1,300,678
Repairs / Maint / Prop Mgmt / Other Outside Serv / Expenses	10,683	10,000	1,250	99,700	100	30,000	20,000	400	2,500	174,633	496,981	5,500
Computers, Software & Equipment	0	0	0	0	0	10,000	5,000	0	4,000	19,000	0	9,000
Telephone/Fax/Internet	0	3,000	1,000	4,000	500	11,500	40,000	0	10,000	70,000	5,580	14,256
Legal / Accounting Fees	0	50,000	100,000	2,500	25,000	62,500	0	1,000	250	241,250	13,000	0
Consulting Fees	0	100,000	300,000	0	0	5,000	10,000	0	0	415,000	0	5,000
Office Supplies / Printing / Advertising	0	3,000	0	4,800	0	30,000	10,000	0	500	48,300	8,450	25,000
Insurance	23,570	21,763	12,250	40,000	6,223	67,595	27,246	5,546	21,480	225,673	13,500	0
Travel & Meals	0	10,000	4,000	1,000	1,000	5,000	2,500	0	250	23,750	12,500	0
On-Line Services, Dues & Subscriptions	0	300	3,500	1,500	0	6,000	0	0	3,000	14,300	1,200	0
Total	\$250,000	\$645,678	\$422,000	\$1,267,688	\$374,380	\$1,417,336	\$1,085,673	\$83,167	\$727,897	\$6,273,819	\$1,160,015	\$2,034,434
ACTUAL SPENDING TO DATE												
Personal Services (incl. Benefits)	\$172,074	\$422,555	\$0	\$1,021,001	\$340,604	\$1,023,506	\$841,850	\$51,875	\$490,632	\$4,364,097	\$608,469	\$810,524
Occupancy Expenses	10,226	20,456	0	64,832	0	0	0	10,226	63,134	168,874	0	112,050
Repairs/Maint/Prop Mgmt/Other Outside Serv/Expenses	1,308	319	1,041	3,402	100	6,054	1,827	0	2,936	16,987	58,252	5,500
Computers, Software & Equipment	0	0	0	5,707	0	800	0	0	3,950	10,457	0	5,749
Telephone/Fax/Internet	0	0	0	3,752	0	7,499	25,940	0	1,828	39,019	5,573	9,333
Legal / Accounting Fees	0	22,000	99,387	0	25,000	22,780	0	0	250	169,417	13,000	0
Consulting Fees	0	85,496	245,000	0	0	0	0	0	0	330,496	0	4,926
Office Supplies / Printing / Advertising	0	0	0	4,717	0	6,289	3,800	0	500	15,305	4,200	3,884
Insurance	10,038	13,601	8,592	26,906	6,104	35,864	13,386	5,128	9,629	129,249	28,580	12,416
Travel & Meals	0	0	0	582	426	708	2,500	0	248	4,464	9,569	0
On-Line Services, Dues & Subscriptions	0	300	0	1,458	0	1,413	0	0	791	3,962	4,875	5,017
Total	\$193,646	\$564,727	\$354,020	\$1,132,357	\$372,234	\$1,104,913	\$889,302	\$67,229	\$573,898	\$5,252,327	\$732,518	\$969,399
BALANCE REMAINING												
Personal Services (incl. Benefits)	\$31,923	\$60	\$0	\$18,187	\$953	\$155,235	\$129,077	\$9,346	\$131,985	\$476,766	\$335	(\$135,524)
Occupancy Expenses	1,524	4,544	0	10,168	0	11,000	0	4,774	166	32,176	0	1,188,628
Repairs/Maint/Prop Mgmt/Other Outside Serv/Expenses	9,375	9,681	209	96,298	0	23,946	18,174	400	(436)	157,646	438,729	0
Computers, Software & Equipment	0	0	0	(5,707)	0	9,200	5,000	0	50	8,543	0	3,251
Telephone/Fax/Internet	0	3,000	1,000	248	500	4,001	14,060	0	8,172	30,982	7	4,923
Legal / Accounting Fees	0	28,000	613	2,500	0	39,720	0	1,000	0	71,833	0	0
Consulting Fees	0	14,504	55,000	0	0	5,000	10,000	0	0	84,504	0	74
Office Supplies / Printing / Advertising	0	3,000	0	83	0	23,711	6,200	0	0	32,995	4,250	21,116
Insurance	13,532	8,162	3,658	13,094	119	31,731	13,860	418	11,851	96,424	(15,080)	(12,416)
Travel & Meals	0	10,000	4,000	418	574	4,292	0	0	2	19,286	2,931	0
On-Line Services, Dues & Subscriptions	0	0	3,500	42	0	4,587	0	0	2,209	10,338	(3,675)	(5,017)
Total	\$56,354	\$80,951	\$67,980	\$135,331	\$2,146	\$312,423	\$196,371	\$15,938	\$153,999	\$1,021,493	\$427,497	\$1,065,034
OVERVIEW												
Annual Budget	\$250,000	\$645,678	\$422,000	\$1,267,688	\$374,380	\$1,417,336	\$1,085,673	\$83,167	\$727,897	\$6,273,819	\$1,160,015	\$2,034,434
Actual to Date	\$193,646	\$564,727	\$354,020	\$1,132,357	\$372,234	\$1,104,913	\$889,302	\$67,229	\$573,898	\$5,252,327	\$732,518	\$969,399
Balance Remaining	\$56,354	\$80,951	\$67,980	\$135,331	\$2,146	\$312,423	\$196,371	\$15,938	\$153,999	\$1,021,493	\$427,497	\$1,065,034
% of Annual Budget Used	77.46%	87.46%	83.89%	89.32%	99.43%	77.96%	81.91%	80.84%	78.84%	83.72%	63.15%	47.65%

