

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

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

AGENDA

Meeting of the Directors

Thursday

June 29, 2017 – 9:30 a.m.

AGENDA

FOR CONSIDERATION

I. CORPORATE ACTIONS

- A. Approval of Minutes of the May 16, 2017 and May 25, 2017 Directors' Meetings
- B. Annual Financial Reports – Approval of Certain Annual Financial Reports and Authorization to Take Related Actions

REPORTS – Oral

- A. President's Report
- B. Report – Year in Review
- C. Loans and Grants – Summary of Projects

II. PROJECTS

NEW YORK CITY REGION

- A. Regional Council Award – Priority Project – Ozone Park (New York City Region - Queens County) – GMDC Ozone Park Industrial 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 Loan and to Take Related Actions
- B. Brooklyn (New York City Region - Kings County) – Transcontinental Ultra Flex Capital - Empire State Economic Development Fund – General Development Financing (Capital Grant) - Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and Take Related Actions
- C. Regional Council Award – Brooklyn (New York City Region – Kings County) – Building 77 – Brooklyn Navy Yard 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; Determination of No Significant Effect on the Environment

FINGER LAKES REGION

- D. Rochester (Finger Lakes Region - Monroe County) – Photonics Venture Challenge Working Capital – Upstate Revitalization Initiative (Working Capital Grant) - Findings and Determinations Pursuant to Section 10(g) of the Act; Authorization to Make a Grant and to Take Related Actions
- E. Regional Council Award – Priority Project – Dresden (Finger Lakes Region – Yates County) – Greenidge Gas Conversion 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; Determination of No Significant Effect on the Environment

MID-HUDSON REGION

- F. Fishkill (Mid-Hudson Region – Dutchess County) – GPSDC NY Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) - Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and Take Related Actions; Determination of No Significant Effect on the Environment

II. **PROJECTS - Continued**

MID-HUDSON REGION – Continued

- G. Regional Council Award – Priority Project - Yonkers (Mid-Hudson Region - Westchester County) – Glenwood POH 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 Take Related Actions; Determination of No Significant Effect on the Environment

WESTERN NEW YORK REGION

- H. Regional Council Award – Priority Project – Buffalo (Western New York Region – Erie County) – NFTA Rail Car Rebuild 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
- I. Buffalo (Western New York Region - Erie County) – General Mills Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant)- Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and Take Related Actions

CENTRAL NEW YORK REGION

- J. Van Buren (Central New York Region - Onondaga County) – Tessy Plastics ADPO Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) - Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and Take Related Actions; Determination of No Significant Effect on the Environment
- K. East Syracuse (Central New York Region - Onondaga County) – Saab North America 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 Take Related Actions
- L. Regional Council Award – Priority Project - Syracuse (Central New York Region - Onondaga County) – Le Moyne College Coyne Building 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

II. PROJECTS – Continued

CENTRAL NEW YORK REGION - Continued

- M. East Syracuse (Central New York Region – Onondaga County) – CNY Film Hub Capital – SUNY Polytechnic Strategic Projects Program (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 Take Related Actions; Adoption of Findings Pursuant to the State Environmental Quality Review Act

SOUTHERN TIER REGION

- N. Conklin (Southern Tier Region – Broome County) – Dick’s Merchandising & Supply Chain, Inc. Capital – Upstate Revitalization Initiative Round 1 (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

MARKET NY GRANT PROGRAM – MARKET NEW YORK-TOURISM MARKETING COMPETITION

- O. Market NY Grant Program – Market New York – Tourism Marketing Competition (Working 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
- A. Oncenter Convention Center Capital (Onondaga County) - \$975,000

II. PROJECTS – Continued

NEW NY BROADBAND PROGRAM CONSENT CALENDAR

- P. New NY Broadband Program - Phase 2 Awards, New NY Broadband 2015-16 Capital Fund - Consent Calendar – Findings and Determinations Pursuant to Section 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make Grants and to Take Related Actions

New NY Broadband Program 2015-2016 Capital Fund

- A. Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York) (Capital Region) - \$2,221,685
- B. Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York) (Capital Region)- \$416,238
- C. Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York) (Central NY and Southern Tier Regions) - \$6,285,979
- D. Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York) (Finger Lakes and Southern Tier Regions) - \$2,907,002
- E. Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York) (Mid-Hudson Region) - \$436,504
- F. Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York) (Central NY, Mohawk Valley and Southern Tier Regions) - \$8,109,797
- G. Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York) (Mohawk Valley Region) - \$10,069
- H. Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York) (North Country Region) - \$7,304,640
- I. Germantown Telephone Company (d/b/a Gtel Telecommunications) – Gtel NYS Broadband Phase II Underserved Broadband Capital (Capital Region) - \$4,730,944
- J. Germantown Telephone Company (d/b/a Gtel Telecommunications) – Gtel NYS Broadband Program Phase II Unserved Broadband Capital (Capital and Mid-Hudson Regions) - \$528,273
- K. Slic Network Solutions, Inc. – Nicholville Primary Broadband Capital (North Country Region) - \$2,974,750

III. NON-DISCRETIONARY PROJECTS CONSENT CALENDAR

- A. Non-Discretionary Projects Consent Calendar – Findings and Determinations Pursuant to Section 10(g) of the Act; Adoption of General Project Plans; Authorization to Make Grants and to Take Related Actions

Executive (Special Appropriation – SUNY Poly CNSE Clinton County)

- A. North Country Hub for Innovative Manufacturing Nanotechnology Capital III – Fort Schuyler Management Corporation (Clinton County) - \$45,950,000

Executive (Transformative Economic Development Program)

- B. Ronkonkoma Hub Capital – Ronk Hub, LLC (Suffolk County) - \$50,000,000

IV. NEW YORK STATE INNOVATION VENTURE CAPITAL FUND

- A. New York State Innovation Venture Capital Fund (“NYSIVCF”) - Authorization of an Investment of NYSIVCF Funds in Unite US, Inc.

V. ADMINISTRATIVE ACTIONS

- A. Mission Statement and Related Performance Measures – Adoption of Revised Mission Statement and Related Performance Measures
- B. FY 2016-2017 Performance Measurement Report – Acceptance of FY 2016-2017 Performance Measurement Report
- C. Pre-Qualified Broadband Field Audit Vendor List – Approval of Pre-Qualified Broadband Field Audit Vendor List
- D. Land Bank Program – Approval of Land Bank Application and Authorization to Take Related Actions
- E. Procurement for Consulting Services – Buffalo Investment Development Strategy – Authorization to Enter into an Amended Contract for Consultant Services Relating to the Buffalo Strategy Implementation Support Services; and Authorization to Take Related Actions
- F. New York City (New York County) – Empire Station Complex - Moynihan Station Civic and Land Use Improvement Project – Authorization to Amend a Contract with Bryan Cave LLP for Legal Services; Authorization to Take Related Actions
- G. New York City (New York County) – Empire Station Complex - Moynihan Station Civic and Land Use Improvement Project – Authorization to Amend a Contract with Bryant Rabbino LLP; Authorization to Take Related Actions

V. ADMINISTRATIVE ACTIONS - Continued

- H. Procurement of Real Estate Financial Advisory Services for Review of Olympic Regional Development Authority (“ORDA”) Facilities– Authorization to Enter into a Contract for Real Estate Financial Advisory Services for Review of ORDA Facilities

VI. FOR INFORMATION

- A. Annual Report on Utilization of Certified Minority and Women-Owned Business Enterprises (MWBES) and Commitments to MWBE Firms for Fiscal Year 2016-2017
- B. Annual Report on Procurement Contracts for Fiscal Year 2016-17
- C. FY 2016-17 Budget Variance Reports

Item I. A.

DRAFT SUBJECT TO REVIEW AND REVISION

NEW YORK STATE URBAN DEVELOPMENT CORPORATION

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

May 16, 2017

MINUTES

In Attendance Derrick Cephas (Acting Chair)
Directors: Robert Dyson
 Joyce Miller
 Cesar Perales
 Heather McArn, Designee - Superintendent - NYS Department of
 Financial Services

Present for ESD: Lindsey Boylan, Chief of Staff
 Richard Dorado, Senior Counsel
 Elizabeth Fine, Executive Vice President - Legal and General Counsel
 Elaine Kloss, Chief Financial Officer
 Debbie Royce, Assistant Corporate Secretary

Also Present: Michael Evans, President – Moynihan Station Development Corporation

Also Present: The Press
 The Public

The meeting of the Directors of the New York State Urban Development Corporation
("UDC") d/b/a Empire State Development ("ESD" or the "Corporation") was called to order at

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9:31 a.m. by Acting Chair Cephas. It was noted for the record that the time and place of the meeting had been given in compliance with the New York State Open Meetings Law.

Next, the Acting Chair set forth the guidelines regarding comments by the public on matters on the Agenda, as well as with regard to any conflicts of interest the Directors may have regarding items on the Agenda. It was noted that no such conflicts exist.

Next, Michael Evans presented an item relating to the Moynihan Station Civic and Land Use Improvement Project (the "Project") for the Directors' consideration.

Mr. Evans explained that the Directors were being asked to authorize ESD to amend the Interim Lease Agreement and the Interim Development Agreement in connection with the Project.

Mr. Evans noted that in January of 2017, the Directors authorized an interim lease and an interim development agreement with the RVS Partnership to allow early work to advance on the Moynihan Train Hall Project.

Mr. Evans noted that the original interim agreements authorized up to \$40 million worth of work and certain contractual arrangements.

He further noted that an additional \$40 million is being sought as part of this

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amendment.

Mr. Evans then explained, among other things, that based upon the resolution of all major issues, there have been no changes in the plans to reach financial close on the project. He noted that it is, however, taking longer than the May 15th deadline set for the interim agreements.

Mr. Evans then stated that while the major documents will be completed and submitted to OSC for final review within the next few days, it is anticipated that it will take until June 15th to execute the transaction documents.

Mr. Evans added that the additional \$40 million will come from Port Authority and MTA funds.

Director Cesar Perales asked for clarification on the additional \$40 million and Mr. Evans explained that the scope of work was being updated to include continued steel and concrete demolition in the main concourse and skylight area.

Acting Chair Cephas asked if it is correct that this will not increase the aggregate cost of the project and Mr. Evans said that that is correct as this additional funding is going towards the \$1.264 billion.

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Further discussion was had with regard to the actual fixed price of the project as well as with regard to certain design features of the project.