FOR INFORMATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: FY2020-21 Budget Variance Reports (First Quarter)

In accordance with applicable law, attached are the first quarter FY2020-21 Empire State Development (ESD) operating budget variance reports by department, as well as ESD subsidiary operating and capital reports.

During the first quarter, total corporate operating expenditures were \$10.9 million; 13% of the total \$85.7 million budget. This level of spending is consistent with last fiscal year and, similarly, is primarily attributable to the existence of vacant positions that remained unfilled through the quarter. The current fiscal year budget also includes a \$5 million contingency, provided to meet unanticipated business expenses associated with COVID-19, which was substantially unused during the first quarter.

Total subsidiary operating expenditures during the first quarter, excluding LMDC and HCDC Weatherization, were approximately \$0.9 million; 14% of the total \$6.6 million budget. The lower spending levels are primarily due to a few unfilled positions at certain subsidiaries and budgeted expenses that are expected to be spent in later quarters. Both LMDC and HCDC's Weatherization Program expenses are federally funded and reported separately from ESD expenses.

Total first quarter subsidiary capital spending was approximately \$101.4 million; 10% of the total \$1.0 billion capital budget. Much of the capital work projected to take place during the first quarter of the fiscal year was adversely affected by COVID-19 and the enactment of NY PAUSE throughout the State.

Attachments

Departmental Budget Variance Report, June 30, 2020
Subsidiary Capital Budget Summary Variance Report, June 30, 2020
Subsidiary Operating Budget Summary Variance Report, June 30, 2020

**Departmental Budget Variance Report
June 30, 2020**

	Administrative Services	Chief Financial Office	Controller	Corporate	Contract Admin	Economic Analysis & Research	Economic Incentives	Executive Office	Global NY	Human Resources	Information Technology	Innovation & Broadband (Broadband)	Internal Audit	Intergovernmental/Legislative Affairs
ANNUAL BUDGET														
Personal Services (incl. Benefits)	\$ 495,935	\$ 441,727	\$ 2,316,817	\$ 17,489,056	\$ 1,620,198	\$ 211,714	\$ 573,436	\$ 2,192,416	\$ 391,289	\$ 837,550	\$ 2,183,121	\$ 863,938	\$ 369,982	\$ 421,385
Occupancy Expenses	-	-	-	8,862,000	-	-	-	-	-	-	-	-	-	-
Professional Fees/ Consultants/ Agency Temps	-	-	159,100	1,185,800	-	-	-	-	-	-	-	749,000	-	-
Other Post Employment Cost	-	-	-	5,600,000	-	-	-	-	-	-	-	-	-	-
COVID-19 Expenditures	-	-	-	5,000,000	-	-	-	-	-	-	-	-	-	-
Other Outside Service	530,000	-	37,500	460,500	200	50,000	-	25,000	30,750	37,500	22,500	26,000	-	500
Computers/ Software/ Equipment	-	500	-	-	-	-	-	-	-	15,000	761,900	-	-	-
Telephone/ Internet	-	-	-	-	-	-	-	-	-	-	660,000	-	-	-
Employee Travel & Meals	500	3,000	5,000	46,070	3,500	2,500	6,000	130,000	30,000	1,500	32,000	8,600	1,225	14,000
Insurance	-	-	-	942,000	-	-	-	-	-	-	-	-	-	-
On-Line Services, Training, Dues & Subscriptions	-	1,500	500	120,000	-	500	300	4,000	-	2,000	6,000	-	1,200	1,000
Office Supplies and Expense	230,000	200	-	17,541	-	-	-	-	-	-	-	-	-	-
Total	\$ 1,256,435	\$ 446,927	\$ 2,518,917	\$ 39,722,967	\$ 1,623,898	\$ 264,714	\$ 579,736	\$ 2,351,416	\$ 452,039	\$ 893,550	\$ 3,665,521	\$ 1,647,538	\$ 372,407	\$ 436,885
ACTUAL TO DATE														
Personal Services (incl. Benefits)	\$ 95,064	\$ 96,060	\$ 444,466	\$ 1,751,923	\$ 322,851	\$ 45,363	\$ 123,485	\$ 419,544	\$ 84,368	\$ 155,560	\$ 255,068	\$ 42,027	\$ 86,838	\$ 76,221
Occupancy Expenses	-	-	-	1,787,576	-	-	-	-	-	-	-	-	-	-
Professional Fees/ Consultants/ Agency Temps	-	-	4,000	103,259	-	-	-	-	-	-	-	90,224	-	-
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
COVID-19 Expenditures	-	-	-	149,225	-	-	-	-	-	-	-	-	-	-
Other Outside Service	9,118	-	12,480	5,571	-	-	-	23,645	-	4,305	-	-	-	-
Computers/ Software/ Equipment	-	-	-	-	-	-	-	-	-	-	156,096	-	-	-
Telephone/ Internet	-	-	-	-	-	-	-	-	-	-	28,413	-	-	-
Employee Travel & Meals	-	-	-	-	-	-	-	10,009	1,401	-	-	-	-	-
Insurance	-	-	-	152,794	-	-	-	-	-	-	-	-	-	-
On-Line Services, Training, Dues & Subscriptions	-	250	-	-	-	-	-	-	-	314	-	-	50	-
Office Supplies and Expense	15,272	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 119,454	\$ 96,310	\$ 460,946	\$ 3,950,348	\$ 322,851	\$ 45,363	\$ 123,485	\$ 453,198	\$ 85,769	\$ 160,179	\$ 439,578	\$ 132,251	\$ 86,888	\$ 76,221
Balance Remaining														
Personal Services (incl. Benefits)	\$ 400,871	\$ 345,667	\$ 1,872,351	\$ 15,737,133	\$ 1,297,347	\$ 166,351	\$ 449,951	\$ 1,772,872	\$ 306,921	\$ 681,990	\$ 1,928,053	\$ 821,911	\$ 283,144	\$ 345,164
Occupancy Expenses	-	-	-	7,074,424	-	-	-	-	-	-	-	-	-	-
Professional Fees/ Consultants/ Agency Temps	-	-	155,100	1,082,541	-	-	-	-	-	-	-	658,776	-	-
Other Post Employment Cost	-	-	-	5,600,000	-	-	-	-	-	-	-	-	-	-
COVID-19 Expenditures	-	-	-	4,850,775	-	-	-	-	-	-	-	-	-	-
Other Outside Service	520,882	-	25,020	454,929	200	50,000	-	1,355	30,750	33,195	22,500	26,000	-	500
Computers/ Software/ Equipment	-	500	-	-	-	-	-	-	-	15,000	605,804	-	-	-
Telephone/ Internet	-	-	-	-	-	-	-	-	-	-	631,587	-	-	-
Employee Travel & Meals	500	3,000	5,000	46,070	3,500	2,500	6,000	119,991	28,599	1,500	32,000	8,600	1,225	14,000
Insurance	-	-	-	789,206	-	-	-	-	-	-	-	-	-	-
On-Line Services, Training, Dues & Subscriptions	-	1,250	500	120,000	-	500	300	4,000	-	1,686	6,000	-	1,150	1,000
Office Supplies and Expense	214,728	200	-	17,541	-	-	-	-	-	-	-	-	-	-
Total	\$ 1,136,981	\$ 350,617	\$ 2,057,971	\$ 35,772,619	\$ 1,301,047	\$ 219,351	\$ 456,251	\$ 1,898,218	\$ 366,270	\$ 733,371	\$ 3,225,943	\$ 1,515,287	\$ 285,519	\$ 360,664
OVERVIEW														
Annual Budget	\$ 1,256,435	\$ 446,927	\$ 2,518,917	\$ 39,722,967	\$ 1,623,898	\$ 264,714	\$ 579,736	\$ 2,351,416	\$ 452,039	\$ 893,550	\$ 3,665,521	\$ 1,647,538	\$ 372,407	\$ 436,885
Actual to Date	\$ 119,454	\$ 96,310	\$ 460,946	\$ 3,950,348	\$ 322,851	\$ 45,363	\$ 123,485	\$ 453,198	\$ 85,769	\$ 160,179	\$ 439,578	\$ 132,251	\$ 86,888	\$ 76,221
Balance Remaining	\$ 1,136,981	\$ 350,617	\$ 2,057,971	\$ 35,772,619	\$ 1,301,047	\$ 219,351	\$ 456,251	\$ 1,898,218	\$ 366,270	\$ 733,371	\$ 3,225,943	\$ 1,515,287	\$ 285,519	\$ 360,664
% of Annual Budget Used	10%	22%	18%	10%	20%	17%	21%	19%	19%	18%	12%	8%	23%	17%