The Acting Chair then called for any further questions or comments. Hearing none, and upon motion duly made and seconded, the following resolution was unanimously adopted:

NEW YORK (NEW YORK COUNTY) – Penn Station - Farley Complex - Moynihan Station Civic and Land Use Improvement Project – Authorization to Amend the Interim Lease Agreement and Interim Development Agreement; 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 hereby finds Vornado Realty, L.P., The Related Companies, L.P., Moynihan Train Hall Developer LLC, Skanska USA Building, Inc. and Skanska USA Civil Northeast, Inc. to be responsible; and be it further

RESOLVED, that the Directors hereby authorize the Corporation (i) to amend the Interim Lease Agreement and the Interim Development Agreement with Moynihan Train Hall Developer LLC (“Developer”) to extend the terms of each agreement to June 15, 2017, as set forth in the Materials so that Developer shall continue to Lease the James A. Farley Post Office Building (the “Leasehold Premises”) and perform preconstruction improvements to the Leasehold Premises related to the Daniel Patrick Moynihan Train Hall and (ii) to provide, as described in the materials, for additional preconstruction work and for an additional \$40 million in funding so that the Corporation will provide to Developer pursuant the Interim Development Agreement up to an aggregate of \$80 million in funding for such improvements; and be it further

RESOLVED, that the President, or other Officer of the Corporation, or his designee(s) be, and each of them hereby is, authorized to take such action and execute such documents as may be necessary or appropriate to carry out the foregoing Resolutions.

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There being no further business, the meeting was adjourned at 9:47 a.m.

Respectfully submitted,

Debbie Royce
Assistant Corporate Secretary



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NEW YORK STATE URBAN DEVELOPMENT CORPORATION

d/b/a Empire State Development

Meeting of the Directors

New York City Regional Office

633 Third Avenue

37th Floor Conference Room

New York, New York 10017

May 25, 2017

MINUTES

In Attendance

Directors:

Howard Zemsky (Acting Chair)

Peter Beshar

Derrick Cephas

Hilda Rosario Escher

Joyce Miller

Shirin Emami- Designee - Superintendent - NYS Department of
Financial Services

Present for ESD:

Samantha Baldock, Director – Regional Initiatives

Maria Cassidy, Deputy General Counsel

Richard Dorado, Senior Counsel

Edward Espejo, Senior Director - Finance

Elizabeth Fine, Executive Vice President - Legal and General Counsel

Jolyon Handler, Vice President – Contracts Administration

Brendan Healey, Assistant Vice President – Economic Incentives

Peter Heilbrunn, Assistant Treasurer – Debt Manager

Ann Kenny, Treasurer

Brian Keil, Managing Director-NYS Innovation Capital Fund

Elaine Kloss, Chief Financial Officer

Edwin Lee, Vice President – Economic Incentives

Eileen McEvoy, Corporate Secretary

Kathleen Mize, Deputy Chief Financial Officer and Controller

Richard Newman, Executive Vice President – State Marketing Strategy

Jeffrey Nordhaus, Executive Vice President – Innovation and Broadband

Christopher Ortiz, Assistant Vice President – Innovation and Broadband

Debbie Royce, Assistant Corporate Secretary

Kevin Younis, Chief Operating Officer

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Also Present: Michael Evans, President – Moynihan Station Development Corporation
Ed Muszynski - Finger Lakes Regional Office
Michael Reese, Director - Mohawk Valley Regional Office
Christopher Schoepflin, Director – Western New York Regional Office
Meghan Taylor, Director – Mid-Hudson Regional Office
Arnold Will – Capital Region Regional Office

Also Present: The Press
The Public

The meeting of the Directors of the New York State Urban Development Corporation (“UDC”) d/b/a Empire State Development (“ESD” or the “Corporation”) was called to order at 9:48 a.m. by Acting Chair Zemsky. It was noted for the record that the time and place of the meeting had been given in compliance with the New York State Open Meetings Law.

Next, the Acting Chair set forth the guidelines regarding comments by the public on matters on the Agenda, as well as with regard to any conflicts of interest the Directors may have regarding items on the Agenda.

Commissioner Zemsky then called for a motion to approve the Minutes of the April 17, 2017 Directors’ meeting. There being no changes or corrections, upon motion duly made and seconded, the following resolution was unanimously adopted:

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE APRIL 17, 2017 MEETING OF THE DIRECTORS OF THE NEW YORK STATE URBAN DEVELOPMENT CORPORATION

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RESOLVED, that the Minutes of the meetings of the Corporation held on April 17, 2017 as presented to this meeting, are hereby approved and all actions taken by the Directors presented at such meeting as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Corporation.

* * *

The Acting Chair then asked the Directors to approve the appointment of Ann Kenny to the office of Treasurer of ESD.

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

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

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT – Officer of the Corporation – Appointment of Treasurer

BE IT RESOLVED, that the following individual be, and she hereby is, appointed to the office which appears opposite her name, until her earlier resignation or removal, such appointment to be effective as of May 22, 2017:

<u>NAME</u>	<u>OFFICE</u>
Ann M. Kenny	Treasurer;

and be it further

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

RESOLVED, that any and all actions taken by the foregoing individual since her nomination to the office identified herein be and hereby are ratified as the acts and deeds of the Corporation.

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* * *

Commissioner Zemsky then presented the President's Report on the most recent activities of the Corporation including ESD's responsibility in developing the Upstate Revitalization Initiatives, which are having a significant impact in the Finger Lakes, Central New York and Southern Tier regions.

The Acting Chair explained that in the interest of time, the Report - the ESD Year in Review, as listed on the Agenda, will be presented at next month's meeting.

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

Mr. Lee noted, that the Directors will be asked to consider 43 projects, totaling \$220,326,870 in grants and loans. He stated, that the projects include one Buffalo Billion award; six Regional Council Awards and thirty seven Discretionary Awards.

Mr. Lee further explained that these projects will leverage over \$409 million of additional investment, retain 1,097 jobs and create 207 jobs in the State.

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Next, Acting Chair Zemsky called on Michael Reese, the Director of ESD's Mohawk Valley Regional Office, to present the Marcy Nanocenter Gas Main Infrastructure Regional Council Award project for the Directors' consideration.

Mr. Reese presented the relevant background information on the project noting in part, that the Directors were being asked to authorize ESD to make a \$5,100,000 grant to Economic Development Growth Enterprise d/b/a Mohawk Valley EDGE to be used as a portion of the cost of infrastructure improvements and site work at Marcy Nano-Center in Oneida County.

Among other things, Mr. Reese explained that the completion of this gas main will provide gas service for the full build out of the site and also provide the ability to expand natural gas service to the Quad C facility, which is the new home of the Danfoss Silicon Power Company, located on the SUNY Poly Campus.

Following the full presentation, the Acting Chair commented briefly and favorably on the project. He then called for questions or comments. Director Beshar asked about the proposed completion date of the project.

Mr. Reese explained that the infrastructure improvements are essentially complete. He further noted that once the work on the gas line, substation and power lines are completed, the only items left will be paving the ring road and preparing the site.

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

Regional Council Award – Utica (Mohawk Valley Region – Oneida County) – Marcy Nanocenter – Gas Main Infrastructure 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 Marcy Nanocenter – Gas Main Infrastructure Capital – 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 of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Economic Development Growth Enterprises d/b/a Mohawk Valley EDGE a grant for a total amount not to exceed Five Million One Hundred Thousand Dollars (\$5,100,000) from the Regional Council Capital Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

RESOLVED, that the President and Chief Executive Officer 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

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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.

* * *

Next, the Acting Chair called on Meghan Taylor, the Director of ESD's Mid-Hudson Regional Office, to present the Lighthouse Landing Economic Development Fund.

Ms. Taylor explained that the Directors were being asked to authorize ESD to make a \$3,500,000 EDF grant to Lighthouse Landing Communities, LLC (the "Company") to be used for Phase 1 of the Company's multi-phased, transit oriented development project in Sleepy Hollow, New York.

Following the full presentation of the relevant details of the project, the Acting Chair called for questions or comments. Director Cephas asked if the project was located near Tarrytown and Ms. Taylor explained that the site is actually in the Village of Sleepy Hollow, but that it is very close to the border of Tarrytown.

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

Sleepy Hollow (Mid-Hudson Region – Westchester County) – Lighthouse Landing Capital

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

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

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

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Lighthouse Landing Communities, LLC a grant for a total amount not to exceed Three Millions Five Hundred Thousand Dollars (\$3,500,000) from the Empire State Economic Development Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

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

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

* * *

Sleepy Hollow (Mid-Hudson Region – Westchester County) – Lighthouse Landing Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) – Adoption of Findings Pursuant to the State Environmental Quality Review Act

RESOLVED, that with respect to the Lighthouse Landing Capital project (the “Project”), the Corporation hereby makes and adopts pursuant to the State Environmental Quality Review Act (“SEQRA”) the following findings and determinations, which findings and determinations are made after full consideration of the Findings Statement attached as Exhibit A hereto, which Exhibit A is hereby adopted by the Corporation and copies of which document are hereby filed with the records of the Corporation.

- The Corporation has given consideration to the Draft and Final Environmental Impact Statement (“DEIS” and “FEIS”, respectively) prepared for the proposed Lighthouse Landing at Sleepy Hollow Project);
- The requirements of the SEQRA process, including the implementing regulations of the New York State Department of Environmental Conservation, have been met;
- Consistent with social, economic and other essential considerations from among the reasonable alternatives available, the Project is one that avoids or minimizes adverse environmental effects to the maximum extent practicable, including the effects disclosed in the FEIS and the Findings Statement;
- Consistent with social, economic and other essential considerations, to the maximum extent practicable, adverse environmental effects revealed in the environmental impact statement process will be avoided or minimized to the maximum extent practicable by

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incorporating as conditions to the decision those mitigation measures described in the FEIS and the Findings Statement; and

- The Project is in compliance with Section 14.09 of the State Historic Preservation Act;

and be it further

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to comply with the requirements of SEQRA in connection with the Project.

* * *

Before asking Edward Muszynski, to present the next two items on the Agenda, Acting Chair Zemsky noted that Ed will be retiring from ESD shortly. The Acting Chair thanked Ed for his commitment, professionalism and passion for ESD for the past 33 years.

Mr. Lee added his appreciation to Mr. Muszynski for his many years of extraordinary service, noting that it will most likely require two people to fill Ed's position.

Mr. Muszynski presented the following items for the Directors' consideration: the Bausch & Lomb Economic Development Fund project and NY- Best Capital Upstate Revitalization Initiative Capital project.

With regard to the Bausch & Lomb ("B&L") project, Mr. Muszynski explained that the Directors were being asked to authorize the Corporation to make a grant of up to \$2,000,000 to B&L to be used for a portion of the cost of building renovations and new infrastructure additions.

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Mr. Muszynski then asked the Directors to authorize ESD to make a \$1,200,000 grant to New York Battery and Energy Technology Consortium, Inc. to be used for a portion of the cost of purchasing and installing state-of-the-art equipment, including commissioning and planning and design.

Next, Mr. Gawlik asked the Directors to approve the AIM Photonics TAP Facility Capital and Working Capital Upstate Revitalization Initiative and Strategic project.

Specifically, Mr. Gawlik asked the Directors to authorize the Corporation to make a grant of up to \$81,000,000 to the Research Foundation for the State University of New York to be used for the cost of machinery, equipment and tooling and operational costs in connection with the AIM Photonics project.

Following the full presentations, the Acting Chair called for questions or comments on the three Finger Lakes projects.

Director Beshar asked if further funding is anticipated to be provided in the future. Mr. Gawlik stated that if there is further funding, it will most likely be provided in the next fiscal year.

There being no further questions or comments, and upon motion duly made and

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seconded, the following resolutions were unanimously adopted:

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

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

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

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Bausch + Lomb Incorporated a grant for a total amount not to exceed Two Million Dollars (\$2,000,000) from the Empire State Economic Development Fund, for the purposes, and

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substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

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

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

* * *

Regional Council Award –Priority Project –Rochester (Finger Lakes Region – Monroe County) – NY-BEST 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 NY-BEST 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 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

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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 New York Battery and Energy Storage Technology Consortium, Inc. a grant for a total amount not to exceed One Million Two Hundred Thousand Dollars (\$1,200,000) 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 of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

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

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

* * *

Rochester (Finger Lakes Region – Monroe County) – AIM Photonics Institute TAP Facility Capital and Working Capital – Upstate Revitalization Initiative and Strategic Projects Program (Capital and Working 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 the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Rochester (Finger Lakes Region – Monroe County) – AIM Photonics Institute TAP Facility Capital and Working Capital – Upstate Revitalization Initiative and Strategic Projects Program (Capital and Working Capital Grants) 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

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further

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make grants to The Research Foundation for the State University of New York for a total amount not to exceed Eighty-One Million Dollars (\$81,000,000) for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

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

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

* * *

Next, Acting Chair Zemsky called on Christopher Schoepflin, the Director of ESD's Western New York Regional Office, to present the 363 Grant Street Capital project for the Directors' consideration.

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Mr. Schoepflin asked the Directors to authorize ESD to make a Better Buffalo Fund loan of up to \$440,000 to HES Properties, LLC to be used for a portion of the costs of the construction of a new three-story, mixed use building located at 363 Grant Street, Buffalo, New York.

Mr. Schoepflin added that this \$2.4 million project is anticipated to be completed in June and will include 11 market-rate apartments as well as 2,600 square feet of commercial space at the ground level. He further noted, that the project represents a rare new build in this west side historic Buffalo neighborhood.

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

Buffalo (Western New York Region – Erie County) HES Properties I, LLC – 363 Grant Street Capital – Buffalo Regional Innovation Cluster Fund – Better Buffalo Fund (Capital Loan) – Findings and Determinations Pursuant to Section 10(g); Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Loan and to Take Related Actions

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the HES Properties I, LLC – 363 Grant Street Capital – Better Buffalo Fund (Capital Loan) Project (the “Project”), the Corporation hereby determines pursuant to Section 10(g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that there are no families or individuals to be displaced from the project area; and be it further

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to HES Properties I, LLC a loan for a total amount not to exceed Four Hundred Forty Thousand Dollars (\$440,000) from the Buffalo Regional Innovation Cluster Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable; (2) receipt of all other necessary approvals; and (3) receipt of funds; 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.

* * *

Buffalo (Western New York Region – Erie County) HES Properties I, LLC – 363 Grant Street Capital – Buffalo Regional Innovation Cluster Fund – Better Buffalo Fund (Capital Loan) – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the HES Properties I, LLC – 363 Grant Street Capital – Buffalo Regional Innovation Cluster Fund – Better

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Buffalo Fund (Capital Loan) Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

Next, Acting Chair Zemsky called on Arnold Will, representing ESD's Capital Region Office, to present the Glens Falls Civic Center Capital Project and the nrastructure Capital project for the Directors' consideration.

First, Mr. Will asked the Directors to authorize ESD to make a \$675,000 Regional Council Capital Fund grant to the Adirondack Civic Center Coalition to be used for a portion of electrical and technical upgrades and associated equipment costs.

Mr. Will then asked the Directors to authorize ESD to make a \$550,000 Regional Council Capital Fund grant to nrastructure Technologies, LLC d/b/a nrastructure to be used for a portion of the cost of furniture, fixtures and equipment.

Next, Mark Reynolds, also representing the Capital Region, asked the Directors to authorize ESD to approve a \$7,500,000 grant to SUNY Polytechnic Strategic Projects Program Capital Grant to GLOBALFOUNDRIES in Saratoga County to be used for a portion of the cost of machinery and equipment upgrades and installation.

Following the full presentation, the Acting Chair called for questions or comments on the three Capital Region projects. Hearing none, and upon motion duly made and seconded

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the following resolutions were unanimously adopted:

Regional Council Award – Priority Project – Glens Falls (Capital Region – Warren County) – Glens Falls Civic 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

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 Glens Falls Civic 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 of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Adirondack Civic Center Coalition a grant for a total amount not to exceed Six Hundred and Seventy Five Thousand Dollars (\$675,000) from the Regional Council Capital Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

RESOLVED, that the President and Chief Executive Officer 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

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

* * *

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

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Infrastructure Technologies, LLC a grant for a total amount not to exceed Five Hundred and Fifty Thousand Dollars (\$550,000) from the Regional Council Capital Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such

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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 (3) receipt of funds; 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.

* * *

Malta (Capital Region – Saratoga County) – GLOBALFOUNDRIES Capital – SUNY Polytechnic Strategic Projects Program (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 GlobalFoundries Capital – SUNY Polytechnic Strategic Projects Program (Capital Grant) Project (the “Project”), the Corporation hereby determines pursuant to Section 10(g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”); that there are no families or individuals to be displaced from the project area; and be it further

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to GLOBALFOUNDRIES, U.S., Inc a grant for a total amount not to exceed Seven Million Five Hundred Thousand Dollars (\$7,500,000) from the SUNY Polytechnic Strategic Projects 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

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

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

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

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

* * *

Next, the Acting Chair called on Simone Bethune to present the Restore New York Communities Program Grant for the Directors' consideration.

Ms. Bethune explained that the Directors were being asked to approve a \$500,000 Restore Round 4 grant to the Village of Phoenix in Oswego County for the rehabilitation of two properties to restore and repair their architectural and historical character.

Ms. Bethune added that the project will break ground in June 2017, with completion expected in January 2018.

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

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unanimously adopted:

Statewide – Restore NY Communities – Capital Grant – Land Use Improvement Findings and Determinations Pursuant to Sections 10 (c), 10 (g) and 16-n of the Act; Authorization to Adopt the Proposed General Project 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 NY Communities Capital Grant Project (the “Project”), the Corporation hereby determines pursuant to Sections 16-n and 10 of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that

1. The area in which the project is to be located is a substandard or unsanitary area, or is in danger of becoming a substandard or unsanitary area and tends to impair or arrest sound growth and development of the municipality.
2. The project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto.
3. The plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.
4. There are no families or individuals displaced from the Project area; and be it further

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

RESOLVED, that upon written findings of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written findings being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make a to grant to the party and for the amount listed below from Restore NY Communities, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability

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of funds and the approval of the State Division of the Budget; and be it further

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

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

Restore NY Communities – Project Summary Table

	Grantee	Project Name	Proj #	Grant	Village, Town, City	County
A	Village of Phoenix	Phoenix Restoration RESTORE IV	AB744	\$500,000	Phoenix	Oswego
		TOTAL		\$500,000		

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

* * *

Next, Jeff Nordhaus presented the New NY Broadband Program Consent Calendar item for the Directors' consideration.

Mr. Nordhaus explained that the Broadband Program office is seeking the Directors' approval to fund 33 projects. This undertaking, Mr. Nordhaus noted, will involve 19 different companies to deploy broadband across New York State. The total grant amount being sought, Mr. Nordhaus further explained, is \$117 million.

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Following the full presentation which included a brief synopsis of each of the proposed grants, the Acting Chair called for questions or comments. Hearing none, and upon motion duly made and seconded, the following resolution was unanimously adopted:

New NY Broadband Program – Phase 2 Awards, New NY Broadband 2015-16 Capital Fund - Consent Calendar – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plans; Authorization to Make Grants and to Take Related Actions

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

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s), that no substantive negative testimony or comment has been received at the public hearings held on the Plan, such Plan shall be effective at the conclusion of such hearings, and that upon such written findings being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make a grant to the party and for the amount listed below from the New NY Broadband Program, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the 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

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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;

New NY Broadband Program – 2015-16 Capital Fund

	PTS #	Project Sponsor	Name of Project	Service Area	Region	Assistance Up To
A	AB863	Cable Communications of Willsboro, Inc.	Phase 2 ESD BPO Broadband Capital	Unserviced	North Country Region	\$226,184
B	AB864	Castle Cable TV Television, Inc.	Castle Cable Phase II Broadband Capital	Unserviced	North Country Region	\$632,559
C	AB865	Champlain Telephone Company	Champlain Unserviced New NY Broadband Capital	Unserviced	North Country Region	\$1,362,901
D	AB866	Chazy and Westport Telephone Corporation (d/b/a Chazy Westport Communications)	Chazy and Westport NY Broadband Unserviced Capital	Unserviced	North Country Region	\$2,363,839
E	AB867	Chazy and Westport Telephone Corporation (d/b/a Chazy Westport Communications)	Chazy and Westport NY Broadband ASA Capital	Additional Service Area (ASA)	North Country Region	\$457,346
F	AB868	Citizens Telephone Company of Hammond, N.Y., Inc.	Citizens Telephone Company of Hammond Phase II Broadband Capital	Unserviced	North Country Region	\$1,395,688
G	AB869	Delhi Telephone Company	Delaware County Broadband Initiative Phase III DCBI Delhi Telephone Company Portion NY Broadband Phase II Unserviced Capital	Unserviced	Southern Tier Region	\$3,392,373
H	AB870	DFT Local Service Corporation	DFT Local Service Corporation Northern Chautauqua NY BB Grant Phase 2 Broadband Capital	Unserviced	Western NY Region	\$4,274,536
I	AB871	DTC Cable, Inc.	DCBI DTC Cable Inc Portion NY Broadband Phase II Unserviced Capital	Unserviced	Southern Tier Region	\$4,432,209
J	AB872	Empire Telephone Corporation	Empire Telephone Corporation Phase 2 Southern Tier	Unserviced	Southern Tier Region	\$2,159,302