Departmental Budget Variance Report
June 30, 2020

	Legal	Life Sciences	Loans & Grants	Marketing	Minority Women & Business Division	Motion Pictures & TV	NYSTAR	Portfolio Management & Project Finance	Public Affairs	Real Estate Development & Planning	Regional Councils	Regional Offices- Capital District	Regional Offices - Central NY	Regional Offices - Finger Lakes
ANNUAL BUDGET														
Personal Services (incl. Benefits)	\$ 3,532,541	\$ 641,531	\$ 2,071,111	\$ 2,188,305	\$ 417,812	\$ 272,637	\$ 709,653	\$ 727,082	\$ 1,214,377	\$ 1,777,551	\$ 1,501,023	\$ 142,716	\$ 150,393	\$ 93,840
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees/ Consultants/ Agency Temps	400,000	-	-	-	2,586,000	-	1,100,000	-	-	1,000,000	-	-	-	-
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
COVID-19 Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Outside Service	19,000	50,000	500	15,000	-	300	70,000	12,000	2,500	15,000	135,000	-	1,000	-
Computers/ Software/ Equipment	-	2,000	-	-	-	-	15,000	-	-	-	-	-	-	-
Telephone/ Internet	-	-	-	-	-	-	1,500	-	-	-	-	-	-	-
Employee Travel & Meals	20,000	10,000	7,000	67,500	43,829	8,200	30,000	7,500	23,000	17,500	32,500	2,000	3,500	500
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
On-Line Services, Training, Dues & Subscriptions	90,000	2,500	-	3,000	3,000	-	2,000	800	2,100	2,000	-	-	-	-
Office Supplies and Expense	1,000	2,000	-	1,000	1,500	-	30,000	-	-	-	3,000	1,750	-	250
Total	\$ 4,062,541	\$ 708,031	\$ 2,078,611	\$ 2,274,805	\$ 3,052,141	\$ 281,137	\$ 1,958,153	\$ 747,382	\$ 1,241,977	\$ 2,812,051	\$ 1,671,523	\$ 146,466	\$ 154,893	\$ 94,590
ACTUAL TO DATE														
Personal Services (incl. Benefits)	\$ 600,851	\$ 61,370	\$ 400,298	\$ 361,181	\$ 89,240	\$ 59,876	\$ 94,153	\$ 138,707	\$ 229,682	\$ 243,899	\$ 248,665	\$ 30,739	\$ 32,392	\$ 20,212
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees/ Consultants/ Agency Temps	30,161	-	-	-	681	-	-	-	16,818	95,730	-	6,025	-	-
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
COVID-19 Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Outside Service	17,205	14,455	-	-	-	-	-	665	-	-	14,973	-	-	-
Computers/ Software/ Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone/ Internet	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee Travel & Meals	745	-	132	-	-	-	-	-	704	189	-	-	115	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
On-Line Services, Training, Dues & Subscriptions	32,912	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Supplies and Expense	-	-	-	-	384	-	-	-	-	-	-	-	-	45
Total	\$ 681,874	\$ 75,825	\$ 400,430	\$ 361,181	\$ 90,305	\$ 59,876	\$ 94,153	\$ 139,372	\$ 247,204	\$ 339,818	\$ 263,638	\$ 36,764	\$ 32,507	\$ 20,257
Balance Remaining														
Personal Services (incl. Benefits)	\$ 2,931,690	\$ 580,161	\$ 1,670,813	\$ 1,827,124	\$ 328,572	\$ 212,761	\$ 615,500	\$ 588,375	\$ 984,695	\$ 1,533,652	\$ 1,252,358	\$ 111,977	\$ 118,001	\$ 73,628
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees/ Consultants/ Agency Temps	369,839	-	-	-	2,585,319	-	1,100,000	-	(16,818)	904,270	-	(6,025)	-	-
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
COVID-19 Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Outside Service	1,795	35,545	500	15,000	-	300	70,000	11,335	2,500	15,000	120,027	-	1,000	-
Computers/ Software/ Equipment	-	2,000	-	-	-	-	15,000	-	-	-	-	-	-	-
Telephone/ Internet	-	-	-	-	-	-	1,500	-	-	-	-	-	-	-
Employee Travel & Meals	19,255	10,000	6,868	67,500	43,829	8,200	30,000	7,500	22,296	17,311	32,500	2,000	3,385	500
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
On-Line Services, Training, Dues & Subscriptions	57,088	2,500	-	3,000	3,000	-	2,000	800	2,100	2,000	-	-	-	-
Office Supplies and Expense	1,000	2,000	-	1,000	1,116	-	30,000	-	-	-	3,000	1,750	-	205
Total	\$ 3,380,667	\$ 632,206	\$ 1,678,181	\$ 1,913,624	\$ 2,961,836	\$ 221,261	\$ 1,864,000	\$ 608,010	\$ 994,773	\$ 2,472,233	\$ 1,407,885	\$ 109,702	\$ 122,386	\$ 74,333
OVERVIEW														
Annual Budget	\$ 4,062,541	\$ 708,031	\$ 2,078,611	\$ 2,274,805	\$ 3,052,141	\$ 281,137	\$ 1,958,153	\$ 747,382	\$ 1,241,977	\$ 2,812,051	\$ 1,671,523	\$ 146,466	\$ 154,893	\$ 94,590
Actual to Date	\$ 681,874	\$ 75,825	\$ 400,430	\$ 361,181	\$ 90,305	\$ 59,876	\$ 94,153	\$ 139,372	\$ 247,204	\$ 339,818	\$ 263,638	\$ 36,764	\$ 32,507	\$ 20,257
Balance Remaining	\$ 3,380,667	\$ 632,206	\$ 1,678,181	\$ 1,913,624	\$ 2,961,836	\$ 221,261	\$ 1,864,000	\$ 608,010	\$ 994,773	\$ 2,472,233	\$ 1,407,885	\$ 109,702	\$ 122,386	\$ 74,333
% of Annual Budget Used	17%	11%	19%	16%	3%	21%	5%	19%	20%	12%	16%	25%	21%	21%