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			Unserviced Broadband Capital			
K	AB873	Empire Telephone Corporation	Empire Telephone Corporation Phase 2 Finger Lakes Unserviced Broadband Capital	Unserviced	Finger Lakes Region	\$805,633
L	AB874	Empire Telephone Corporation	Empire Telephone Corporation Phase 2 Southern Tier Underserved Broadband Capital	Underserved	Southern Tier Region	\$271,956
M	AB877	Taconic Telephone Corp. (d/b/a FairPoint Communications)	Taconic Telephone Underserved Broadband Capital	Underserved	Capital and Mid-Hudson Regions	\$25,379,387
N	AB875	Taconic Telephone Corp. (d/b/a FairPoint Communications)	Taconic Telephone Corp Underserved Broadband Capital	Unserviced	Capital and Mid-Hudson Regions	\$2,013,513
O	AB876	Chautauqua and Erie Telephone Corp. (d/b/a FairPoint Communications)	Chautauqua and Erie Telephone Corporation Broadband Capital	Unserviced	Western NY Region	\$9,275,572
P	AB903	Haefele TV Inc.	Haefele Phase 2 Unserviced Broadband Capital	Unserviced	Central NY and Southern Tier Regions	\$2,749,975
Q	AB904	Haefele TV Inc.	Haefele Phase 2 Underserved Broadband Capital	Underserved	Central NY and Southern Tier Regions	\$2,272,357
R	AB905	The Middleburgh Telephone Company (MIDTEL)	2016 New NY Broadband Program Round 2 MIDTEL Unserviced Broadband Capital	Unserviced	Mohawk Valley Region	\$6,831,856
S	AB906	Mid Hudson Data Corp	Mid Hudson Phase 2 Broadband Capital	Underserved	Capital Region	\$849,818
T	AB908	Heart of the Catskills Communications Inc. (d/b/a MTC Cable)	MTC 2017 Lexington Broadband Initiative Capital	Unserviced	Capital Region	\$2,281,673
U	AB910	Heart of the Catskills Communications Inc. (d/b/a MTC Cable)	MTC 2017 Central Catskills Broadband Initiative Capital	Underserved	Capital, Mohawk Valley, and Southern Tier Regions	\$1,472,125
V	AB911	Heart of the Catskills Communications Inc. (d/b/a MTC Cable)	MTC Colchester Broadband Upgrade Capital	Underserved	Southern Tier Region	\$364,851
W	AB909	Heart of the Catskills Communications Inc. (d/b/a MTC Cable)	2017 DCBI Phase 3 MTC Segment Broadband Capital	Unserviced	Capital, Mid-Hudson, Mohawk Valley, and Southern	\$2,411,126

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					Tier Regions	
X	AB974	New Visions Communications, Inc.	Central Region Cayuga Unserved Broadband Capital	Unserved	Central NY Region	\$11,310,921
Y	AB912	Newport Telephone Company, Inc.	Newport Telephone Unserved Broadband Capital	Unserved	Mohawk Valley and North Country Regions	\$9,348,940
Z	AB913	Oneida County Rural Telephone Company	OCRT FTTH Unserved Broadband Capital	Unserved	Mohawk Valley Region	\$3,285,885
AA	AB914	Otsego Electric Cooperative, Inc.	Otsego Rural Broadband Capital	Unserved	Mohawk Valley Region	\$2,631,472
BB	AB915	Otsego Electric Cooperative, Inc.	Otsego Rural Broadband Capital	Unserved	Central NY, Mohawk Valley, and Southern Tier Regions	\$1,304,477
CC	AB916	Pattersonville Telephone Company	Pattersonville Telephone Company NY Broadband Capital	Unserved	Capital and Mohawk Valley Regions	\$1,188,748
DD	AB917	Deposit Telephone Company, Inc. (d/b/a TDS Telecom)	Deposit Tel NY BB Phase II Capital	Unserved	Southern Tier Region	\$3,018,167
EE	AB918	Edwards Telephone Company, Inc. (d/b/a TDS Telecom)	Edwards Tel NY BB Phase II Capital	Unserved	North Country Region	\$3,750,196
FF	AB919	Port Byron Telephone Company (d/b/a TDS Telecom)	Port Byron NY BB Phase II Capital	Unserved	Central NY and Finger Lakes Regions	\$1,315,793
GG	AB920	Township Telephone Company, Inc. (d/b/a TDS Telecom)	Township Tel NY BB Phase II Capital	Unserved	North Country Region	\$3,030,492
					Total	\$117,861,870

and be it further

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

* * *

Next, Ed Muszynski presented the May Non-Discretionary items on the Agenda for the

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Directors' consideration.

Mr. Muszynski noted that there were two Executive sponsored projects to be considered. He then proceeded to outline the relevant facts with regard to each of the projects.

Following the full presentation, the Acting Chair called for questions or comments. With regard to semiconductors in general, Mr. Beshar asked for a sense of where New York ranks across the country in terms of semiconductor development.

The Acting Chair asked Paul Kelly from SUNY Polytechnic to provide Director Beshar with the information requested.

Mr. Kelly noted that while the California region is the main part of the semiconductor world, New York State is ranked high and is a significant player in the eastern part of the nation.

In response to a question raised by the Acting Chairman, Mr. Kelly noted that New York State is in the top two percent in the world as far as research and development in semiconductors is concerned.

The Acting Chair then outlined various reasons supporting the fact that New York State is one of the true global leaders in this industry.

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Mr. Kelly and Acting Chair Zemsky then requested semiconductor information.

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

Special Appropriation New York Power Electronics Manufacturing Consortium – Findings and Determinations Pursuant to Section 10(g) of the Act; Adoption of the Proposed General Project Plans; Authorization to Make a 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 Special Appropriation New York Power Electronics Manufacturing Consortium Project (the “Project”), the Corporation hereby determines pursuant to Section 10(g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that there are no families or individuals to be displaced from the project area(s); and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to a make grant to the party and for the amount listed below from Special Appropriation New York Power Electronics Manufacturing Consortium, 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 Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plans (the “Plans”) for the applicable Projects included in these materials, together with such changes therein as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, copies of which Plans, together with such changes, shall be maintained with the records of the Corporation; and be it further

RESOLVED, if applicable, that upon further written finding 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 hearings, and that upon such written findings being made, staff is authorized to make a grant to the parties and for the amounts listed below from Special Appropriation New York Power Electronics Manufacturing Consortium, for the purposes, and

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substantially on the terms and conditions, set forth in these materials; and be it further

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

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

Special Appropriation New York Power Electronics Manufacturing Consortium – Executive – Project Summary Table

	Project Name	Proj #	Grantee	Assistance up to
A	New York Power Electronics Manufacturing Consortium Capital III	AB209	Fuller Road Management Corporation	\$33,000,000
			TOTAL	\$33,000,000

and be it further

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

* * *

Special Appropriation Strategic Projects Program 17-18 – Findings and Determinations Pursuant to Section 10(g) of the Act; Adoption of 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 Special Appropriation Strategic Projects Program 17-18 Project (the “Project”), the Corporation hereby determines pursuant to Section 10(g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that there are no families or individuals to be displaced from the project area(s); and be it further

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

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be, and each of them hereby is, authorized to a make grant to the party and for the amount listed below from Special Appropriation Strategic Projects Program 17-18, 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 Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plans (the “Plans”) for the applicable Projects included in these materials, together with such changes therein as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, copies of which Plans, together with such changes, shall be maintained with the records of the Corporation; and be it further

RESOLVED, if applicable, that upon further written finding 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 hearings, and that upon such written findings being made, staff is authorized to make a grant to the parties and for the amounts listed below from Special Appropriation Strategic Projects Program 17-18, for the purposes, and substantially on the terms and conditions, set forth in these materials; and be it further

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

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

Special Appropriation Strategic Projects Program 17-18 – Executive – Project Summary Table

	Project Name	Proj #	Grantee	Assistance up to
B	Tokyo Electron Capital	AC018	The Research Foundation for the State University of New York	\$87,500,000
			TOTAL	\$87,500,000

and be it further

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

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

* * *

Samantha Baldock then asked the Directors to authorize ESD to enter into an Apple Research and Development contract with Cornell University for \$398,833.

Ms. Baldock stated that the contract will be funded through the Apple Research and Development Program and is part of the Marketing Order Program. She added that it will include 11 research projects to be conducted over the span of one year.

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

NEW YORK STATE URBAN DEVELOPMENT CORPORATION – Authorization to Enter into a Contract for Research Services of the New York State Apple Industry Relating to the Marketing Order Program; 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 hereby finds Cornell University to be responsible; and be it further

RESOLVED, that the Corporation is hereby authorized to enter into a contract with Cornell University for a total contract amount of Three Hundred and Ninety Eight Thousand, Eight Hundred and Thirty Three Dollars (\$398,833) 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, or other officer of the Corporation, or his or her 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

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resolution.

* * *

Next, the Acting Chair called on Brian Keil to present a New York State Innovation Venture Capital Fund (“NYSIVCF”) item for the Directors’ consideration.

Mr. Keil asked the Directors to authorize ESD to make a \$500,000 investment in Envisagenics, a life science startup based in New York City.

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

NEW YORK STATE URBAN DEVELOPMENT CORPORATION d/b/a EMPIRE STATE DEVELOPMENT - New York State Innovation Venture Capital Fund - Authorization of an Investment of NYSIVCF funds in Envisagenics, Inc.

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 New York State Innovation Venture Capital Fund, the Corporation is authorized to make an investment, in an amount not to exceed \$625,000, in Envisagenics, Inc. (the “Company”) and to enter into agreements and related documentation with the Company and the investment entities named in the Materials in order to effect such investment; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the investment, and each of them hereby is, authorized to take such actions, including modifying the terms of the investment and entering into additional agreements with the Company and others, as he or she may deem necessary or appropriate in the administration of the Corporation’s investments in the Company; and be it further

RESOLVED, that the provision by the Corporation of financial assistance is expressly contingent

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upon: (1) the approval of the Public Authorities Control Board, if applicable; (2) receipt of all other necessary approvals; and (3) the availability of funds and the approval of the State Division of the Budget, if applicable; and be it further

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

* * *

The Acting Chair then asked Michael Evans to present the seven items relating to the Moynihan Station Civic and Land Use Improvement project.

First, Mr. Evans asked the Directors to authorize ESD to assume and amend its contract with STA Joint Venture in connection with the Farley Complex, explaining the details involved in this transaction.

Next, Peter Heilbrunn asked the Directors to approve a procurement of Trustee services contract with M&T Bank.

Richard Dorado then presented two legal services contract items for the Directors' approval.

The Directors were then asked by Mr. Evans to approve three additional items related to the Moynihan Station Development Civic and Land Use Improvement Project: (i) the TIFIA Loan Transaction and Costs; (ii) the Citibank, N.A. and (iii) an Escrow Tenant Agreement.

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Following the full presentation of all seven items the Acting Chair called for questions and comments. Hearing none and upon motion duly made and seconded, the following resolutions were unanimously adopted:

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT - New York City (New York County) – Penn Station – Farley Complex - Moynihan Station Civic and Land Use Improvement Project - Authorization to Assume and Amend the Contract with STA Joint Venture; Authorization to Take Related Actions

BE IT RESOLVED, that based on the materials presented at this meeting (the “Materials”), a copy of which is hereby ordered filed with the records of the Corporation, the Corporation hereby finds STA Joint Venture to be responsible; and be it further

RESOLVED, that in accordance with the Materials, the Directors authorize the Corporation to assume and be assigned a portion of that the construction contract between Moynihan Station Development Corporation and STA Joint Venture with respect to change orders for work as set forth in the materials for a total amount of \$600,159 plus a contingency amount of \$60,016 resulting in a new total contract amount for not to exceed amount of \$23,660,175 substantially on the terms and conditions, as set forth in the Materials; and be it further

RESOLVED, that the President, or other Officer of the Corporation, or his or her designee(s) be, and each of them hereby is, authorized to take such action and execute such documents as may be necessary or appropriate to carry out the foregoing Resolutions.

* * *

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT – Procurement of Trustee Services - Authorization to Enter into a Contract with M&T Bank to Provide Trustee Services in Connection with the Moynihan Station Train Hall Financing

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 M&T Bank (“Trustee”) to be responsible; and be it further

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RESOLVED, that the Corporation is hereby authorized to enter into a contract with Trustee in an amount not to exceed Three Hundred Fifty Thousand Dollars (\$350,000), for the purposes and services, and substantially on the terms and conditions, as set forth in the Materials; and be it further

RESOLVED, that the President and Chief Executive Officer and his designee(s) be, and each of them hereby is, authorized and directed, in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all such actions as may be necessary or appropriate to effectuate the foregoing.

* * *

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT - Moynihan Station Civic and Land Use Improvement Project - Authorization to Amend a Contract with the Law Firm of Orrick Herrington & Sutcliffe LLP to Continue to Provide Legal Services in Connection with the Financing of the Daniel Patrick Moynihan Hall

RESOLVED, that in accordance with the materials presented to this meeting, a copy of which is hereby ordered to be filed with the records of the Corporation (the "Materials"), the Corporation hereby finds the law firm of Orrick Herrington & Sutcliffe LLP ("Counsel") to be responsible; and be it further

RESOLVED, that the Corporation is hereby authorized to amend its contract with Counsel in order to increase the contract amount by Five Hundred Thousand Dollars (\$500,000) from the current amount of Four Hundred Fifty Thousand Dollars (\$450,000) to an amount not to exceed Nine Hundred Fifty Thousand Dollars (\$950,000), plus expenses, for the purposes and services, and substantially on the terms and conditions, as set forth in the Materials; and be it further

RESOLVED, that the President and Chief Executive Officer and his designee(s) be, and each of them hereby is, authorized and directed, in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all such actions as may be necessary or appropriate to effectuate the foregoing.

* * *

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT - NEW YORK CITY (New York County) – Empire Station Complex - Moynihan Station Civic and Land Use Improvement Project – Authorization to Amend a

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Contract with Holland & Knight LLP; Authorization to Take Related Actions

RESOLVED, that in accordance with the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation (the “Materials”), the Corporation hereby finds Holland & Knight LLP to be responsible; and be it further

RESOLVED, that in accordance with the materials, the Corporation is hereby authorized to amend its contract with Holland & Knight LLP relating to the Moynihan Station Civic and Land Use Improvement Project to add an additional Five Hundred Thousand Dollars (\$500,000) to the current contract maximum of Four Hundred Fifty Thousand Dollars (\$450,000) for a new proposed total contract amount not to exceed Nine Hundred Fifty Thousand Dollars (\$950,000) 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, or another Officer of the Corporation, or their 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 actions as may be necessary or proper to implement the foregoing resolutions.

* * *

NEW YORK (NEW YORK COUNTY) – James A. Farley Building and Annex – Daniel Patrick Moynihan Train Station - Moynihan Station Civic and Land Use Improvement Project (the “Project”) – Authorization for a Loan from the United States Department of Transportation to Finance a Portion of the Project’s Phase 2; Authorization to Enter into a Joint Services Agreement; Authorization for the Payment of Loan Transaction Costs; and Authorization to Take Related Actions

BE IT RESOLVED, that on the basis of the materials presented at this meeting (the “Materials”), a copy of which is to be filed with the records of the Corporation, with respect to the redevelopment of the James A. Farley Building and Annex (the “Farley Building”), the Corporation may borrow from the United States Department of Transportation or a related federal entity (collectively, “USDOT”) up to \$550 million (the “Loan”) and take all actions with respect to the Loan, including, granting mortgages on the Farley Building, granting security interests, making collateral assignments, assigning monies and the right to receive monies with respect to the Farley Building, funding reserve accounts, entering into credit support arrangements, and executing and delivering all agreements, instruments and documents and taking all actions with respect to the foregoing as described or implied in the Materials; and be it further

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RESOLVED, that the Corporation is hereby authorized to pay all USDOT's costs related to the Loan, including \$700,000, in addition to the \$250,000 previously paid, and to pay to USDOT all such further additional amounts as may be necessary to pay USDOT's costs related to the Loan; and be it further

RESOLVED, the Corporation is hereby authorized to enter into the Joint Services Agreement ("JSA") with the Metropolitan Transportation Authority, USDOT, any other lender, and a trustee, and take all actions with respect to the JSA, including, granting mortgages on the Farley Building, making collateral assignments, assigning monies and the right to receive monies with respect to the Farley Building, funding reserve accounts, and executing and delivering all agreements, instruments and documents and taking all actions with respect to the foregoing as described or implied in the Materials; and be it further

RESOLVED, that the President, or his designee(s), or other Officer of the Corporation be, and each of them hereby is, authorized to take such actions and execute and deliver such documents, agreements and instruments on such terms as each may deem necessary or appropriate to carry out the foregoing Resolutions; and be it further

RESOLVED, that the President, or his designee(s), or other Officer of the Corporation be, and each of them hereby is, authorized to execute and deliver changes, amendments, modifications, and supplements to all such agreements, instruments, and documents as the President, the designee, or other Officer may determine to be necessary or appropriate in order to carry out the foregoing Resolutions; and be it further

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

RESOLVED, that any actions previously taken by the Corporation consistent with this authorization are hereby ratified and affirmed.

* * *

NEW YORK (NEW YORK COUNTY) – Penn Station - Farley Complex - Moynihan Station Civic and Land Use Improvement Project (the "Project") – Authorization for a Loan from Citibank, N.A., to Finance a Portion of the Project's Phase 2; Authorization to Enter into Credit Support Agreements; Authorization for the Payment of Loan Transaction Costs; and Authorization to Take Related Actions

BE IT RESOLVED, that in accordance with the materials presented to this meeting, a copy of which is hereby ordered to be filed with the record of the Corporation (the "Materials"), that

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with respect to the redevelopment of the James A Farley Building and Annex (the “Farley Building”) the Corporation authorizes a loan of up to \$250 million (the “Loan”) from Citibank, N.A. substantially on the terms and conditions, as described or implied in the Materials; and be it further

RESOLVED, the Corporation may take all actions with respect to the Loan, including entering into a Joint Services Agreement or other credit support arrangements with the Metropolitan Transportation Authority, mortgaging the Farley Building and/or pledging and granting a security interest in 2.5 million square feet of transferable development rights attributable to the Farley Building, collaterally assigning, pledging and granting a security interest in the Farley Building rents and payments in lieu of taxes and mortgaging, pledging, assigning and granting security interests in collateral to the New York State Transportation Development Corporation to support bonds to repay the Loan, executing and delivering all agreements, instruments and documents and taking all actions with respect to the foregoing as described or implied in the Materials; and be it further

RESOLVED, the Corporation may pay all costs of Citibank, N.A. with respect to the Loan as described or implied in the Materials; and be it further

RESOLVED, that the President, or his designee(s), or other Officer of the Corporation be, and each of them hereby is, authorized to take such actions and execute and deliver such documents on such terms each may deem necessary or appropriate to carry out the foregoing resolutions; and be it further

RESOLVED, that the President, or his designee(s), or other Officer of the Corporation be, and each of them hereby is, authorized to execute and deliver changes, amendments, modifications, and supplements to all such agreements, instruments, and documents as the President, the designee, or other Officer may determine to be necessary or appropriate in order to carry out the foregoing Resolution; and be it further

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

RESOLVED, any actions previously taken by the Corporation consistent with this authorization are hereby ratified and affirmed.

* * *

NEW YORK (NEW YORK COUNTY) – Penn Station - Farley Complex - Moynihan Station Civic and Land Use Improvement Project (the “Project”) – Authorization to Enter into an Escrow Agreement; Authorization to Fund an Escrow Account; and Authorization to

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Take Related Actions

BE IT 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"), that with respect to the redevelopment of the James A. Farley Building and Annex (the "Farley Building") the Corporation is hereby authorized to (i) enter into with Moynihan Interim Tenant LLC ("Tenant") or an affiliate of Tenant an escrow agreement pursuant to which an escrow account is established, (ii) cause to be placed in the escrow account Tenant's \$230 million contribution, (iii) deposit into the escrow account up to an additional \$80 million, and (iv) have all of these monies held in the escrow account until (x) ESD arranges and closes a financing in the amount of at least \$250 million to be serviced and secured by Farley Building rents and payments in lieu of taxes, or (y) ESD obtains new funding for the Project from any other source in the amount of at least \$250 million, or (z) the monies in the escrow account are otherwise released from escrow in accordance with the escrow agreement; and be it further

RESOLVED, that the President 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; and be it further

RESOLVED, that the President, or his designee(s), or other Officer of the Corporation be, and each of them hereby is, authorized to execute and deliver changes, amendments, modifications, and supplements to all such agreements, instruments, and documents as the President, the designee, or other Officer may determine to be necessary or appropriate to carry out the foregoing Resolution; and be it further

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

RESOLVED, that any actions previously taken by the Corporation consistent with this authorization are hereby ratified and affirmed.

* * *

Next, Tom Conoscenti presented an item relating to the Fountain Avenue Land Use Improvement and Residential project.

Mr. Conoscenti asked the Directors to approve a modification to the Modified Fountain

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Avenue Land Use Improvement and Residential Project’s General Project Plan (“MGPP”) and to adopt and affirm the MGPP with modifications.

Mr. Conoscenti then outlined the two minor modifications for the Directors’ consideration, noting that the first related to the relocation of a residential entrance in Parcel B-Building B1.

The second modification, Mr. Conoscenti noted, involves a reduction to the number of parking spaces at Parcel B, Building B1. He explained, that the original number of parking spaces was based on attended parking and that the proposed number of parking spaces is for the self- parking area.

Mr. Conoscenti added that the number of parking spaces at the adjacent building, Parcel B, Building B2 will be increased so that the total number of parking spaces for the project will remain the same.

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

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT – New York City (Kings County) – Fountain Avenue Land Use Improvement and Residential Project - Authorization to Modify the Modified General Project Plan (MGPP); Recommendation to Adopt and Affirm the MGPP with

DRAFT – SUBJECT TO REVIEW AND REVISION

Modifications; Authorization 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 (the “Materials”), the Corporation hereby adopts and affirms the Modified General Project Plan for the Fountain Avenue Land Use Improvement and Residential Project (the “Project”) with modifications as described in the Materials; and be it further

RESOLVED, that the Chairman and Chief Executive Officer, or his designee, 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 considered necessary or appropriate to effectuate the foregoing resolutions and any actions taken by the Corporation in reliance upon or in furtherance of the authorized actions set forth herein are hereby ratified.