Departmental Budget Variance Report
June 30, 2020

	Regional Offices - Long Island -	Regional Offices - Mid Hudson	Regional Offices- Mohawk Valley	Regional Offices- North Country	Regional Offices- New York City	Regional Offices- Southern Tier	Regional Offices- Western NY	Small Business & Tech Development	Strategic Business Development	Technology & New Media	Trade & Tourism Puerto Rico	Treasury	Total of Departments
ANNUAL BUDGET													
Personal Services (incl. Benefits)	\$ 305,225	\$ 351,945	\$ 210,512	\$ 190,872	\$ 317,175	\$ 465,298	\$ 1,273,419	\$ 2,053,759	\$ 926,920	\$ 376,375	\$ 275,571	\$ 873,083	\$ 53,469,290
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	78,000	-	8,940,000
Professional Fees/ Consultants/ Agency Temps	-	-	-	-	-	-	-	55,000	-	-	10,000	-	7,244,900
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	5,600,000
COVID-19 Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	5,000,000
Other Outside Service	300	500	750	-	-	-	2,500	10,000	1,000	300	15,000	-	1,571,100
Computers/ Software/ Equipment	-	-	-	-	-	-	-	-	-	-	1,000	-	795,400
Telephone/ Internet	-	-	-	-	-	-	-	-	-	-	3,000	-	664,500
Employee Travel & Meals	3,000	8,000	1,500	7,500	2,750	3,000	30,000	25,000	40,000	5,000	15,000	2,000	699,674
Insurance	-	-	-	-	-	-	-	-	-	-	8,000	-	950,000
On-Line Services, Training, Dues & Subscriptions	-	500	200	100	450	300	1,000	157,500	2,000	-	1,000	29,500	434,950
Office Supplies and Expense	-	-	-	-	-	-	1,500	1,500	-	-	6,300	-	297,541
Total	\$ 308,525	\$ 360,945	\$ 212,962	\$ 198,472	\$ 320,375	\$ 468,598	\$ 1,308,419	\$ 2,302,759	\$ 969,920	\$ 381,675	\$ 412,871	\$ 904,583	\$ 85,667,355
ACTUAL TO DATE													
Personal Services (incl. Benefits)	\$ 55,843	\$ 79,789	\$ 45,341	\$ 41,432	\$ 68,315	\$ 66,827	\$ 288,808	\$ 348,653	\$ 201,820	\$ 60,371	\$ 33,183	\$ 186,680	\$ 8,087,165
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	10,540	-	1,798,116
Professional Fees/ Consultants/ Agency Temps	-	-	-	-	-	-	-	3,600	13,109	15,864	296	-	379,767
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	-
COVID-19 Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	149,225
Other Outside Service	-	-	-	-	-	-	540	14,056	-	-	749	-	117,761
Computers/ Software/ Equipment	-	-	-	-	-	-	-	-	-	-	-	-	156,096
Telephone/ Internet	-	-	-	-	-	-	-	-	-	-	-	-	28,413
Employee Travel & Meals	-	-	-	-	-	60	-	79	-	-	53	-	13,487
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	152,794
On-Line Services, Training, Dues & Subscriptions	-	-	-	-	20	-	681	-	-	-	-	7,200	41,427
Office Supplies and Expense	-	-	-	-	-	-	-	16	-	-	-	-	15,717
Total	\$ 55,843	\$ 79,789	\$ 45,341	\$ 41,432	\$ 68,335	\$ 66,887	\$ 290,029	\$ 366,404	\$ 214,929	\$ 76,235	\$ 44,820	\$ 193,880	\$ 10,939,969
Balance Remaining													
Personal Services (incl. Benefits)	\$ 249,382	\$ 272,156	\$ 165,171	\$ 149,440	\$ 248,860	\$ 398,471	\$ 984,611	\$ 1,705,106	\$ 725,100	\$ 316,004	\$ 242,388	\$ 686,403	\$ 45,382,125
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	67,460	-	7,141,884
Professional Fees/ Consultants/ Agency Temps	-	-	-	-	-	-	-	51,400	(13,109)	(15,864)	9,704	-	6,865,133
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	5,600,000
COVID-19 Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	4,850,775
Other Outside Service	300	500	750	-	-	-	1,960	(4,056)	1,000	300	14,251	-	1,453,339
Computers/ Software/ Equipment	-	-	-	-	-	-	-	-	-	-	1,000	-	639,304
Telephone/ Internet	-	-	-	-	-	-	-	-	-	-	3,000	-	636,087
Employee Travel & Meals	3,000	8,000	1,500	7,500	2,750	2,940	30,000	24,921	40,000	5,000	14,947	2,000	686,187
Insurance	-	-	-	-	-	-	-	-	-	-	8,000	-	797,206
On-Line Services, Training, Dues & Subscriptions	-	500	200	100	430	300	319	157,500	2,000	-	1,000	22,300	393,523
Office Supplies and Expense	-	-	-	-	-	-	1,500	1,484	-	-	6,300	-	281,824
Total	\$ 252,682	\$ 281,156	\$ 167,621	\$ 157,040	\$ 252,040	\$ 401,711	\$ 1,018,390	\$ 1,936,355	\$ 754,991	\$ 305,440	\$ 368,051	\$ 710,703	\$ 74,727,386
OVERVIEW													
Annual Budget	\$ 308,525	\$ 360,945	\$ 212,962	\$ 198,472	\$ 320,375	\$ 468,598	\$ 1,308,419	\$ 2,302,759	\$ 969,920	\$ 381,675	\$ 412,871	\$ 904,583	\$ 85,667,355
Actual to Date	\$ 55,843	\$ 79,789	\$ 45,341	\$ 41,432	\$ 68,335	\$ 66,887	\$ 290,029	\$ 366,404	\$ 214,929	\$ 76,235	\$ 44,820	\$ 193,880	\$ 10,939,969
Balance Remaining	\$ 252,682	\$ 281,156	\$ 167,621	\$ 157,040	\$ 252,040	\$ 401,711	\$ 1,018,390	\$ 1,936,355	\$ 754,991	\$ 305,440	\$ 368,051	\$ 710,703	\$ 74,727,386
% of Annual Budget Used	18%	22%	21%	21%	21%	14%	22%	16%	22%	20%	11%	21%	13%

**Subsidiary Capital Budget Summary Variance Report
June 30, 2020**

	Convention Center Development Corporation	Erie Canal Harbor Development Corporation	Harlem Community Development Corporation	Moynihan Station Development Corporation	Queens West Development Corporation	USA Niagara Development Corporation	Total All Subsidiaries
<u>ANNUAL BUDGET</u>							
Acquisition Costs	\$0	\$400,000	\$0	\$0	\$0	\$0	\$400,000
Design & Other Soft Costs	5,000,000	8,409,554	0	4,623,097	0	4,048,069	22,080,720
Legal Costs	2,000,000	537,337	250,000	490,710	40,000	55,920	3,373,967
Property Management/Maintenance Costs	14,000,000	2,315,500	0	0	120,000	1,400,000	17,835,500
Insurance	0	120,000	0	1,386,500	0	523,991	2,030,491
Demolition & Site Clearance	0	0	0	0	0	6,000,000	6,000,000
Construction Costs	415,000,000	45,327,472	625,000	459,540,400	1,350,000	6,869,286	928,712,158
Other Misc. Costs	15,000,000	400,000	0	250,000	0	9,003,337	24,653,337
Total	\$451,000,000	\$57,509,863	\$875,000	\$466,290,707	\$1,510,000	\$27,900,603	\$1,005,086,173
<u>ACTUAL SPENDING TO DATE</u>							
Acquisition Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Design & Other Soft Costs	1,172,943	897,461	0	206,344	0	86,837	2,363,585
Legal Costs	0	14,974	1,019	55,900	0	0	71,892
Property Management/Maintenance Costs	1,967,618	385,084	0	0	638	471,588	2,824,927
Insurance	0	40,316	0	247,577	0	117,147	405,040
Demolition & Site Clearance	0	0	0	0	0	0	0
Construction Costs	38,534,436	659,892	0	55,837,822	0	581,550	95,613,700
Other Misc. Costs	0	144,488	0	0	0	0	144,488
Total	\$41,674,996	\$2,142,214	\$1,019	\$56,347,644	\$638	\$1,257,122	\$101,423,633
<u>BALANCE REMAINING</u>							
Acquisition Costs	\$0	\$400,000	\$0	\$0	\$0	\$0	\$400,000
Design & Other Soft Costs	3,827,057	7,512,093	0	4,416,753	0	3,961,232	19,717,135
Legal Costs	2,000,000	522,363	248,982	434,810	40,000	55,920	3,302,075
Property Management/Maintenance Costs	12,032,382	1,930,416	0	0	119,363	928,412	15,010,573
Insurance	0	79,684	0	1,138,923	0	406,844	1,625,451
Demolition & Site Clearance	0	0	0	0	0	6,000,000	6,000,000
Construction Costs	376,465,564	44,667,580	625,000	403,702,578	1,350,000	6,287,736	833,098,458
Other Misc. Costs	15,000,000	255,512	0	250,000	0	9,003,337	24,508,849
Total	\$409,325,004	\$55,367,649	\$873,982	\$409,943,063	\$1,509,363	\$26,643,481	\$903,662,540
<u>ANNUAL OVERVIEW</u>							
Annual Budget	\$451,000,000	\$57,509,863	\$875,000	\$466,290,707	\$1,510,000	\$27,900,603	\$1,005,086,173
Actual Spending to Date	\$41,674,996	\$2,142,214	\$1,019	\$56,347,644	\$638	\$1,257,122	\$101,423,633
Balance Remaining	\$409,325,004	\$55,367,649	\$873,982	\$409,943,063	\$1,509,363	\$26,643,481	\$903,662,540
% of Budget Used	9.24%	3.72%	0.12%	12.08%	0.04%	4.51%	10.09%