* * *

Next, Edward Espejo asked the Directors to authorize ESD to enter into a contract for PeopleSoft Upgrade Services.

Mr. Espejo explained that the Directors are being asked to authorize ESD to enter into a contract with Cherry Road Technologies to assist the Corporation with the implementation of its PeopleSoft systems upgrade from version 8.4 to 9.2.

Among other things, Mr. Espejo explained that Cherry Road has an existing contract with the New York State Office of General Services, which includes a 28 percent MWBE goal and that ESD will utilize this existing contract for the PeopleSoft upgrade.

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

DRAFT – SUBJECT TO REVIEW AND REVISION

adopted:

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT – PeopleSoft System Upgrade Services - Authorization to Enter into a Contract for PeopleSoft System Upgrade Services; Authorization to Take Related Actions

BE IT RESOLVED, that based on the materials presented at this meeting (the “Materials”), a copy of which is hereby ordered filed with the records of the Corporation, the Corporation hereby finds CherryRoad Technologies Inc. to be responsible; and be it further

RESOLVED, that in accordance with the Materials, the Corporation is hereby authorized to enter into a contract with CherryRoad Technologies Inc. for PeopleSoft System Upgrade Services up to the amount of \$1,100,000 for a term not to exceed one year substantially on the terms and conditions as set forth in the Materials; and be it further

RESOLVED, that the President, or his designee, be and they hereby are authorized and empowered to exercise on behalf of the Corporation to take such other action and execute such documents as may be necessary or appropriate to carry out the foregoing Resolutions.

* * *

The Directors were then asked by Richard Newman to authorize the Corporation to amend an existing contract with Lower Partner Worldwide, Inc. d/b/a Campbell Ewald New York (“CE-NY”) to provide Marketing Services.

Mr. Newman explained that the amendment will add \$50 million to the marketing contract as approved by the legislature as part of the 2017 budget.

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

DRAFT – SUBJECT TO REVIEW AND REVISION

NEW YORK STATE URBAN DEVELOPMENT CORPORATION – Amendment to Contract to Provide Marketing Services, including Advertising, Digital Marketing, Events, Media Planning and Buying Services - Authorization to Amend an Existing Contract with Lowe & Partners Worldwide, Inc. d/b/a Campbell Ewald New York (“CE-NY”); 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 ordered filed with the records of the Corporation, the Corporation hereby finds Lowe & Partners Worldwide, Inc. d/b/a Campbell Ewald New York (“CE-NY”), to be responsible; and further

RESOLVED, that the Corporation is hereby authorized to enter into an Amendment of the existing ESD/CE-NY contract pursuant to which the maximum contract amount would be increased from the current \$100,000,000 to \$150,000,000, and all other contract terms would remain unmodified and in full force and effect, substantially on the terms and conditions set forth in the Materials; and be it further

RESOLVED, that the President 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.

* * *

Lastly, Christine Costopoulos asked the Directors to authorize the Lake Ontario Small Business Recovery Fund program and to, among other things, adopt program guidelines and authorize the President and Chief Executive Officer or his designee to amend such guidelines from time to time.

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

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

DRAFT – SUBJECT TO REVIEW AND REVISION

Statewide – Lake Ontario Small Business Recovery Fund – Adoption of Guidelines; Delegation of Authority; Authorization to Make Grants; Authorization to Take Related Actions

RESOLVED, that the Corporation hereby authorizes the Lake Ontario Small Business Recovery Fund (the “Program”), described in the materials presented in this meeting (the “Materials”), a copy of which has been presented to this meeting and is ordered filed with the records of the Corporation; and be it further

RESOLVED, that the Corporation hereby adopts the guidelines for the Program, a copy of which has been presented to this meeting and is included in the Materials, and authorizes the President and Chief Executive Officer of the Corporation, or his designee(s), to amend, from time to time, such guidelines (such guidelines, as they may from time to time be amended, the “Guidelines”) as he or she deems necessary or appropriate to effectuate the purposes of the Program; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) is hereby authorized to accept grant applications pursuant to the Program in accordance with the Guidelines and these Materials and to take such other actions as are necessary in order to effectuate the purposes of the Program; 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) the receipt of adequate funding for such assistance from the State of New York; 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.

* * *

There being no further business, the meeting was adjourned at 11:23 a.m.

Respectfully submitted,

Debbie Royce
Assistant Corporate Secretary

Item. I. B.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard Zemsky

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 Corporation and certifications by the Chief Executive Officer 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, 2017 and 2016 (Consolidated Financial Statements), which contains the required information, is attached hereto.

II. **The Report**

The Report includes the following:

1. **Independent Auditors' Report**
 - In this section the independent audit firm renders its opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation and its subsidiaries, and the results of its operations and cash flows for the current fiscal year, in conformity with accounting principles generally accepted in the United States of America.

The Independent Auditors' Report included in the Consolidated Financial Statements contains an unmodified (clean) opinion reflecting that the consolidated financial statements present

fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation and its subsidiaries.

2. **Management's Discussion and Analysis**
 - This is not a required part of the basic financial statements, but is supplementary information required by the Government Accounting Standards Board. It is required to precede the basic financial statements, discuss current-year results in comparison with the prior year and contain condensed financial information derived from the basic consolidated financial statements.
3. **Consolidated Financial Statements include**
 - Consolidated Statements of Net Position;
 - Consolidated Statements of Revenue, Expenses and Changes in Net Position;
 - Consolidated Statements of Cash Flows; and
 - Notes to Consolidated Financial Statements
4. **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**
 - This letter addressed to the Board of Directors defines the potential weaknesses in internal control and identifies if the audit firm has discovered any such deficiencies. In addition, it discusses the Corporation's and its subsidiaries' 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 determination of the financial statements amounts.

The Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters included in the Consolidated Financial Statements contains no findings of material weaknesses in internal control and no issues of non-compliance.

5. **Independent Auditors' Report on Investment Compliance**

The Independent Auditors' Report on Investment Compliance included in the Consolidated Financial Statements reflects that the Corporation and its subsidiaries complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on its investment program.

III. **Audit Committee**

The Audit 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.

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.

V. Certifications

The Report has been certified in writing by the Chief Executive Officer 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 the operations of the Corporation as of, and for, the periods presented in the Report.

Attachments

Resolutions

Certifications

Audited Consolidated Financial Statements

June 29, 2017

NEW YORK STATE URBAN DEVELOPMENT CORPORATION d/b/a EMPIRE STATE
DEVELOPMENT CORPORATION – (the “Corporation”) 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 Chief Executive Officer and Chief Financial Officer of the Report;

WHEREAS, an independent audit has been prepared for the fiscal year ended March 31, 2017;

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

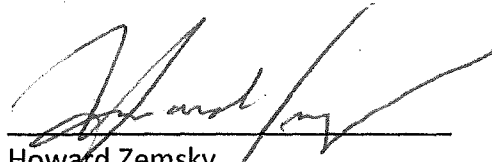
NOW, THEREFORE, based on the materials submitted herewith, IT IS HEREBY RESOLVED that the Report is hereby approved; and it is further

RESOLVED, that the President and Chief Executive Officer, 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

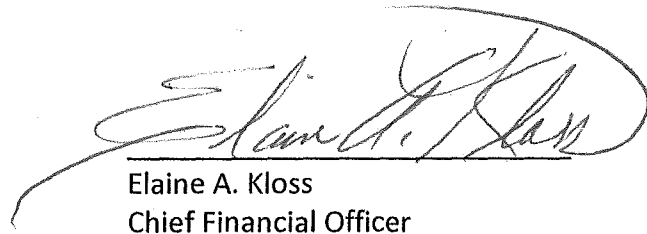
I hereby certify that to the best of my knowledge (a) the information provided in the New York State Urban Development Corporation and Subsidiaries Consolidated Financial Statements and Independent Auditors' Report for the years ended March 31, 2017 and 2016 is accurate, correct and does not contain 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.

A handwritten signature in black ink, appearing to read "Howard Zemsky", written over a horizontal line.

Howard Zemsky
President and Chief Executive Officer

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, 2017 and 2016 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, 2017 and 2016

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

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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, 2017 and 2016, 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.

Auditor's 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 auditor's 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 net position of New York State Urban Development Corporation and Subsidiaries as of March 31, 2017 and 2016, and the respective changes in net position and cash flows for the years then ended, in conformity 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 19, the Schedule of Funding Progress - Other Postemployment Benefits - Last Three Years on page 69, the Schedule of Corporation's Proportionate Share of the Net Pension Liability on page 70, and the Schedule of Corporation's Employer Pension Contributions on page 71 be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by Government 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 June 15, 2017, 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 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 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.

In accordance with Government Auditing Standards, we have also issued our report dated June 15, 2017 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. The purpose of that report is to provide an opinion as to the Corporation's compliance with investment guidelines contained therein. 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
June 15, 2017

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis

March 31, 2017 and 2016

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, 2017. 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 2017. 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 mission, 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 Regional Economic Development Council ("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 \$880 million 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 Economic Development Councils ("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 funding, allocated annually, that is awarded through a competitive Consolidated Funding Application review process.

During fiscal 2017, the ESD Directors and Chief Executive Officer ("CEO") approved financial assistance for over 340 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 Economic Development Purposes 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 \$1.4 billion ESD investment leveraged an additional \$2.7 billion in total investment, resulting in the retention and creation of over 32,000 jobs.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Economic Development Programs and Initiatives, Continued

The Buffalo Regional Innovation Cluster, known as the Buffalo Billion, was established in fiscal 2013 to attract private sector investment and promote the creation of sustainable jobs in Western New York ("WNY"). The Buffalo Billion Investment Development Plan focused on three sector strategies (advanced manufacturing, health and life sciences and tourism) and three core strategies of entrepreneurship, workforce and smart growth. Within each of the strategies, signature initiatives were developed that would leverage the region's assets and ultimately spur economic development in WNY. Most Buffalo Billion projects are not direct investments in individual companies, but are strategic investments in State assets that will ultimately attract private investment. Current projects include the Buffalo High Tech Manufacturing Innovation Hub at RiverBend; Buffalo Medical Innovation and Commercialization Hub at Buffalo Niagara Medical Campus; Robert Moses Parkway Redevelopment; Western New York Workforce Development Center; 43 North Business Plan Competition; and Better Buffalo Fund.

During fiscal 2017, Phase Two (2) and Three (3) awards of the \$500 million New NY Broadband Program (the "Program") were announced. The Program's goal is to provide all New Yorkers with access to internet download speeds of at least 100 megabits per second (Mbps) in most places, and 25 Mbps in the most remote parts of the State by the end of 2018. Implemented in phases, and leveraging private sector investment, the Program allocates grant funds to qualified service providers through an innovative "reverse auction" method, awarding State dollars to those applicants who propose the lowest State cost to serve, on a dollar-per-location basis. The Program conducts regional auctions to ensure statewide coverage and gives priority to projects addressing unserved areas, libraries and Education Opportunity Centers.

Over the past six years New York State has helped small businesses secure over \$1 billion in loans, 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. During fiscal 2017, ESD launched the \$16 million Global New York Loan fund program which supports export financing in partnership with participating lenders that will allow New York State businesses to grow globally. ESD also continued to successfully support business through the Small Business Revolving Loan Fund, providing over \$32 million in loans; the Capital Access Program issuing over \$15 million in loans; the Linked Deposit Program providing nearly \$40 million in loans; the Surety Bond Assistance Program issuing over \$9 million in credits; and the Bridge to Success Loan Program, providing nearly \$3 million in loans. In addition to the successful loan programs, ESD continued to assist entrepreneurs through the Entrepreneurial Assistance Program which provides courses and classes on how to start and run a business. ESD also continued Business Mentor NY, the state's first one-on-one pro bono mentoring program geared to help small businesses overcome challenges and spur growth. Since inception, over 5,000 mentors and entrepreneurs have enrolled and over 2,700 engagements have been initiated.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Economic Development Programs and Initiatives, Continued

ESD also continued managing the NYS Innovation Venture Capital Fund ("NYSIVCF" or the "Fund") which is currently funded at \$100 million. This Fund invests in eligible seed and early stage small businesses located, or 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. NYSIVCF also provides funding for the Technology Commercialization \$8 million fund-of-funds investment program, which supports pre-seed investment opportunities throughout the State. During fiscal 2017, the Fund made five direct equity investments totaling \$2.25 million and awarded \$3 million to one investment manager as part of the Technology Commercialization Program.

ESD also administers the MWBE Investment Fund, having previously selected an investment manager to make equity investments in minority and women-owned business enterprises.

During fiscal year 2016-17, the Market Order Program (the "Program") was transferred from the New York State Department of Agriculture and Markets ("DAM") to ESD. Market orders are voluntary programs that are initiated and approved by the industry to ensure the orderly marketing of products. Currently the Program has adopted regulations to enact market orders for milk, apples, sour cherry, cabbage and onions. These orders combined generate approximately \$15 million in industry funds annually, which are used to market and promote the subject products, support market and production research and reimburse administrative costs of the Program. Because ESD has a robust marketing and advertising campaign throughout the State, the Program transfer to ESD was an attempt to coordinate the State's marketing efforts to more fully include marketing and promotion of New York State agricultural products. As part of the Program transfer, the existing market orders will continue, but financial administration of them has been transferred to ESD. DAM continues to be involved in all aspects of the Program and provides administration of the program and support to ESD through a contract between ESD and DAM. Existing market order contracts entered into by DAM to promote and research products have been assigned to ESD and will be renewed by ESD as necessary.

In addition to the above programs, 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; 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 is conducted on a monthly basis, as are media analytics, to ensure ESD is reaching its goals in website visits, perceptual changes and, ultimately, job creation and economic impact.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

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 of \$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.

In fiscal year 2014, ESD began co-administering the START-UP NY ("SUNY Tax-free Areas to Revitalize and Transform Upstate NY") initiative which is expected to transform SUNY campuses and university communities across the State into tax-free communities, including no income tax for employees and no sales, property or business tax for ten (10) years. The program continued to grow in fiscal year 2017. START-UP NY attracts start-ups, new business, business expansions and investments from across the nation and around the globe to New York by offering the opportunity to operate completely tax-free, while also partnering with the world-class higher education institutions in the SUNY system, in return for creating net new jobs. Businesses participating in the program need to be aligned with or further the academic mission of the campus, college or university sponsoring the tax-free community, have positive community and economic benefits and create and maintain new jobs. To date approximately 82 campus plans have been approved, of which 43 have approved businesses participating in the program, and 229 businesses have been approved for participation in START-UP NY. These companies have committed to create over 4,800 jobs and invest over \$227 million over the next five years.

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 ones are presented below.

Moynihan Station Development Corporation

To further the mission of Moynihan Station Development Corporation ("MSDC"), ESD completed the purchase of the James A. Farley Post Office ("Farley") building in fiscal 2007 as a part of the redevelopment of Moynihan Station. The U.S. Postal Service provided \$130.0 million to assist in the acquisition. ESD financed \$105.0 million to complete the transaction. The Port Authority of New York and New Jersey (the "Port Authority") provided funding of \$30.0 million. Citibank also

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Moynihan Station Development Corporation, Continued

provided a \$75 million loan which was refinanced in fiscal years 2010, 2013 and 2015 and increased to \$150 million. Interest was capitalized and ESD made three principal payments of \$250,000 each over the two-year term that commenced in August, 2015. The 2015 financing agreement, which included an additional \$37.2 million to be used for early action construction for Phase 2 of the project, was due to mature in February 2017. In January 2017, the term of the loan was extended to mature on November 2, 2017. At March 31, 2017, the remaining combined balance of this debt is \$223.1 million. The Citibank loan was repaid in full on May 1, 2017.

During fiscal 2017, the Moynihan Station Development Corporation ("MSDC") has significantly progressed preliminary work necessary for the planned relocation of Amtrak intercity rail operations from existing Pennsylvania Station into a redeveloped James A. Farley Post Office Building. The project has been advanced in two distinct phases. Phase 1 has completed the commuter concourse for the new station, which hangs from underneath the Farley Building structure and will be accessible via new entrances through the northeast and southeast corners of the Farley Building. Phase 1 has also renovated the underground connection, called the Connecting Corridor, from this concourse to the 8th Avenue subway and the rest of Penn Station. These facilities will be opened for all customers of Penn Station in June 2017.

Phase 2 of the project will be the redevelopment of the historic landmarked Farley Building in order to accommodate relocated Amtrak operations and expanded Long Island Rail Road ("LIRR") passenger amenities. Additionally, an emergency platform ventilation system will be installed for the Penn Station boarding platform area below the Farley Building. In January 2016, an initiative commenced for the development of a commuter and intercity passenger railroad terminal to be known as the Empire Station Complex ("Empire Station"). This initiative includes Phase 2 of the Moynihan Station project and the redevelopment of the Farley Building. The Farley Building redevelopment includes the Moynihan Train Hall, new facilities in the Penn Station train-shed that will provide vertical circulation between the train hall and the train-shed's passenger platform and concourses, an emergency ventilation system to be installed in the train shed below the Farley Building, passenger and operations facilities for LIRR and Amtrak, permanent space for the United States Postal Service, and private commercial use (e.g., retail, office) development space. Amtrak will move most of its back-office and passenger-facing operations to Farley from Penn Station. The vacated space in Penn Station will be redeveloped by Amtrak for commercial uses.

To further the Moynihan Station initiative, ESD, the MTA, LIRR and Amtrak issued a Joint Solicitation for the Development of the Empire Station Complex (the "solicitation"). The solicitation consisted of (i) a request for expressions of interest and request for qualifications for the private redevelopment of Penn Station and (ii) a request for proposals for the private redevelopment of Farley, including (x) a new Moynihan Train Hall (a new railroad passenger train hall), that would serve LIRR and Amtrak passengers, new back-of-house and passenger facing operations for LIRR and Amtrak, (y) work in the Penn Station train-shed related to the Moynihan

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Moynihan Station Development Corporation, Continued

Train Hall, and (z) private commercial space, including space leased to UPS for retail and operations use. The multiple submissions received for the solicitation for development of Empire Station were 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 (the "joint venture"). Final negotiations between Empire State Development and the joint venture anticipate the execution of a master lease and a development agreement in early fiscal 2018. Additional information regarding MSDC is included in the "Anticipated Future Transactions and Information" section of this report.

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 \$50.1 million and \$45.8 million for the fiscal years ended March 31, 2017 and 2016, respectively. The construction related to the original expansion and renovation of the Javits Center was completed in 2014 and the cumulative total cost was \$735.2 million at March 31, 2016.

In fiscal 2016, NYCCDC issued \$632.1 million Revenue Refunding Bonds Series 2015 (Hotel Unit Fee Secured) for the purpose of (i) refunding NYCCDC's Revenue Bonds Series 2005 (Hotel Unit Fee Secured); (ii) paying certain costs of expanding and renovating the Javits Center; (iii) funding certain reserves; and (iv) paying for the costs of issuance. In fiscal 2017, 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 (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.

While a major renovation of the existing facilities was completed in 2014, current operations and the ability to compete in the evolving convention center marketplace are challenged by a lack of meeting room space and truck parking. An expansion of the Javits Center is necessary to address these challenges so that the Javits Center can 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 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

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

New York Convention Center Development Corporation, Continued

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. Transformer construction has an approximate two-year schedule and \$95 million budget. Expansion construction has an approximate four-year schedule and \$1.3 billion budget. Funding will be provided through a \$1 billion New York State budget appropriation and available bond proceeds. Other sources may be provided as required. Additional information regarding NYCCDC is included in the "Anticipated Future Transactions and Information" section of this report.

Lower Manhattan Development Corporation

New York State designated ESD as the lead agency in providing assistance to businesses affected by the events of September 11, 2001. The United States Department of Housing and Urban Development ("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, 2017, more than \$3.1 billion of the total \$3.5 billion in funding has been disbursed by both ESD and its subsidiary, LMDC, to qualified businesses and individuals.

Atlantic Yards Project

ESD continues to be actively involved in the Atlantic Yards Project, which consists of plans to redevelop twenty-two acres of underutilized land in downtown Brooklyn. The general project plan, adopted in July 2006 and modified in June 2009, includes an arena for the Brooklyn Nets, a reconfigured Vanderbilt yard and subway facility, an upgraded LIRR train yard, sixteen buildings for residential, office and retail uses, and a districtwide public middle school. The residential development will include an affordable component and eight acres of the site are planned for publicly-accessible open space. The developer, Forest City Ratner Companies ("FCR") has completed the arena and in December 2012, broke ground on the first residential tower. In October 2013, FCR entered into an agreement with Shanghai-based Greenland Group Co. to create a joint venture, Greenland Forest City Partners, to acquire and develop the Atlantic Yards Project.

At its June 27, 2014 meeting, the ESD Board of Directors affirmed the 2014 Modified General Project Plan ("MGPP") and authorized the creation of the Atlantic Yards Community Development Corporation ("AYCDC"), a subsidiary of ESD. The MGPP accelerates development and ensures the timely arrival of key project deliverables for the community and the creation of AYCDC is expected to facilitate continued progress of the project, which the joint venture rebranded as Pacific Park

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Atlantic Yards Project, Continued

Brooklyn. In August 2015, the ESD Board of Directors approved proposed changes to the design for the Project's eight acres of open space. In April 2016, Greenland Forest City Partners, the Developer of the Atlantic Yard's project, released the housing lottery application for the 181 affordable units in the first residential tower, B2. The building, which will include fifty percent (50%) affordable housing, is open with a full temporary certificate of occupancy. There are currently four buildings under construction or open at the site (B2, B3, B11, B14).