Subsidiary Operating Budget Summary Variance Report
June 30, 2020

	Atlantic Yards Community Development Corporation	Convention Center Development Corporation	Empire State New Market Corporation	Erie Canal Harbor Development Corporation	New York Empowerment Zone Corporation	Harlem Community Development Corporation	Moynihan Station Development Corporation	Queens West Development Corporation	USA Niagara Development Corporation	Total	Harlem Community Development Weatherization	Lower Manhattan Development Corporation
ANNUAL BUDGET												
Personal Services (incl. Benefits)	\$220,432	\$433,675	\$0	\$1,065,676	\$364,175	\$1,180,088	\$1,015,734	\$67,906	\$624,275	\$4,971,961	\$620,979	\$1,042,603
Occupancy Expenses	12,250	25,000	0	75,000	0	11,000	0	15,000	69,300	207,550	0	150,000
Repairs / Maint / Prop Mgmt / Other Outside Serv / Expenses	2,318	11,000	1,250	70,000	1,000	30,000	10,000	0	2,500	128,068	573,240	5,000
Computers, Software & Equipment	0	0	0	0	0	10,000	5,000	0	4,000	19,000	1,000	7,500
Telephone/Fax/Internet	0	3,000	1,000	4,000	500	11,500	35,000	400	5,000	60,400	4,000	10,000
Legal / Accounting Fees	0	50,000	100,000	2,500	25,000	62,500	0	1,000	250	241,250	14,000	0
Consulting Fees	0	100,000	300,000	0	0	65,000	10,000	0	0	475,000	0	80,000
Office Supplies / Printing / Advertising	0	3,000	0	4,800	100	30,000	10,000	0	500	48,400	45,050	16,000
Insurance	15,000	25,000	25,726	84,000	8,548	141,950	57,216	11,646	45,108	414,194	28,350	12,500
Travel & Meals	0	3,000	4,000	1,000	1,000	5,000	5,000	0	500	19,500	13,000	0
On-Line Services, Dues & Subscriptions	0	500	3,500	1,500	0	6,000	0	0	1,500	13,000	1,750	5,000
Total	\$250,000	\$654,175	\$435,476	\$1,308,476	\$400,323	\$1,553,038	\$1,147,950	\$95,952	\$752,933	\$6,598,323	\$1,301,369	\$1,328,603
ACTUAL SPENDING TO DATE												
Personal Services (incl. Benefits)	\$30,582	\$84,283	\$0	\$166,212	\$65,675	\$170,367	\$151,091	\$11,026	\$88,269	\$767,505	\$112,039	\$111,990
Occupancy Expenses	772	1,540	0	11,438	0	0	0	772	11,550	26,072	0	18,675
Repairs/Maint/Prop Mgmt/Other Outside Serv/Expenses	0	0	0	155	25	72	0	0	116	368	15,370	1,471
Computers, Software & Equipment	0	0	0	0	0	170	0	0	104	274	0	2,759
Telephone/Fax/Internet	0	0	0	680	0	1,643	9,474	0	216	12,013	851	1,332
Legal / Accounting Fees	0	0	1,800	0	0	0	0	0	0	1,800	0	0
Consulting Fees	0	12,054	0	0	0	0	0	0	0	12,054	0	19,150
Office Supplies / Printing / Advertising	0	0	0	431	0	165	0	0	54	651	0	0
Insurance	3,667	5,971	2,521	39,327	2,062	10,582	4,709	1,612	16,172	86,623	8,855	4,071
Travel & Meals	0	0	0	502	0	54	0	0	238	794	50	0
On-Line Services, Dues & Subscriptions	0	0	0	287	0	0	0	0	135	422	0	50
Total	\$35,020	\$103,847	\$4,321	\$219,033	\$67,763	\$183,053	\$165,274	\$13,410	\$116,854	\$908,575	\$137,165	\$159,498
BALANCE REMAINING												
Personal Services (incl. Benefits)	\$189,850	\$349,392	\$0	\$899,464	\$298,500	\$1,009,721	\$864,643	\$56,880	\$536,006	\$4,204,456	\$508,940	\$930,613
Occupancy Expenses	11,478	23,460	0	63,562	0	11,000	0	14,228	57,750	181,478	0	131,325
Repairs/Maint/Prop Mgmt/Other Outside Serv/Expenses	2,318	11,000	1,250	69,845	975	29,928	10,000	0	2,384	127,700	557,870	3,529
Computers, Software & Equipment	0	0	0	0	0	9,830	5,000	0	3,896	18,726	1,000	4,741
Telephone/Fax/Internet	0	3,000	1,000	3,320	500	9,857	25,526	400	4,785	48,387	3,149	8,668
Legal / Accounting Fees	0	50,000	98,200	2,500	25,000	62,500	0	1,000	250	239,450	14,000	0
Consulting Fees	0	87,947	300,000	0	0	65,000	10,000	0	0	462,947	0	60,850
Office Supplies / Printing / Advertising	0	3,000	0	4,369	100	29,835	10,000	0	446	47,749	45,050	16,000
Insurance	11,333	19,029	23,205	44,673	6,486	131,368	52,507	10,034	28,936	327,571	19,495	8,429
Travel & Meals	0	3,000	4,000	498	1,000	4,946	5,000	0	262	18,706	12,950	0
On-Line Services, Dues & Subscriptions	0	500	3,500	1,213	0	6,000	0	0	1,365	12,578	1,750	4,950
Total	\$214,980	\$550,328	\$431,155	\$1,089,443	\$332,560	\$1,369,985	\$982,676	\$82,542	\$636,079	\$5,689,748	\$1,164,204	\$1,169,105
OVERVIEW												
Annual Budget	\$250,000	\$654,175	\$435,476	\$1,308,476	\$400,323	\$1,553,038	\$1,147,950	\$95,952	\$752,933	\$6,598,323	\$1,301,369	\$1,328,603
Actual to Date	\$35,020	\$103,847	\$4,321	\$219,033	\$67,763	\$183,053	\$165,274	\$13,410	\$116,854	\$908,575	\$137,165	\$159,498
Balance Remaining	\$214,980	\$550,328	\$431,155	\$1,089,443	\$332,560	\$1,369,985	\$982,676	\$82,542	\$636,079	\$5,689,748	\$1,164,204	\$1,169,105
% of Annual Budget Used	14.01%	15.87%	0.99%	16.74%	16.93%	11.79%	14.40%	13.98%	15.52%	13.77%	10.54%	12.00%

FOR INFORMATION

August 20, 2020

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: ESD Risk Management Consulting Services – Extension of Contract

I. Background

To properly protect the New York State Urban Development Corporation d/b/a Empire State Development (the “Corporation” or “ESD”) and its subsidiaries from potential losses, at its July 18, 2018 meeting, the Directors approved a two-year contract with The Keville Insurance Agency (“Keville Insurance”) for risk management insurance consulting services. The Certified Women-Owned Business Enterprise owner/operator, Rose Keville, has significant experience working on insurance and risk management matters, with both New York State and New York City Agencies, as well as many public benefit corporations.

Keville Insurance has served as ESD’s insurance consultant for several years and under its current contract assists ESD with various activities, including, but not limited to, managing its risk exposure, ensuring policy compliance, partnering with its insurance broker to market and bind its insurance policies, and assists with managing the claims process.

II. Contract Extension, Term and Funding

In accordance with State and Corporation *Procurement Guidelines*, ESD is extending its contract with Keville Insurance as a discretionary purchase for a one-year term through August 1, 2021 in an amount not to exceed \$130,000. ESD Corporate and Subsidiary funding will continue to be the funding source for this contract extension.

ESD staff believes this extension will ensure the Corporation has the continuity of a key resource in negotiating critical risk-mitigation insurance policies, especially while the insurance industry undergoes significant changes and COVID-19 related challenges.