Erie Canal Harbor Development Corporation

Erie Canal Harbor Development Corporation ("ECHDC") continues to be 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 of working to accomplish public/private partnerships. Its strategic investment in infrastructure and programming has resulted in unprecedented private investment in Buffalo's waterfront. Noteworthy accomplishments during fiscal 2017 include: funding over 2,000 events and activities at Canalside bringing over 1 million visitors to Buffalo; groundbreaking of the Explore and More Children's Museum; continuing work with ESD and NYS Parks on the redevelopment of the outer Harbor lands, including the final portions that were transferred to ECHDC during fiscal 2016; completing construction on the public canal system on the site of the former Memorial Auditorium, which interpret the historic alignment of the original Erie Canal, as it terminated in downtown Buffalo; utilizing the Canals in the winter for skating and other events; and events and programming on the ECHDC owned Outer Harbor land.

USA Niagara Development Corporation

Also committed 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 the development strategy at USAN is simultaneously working on implementation of different types of projects (i.e., phases) with different 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 aspects of approximately 37 projects, and is actively working on ten other efforts in various stages of development, totaling over \$559 million. These efforts range from 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 development on shovel-ready downtown sites. Over the last several years, USAN participated in five new hotel projects, which were recently completed/are under construction and one hotel renovation project.

Other examples of economic development and redevelopment include Harlem Community Development Corporation ("HCDC"), Queens West Development Corporation ("QWDC"), Fort Schuyler Management Corporation - RiverBend Park, New York Power Electronics Manufacturing Consortium and various Nano Utica initiatives.

**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, 2017 and 2016:

SUMMARY OF CONSOLIDATED STATEMENTS OF NET POSITION

	<u>2017</u>	<u>2016</u>
	(In thousands)	
Assets		
Current assets:		
Cash, equivalents and temporary investments	\$ 290,572	282,513
Other current assets	<u>2,216,875</u>	<u>2,861,367</u>
Total current assets	<u>2,507,447</u>	<u>3,143,880</u>
Non-current assets:		
Investment securities - restricted	17,320	20,601
Loans and leases receivable	100,597	116,595
Due from State of New York	12,181,463	10,691,335
Due from Port Authority of New York and New Jersey	82,010	103,454
Due from New York Job Development Authority	26,330	26,259
Real property and office equipment, net	2,005,307	1,919,318
Other assets	<u>213,109</u>	<u>223,814</u>
Total non-current assets	<u>14,626,136</u>	<u>13,101,376</u>
Total assets	<u>17,133,583</u>	<u>16,245,256</u>
Deferred outflows of resources	<u>86,817</u>	<u>103,678</u>
Liabilities		
Current liabilities	1,447,473	1,416,695
Non-current liabilities	<u>13,243,431</u>	<u>12,394,653</u>
Total liabilities	<u>14,690,904</u>	<u>13,811,348</u>
Deferred inflows of resources	<u>343,444</u>	<u>377,866</u>
Minority interest	<u>159,176</u>	<u>161,438</u>
Net position		
Restricted:		
Appropriations repayable under prescribed conditions	197,554	197,554
Other restricted for specific purposes	<u>47,109</u>	<u>106,218</u>
Total restricted	244,663	303,772
Net investment in capital assets	<u>1,782,213</u>	<u>1,694,510</u>
Total net position	<u>\$ 2,026,876</u>	<u>1,998,282</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>2017</u>	<u>2016</u>
	(In thousands)	
Operating revenue:		
Interest and finance income from:		
Housing companies	\$ 278	477
Nonresidential projects	10,841	9,764
Interest on revenue bonds	23,720	38,284
Hotel tax revenue	50,145	45,808
Reimbursed grants	101,324	141,848
Economic development grants	1,010,826	690,455
State appropriation for programs	3,500	18,352
Other revenue	<u>107,237</u>	<u>92,803</u>
Total operating revenue	<u>1,307,871</u>	<u>1,037,791</u>
Operating expenses:		
Interest related to corporate loans	6,272	6,291
Interest on revenue bonds	23,720	38,284
Interest on subsidiary project bonds	29,607	31,798
Reimbursed grants	14,483	37,478
Economic development grants	1,014,722	693,942
General and administrative	136,155	109,633
Subsidiary program and administrative	15,931	30,855
Pollution remediation	46	1,709
Provision for recoveries on loans and leases receivable and investments in other assets	7,020	10,921
Depreciation	<u>36,566</u>	<u>36,618</u>
Total operating expenses	<u>1,284,522</u>	<u>997,529</u>
Minority interest	<u>2,262</u>	<u>5,033</u>
Operating income	<u>25,611</u>	<u>45,295</u>
Non-operating revenue	567,494	571,069
Non-operating expenses	<u>564,511</u>	<u>571,528</u>
Change in net position	<u>28,594</u>	<u>44,836</u>
Net position at beginning of year, as previously stated	1,998,282	1,953,551
Cumulative effect of change in accounting principle	-	(105)
Net position at beginning of year, as restated	<u>1,998,282</u>	<u>1,953,446</u>
Net position at end of year	\$ <u>2,026,876</u>	<u>1,998,282</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 \$290.6 million and \$282.5 million at March 31, 2017 and 2016, respectively. The increase is primarily due to the receipt of \$4.5 million in payments in lieu of sales tax for the Atlantic Yards Project. In addition, the increase is attributed to the receipt of higher payments related to non-residential and commercial leases.

Capitalization

As of March 31, 2017, ESD had \$12.9 billion in revenue bonds outstanding. These bonds are issued on behalf of the State to provide the Corporation with funds to engage in certain projects relating to financing of State Facilities, economic development activities, housing projects and other State supported financing activities. The revenue bonds debt service is provided by New York State.

In March of 2017, ESD issued \$1,842.7 million in State Personal Income Tax Revenue Bonds (General Purpose): \$808.0 million Series 2017A and \$1,034.7 million Series 2017B (Federally Taxable). The Series 2017A and 2017B bonds (the "Series 2017 Bonds") were issued for the purpose of financing Authorized Purposes, including to (a) finance or reimburse all or a portion of the costs of programs and projects throughout the State, including information technology projects, correctional and youth facilities projects, housing assistance projects and programs, economic development projects, State facilities projects and environmental infrastructure projects, and (b) refund certain outstanding State Personal Income Tax Revenue Bonds previously issued by the Corporation and the New York State Housing Finance Agency. In addition, proceeds of the Series 2017 Bonds were used to pay all or part of the cost of issuance of the Series 2017 Bonds.

In March of 2016, ESD issued \$1,654.9 million in State Personal Income Tax Revenue Bonds (General Purpose) Series 2016A (the "Series 2016A Bonds") for the purpose of refunding certain outstanding State Personal Income Tax Revenue Bonds and other State-supported debt previously issued by the Corporation, the New York State Housing Finance Agency and the New York State Thruway Authority. In addition, proceeds of the Series 2016A Bonds were used to pay all or part of the cost of issuance of the Series 2016A Bonds.

In December of 2015, ESD issued \$1,130.3 million in State Personal Income Tax Revenue Bonds (General Purpose): \$893.4 million Series 2015A and \$236.9 million Series 2015B (Federally Taxable). The Series 2015A and 2015B bonds (the "Series 2015 Bonds") were issued for the purpose of financing and refinancing Authorized Purposes, including (a) finance or reimburse all or a portion of the costs of programs and projects throughout the State, including highway and bridge capital projects, correctional and youth facilities projects, housing assistance projects and programs, economic development projects and State facilities projects, and (b) refund certain

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Capitalization, Continued

outstanding State Personal Income Tax Revenue Bonds and other State-supported debt previously issued by the Corporation and the New York State Housing Finance Agency. In addition, proceeds of the Series 2015 Bonds were used to pay all or part of the cost of issuance of the Series 2015 Bonds.

In September of 2016, the New York Convention Center Development Corporation ("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 2016A and 2016B (the "Series 2016 Bonds") 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 certain rentals of hotel rooms located within all five boroughs of New York City.

In August 2015, the NYCCDC issued \$632.1 million Revenue Refunding Bonds Series 2015 (Hotel Unit Fee Secured) for the purpose of (i) refunding NYCCDC's Revenue Bonds Series 2005 (Hotel Unit Fee Secured), (ii) paying certain costs of expanding and renovating the Javits Center, (iii) funding certain reserves and (iv) paying the costs of issuance. These bonds will continue to be repaid from revenues received by NYCCDC from hotel unit fees imposed on certain hotel room rentals located in all five boroughs of New York City.

Interest Rate Transactions

During fiscal 2017 and 2016, there was no new activity with regard to the remaining \$406.5 million interest rate swap agreements. The \$182.5 million interest rate swap agreements are in connection with the Service Contract Revenue Refunding Series 2008A Bonds (Variable Rate Demand Notes), which also partially refunded the 2002B Bonds.

Under the swaps, the Corporation effectively converted terms of the underlying debt obligation from a variable 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 payments related to the swaps, no gains or losses will be recognized.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Interest Rate Transactions, Continued

The remaining \$224.0 million interest rate swap agreements are in connection with 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 payments related to the swaps, no gains or losses will be recognized.

The fair value of the swaps is recorded as a deferred inflow of resources and the related deferred loss is recorded as a deferred outflow of resources.

Investment Ratings

As of March 31, 2017, 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>S&P</u>	<u>Fitch</u>
Correctional Facility Service Contract - Refunding 2010A	N/A	AA	AA
Personal Income Tax Revenue Bonds Series 2017A, 2017B	N/A	AAA	AA+
NY Convention Center Development Corporation Senior Lien Revenue Bonds Series 2016A	Aa3	N/A	N/A
NY Convention Center Development Corporation Subordinated Lien Revenue Bonds Series 2016B	A2	N/A	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, 2017 was \$28.6 million compared with \$44.8 million in the prior year. The \$16.2 million decrease is primarily due to reductions in reimbursement revenue for several subsidiaries, including MSDC and LMDC.

Revenue

Operating revenue in the 2017 fiscal year was approximately \$1,307.9 million compared with \$1,037.8 million in fiscal year 2016. The increase of \$270.1 million is primarily due to the following:

Increases in operating revenue primarily occurred in the following categories:

- Interest and finance income from nonresidential projects increased by \$1.1 million due primarily to an increase in tax equivalency payments related to a project on Roosevelt Island;
- Hotel tax revenue increased by \$4.3 million as a result of increased tourism in New York City;
- Economic development grants funding increased by \$320.4 million due to an increase in activity within existing grant programs, including the following projects: Fort Schuyler Management-RiverBend Park, NY Power Electronics Manufacturing Consortium, and various Nano Utica initiatives; and
- Other revenues increased by approximately \$14.4 million due to an increase of \$17.5 million in the following revenue categories: funding for the State's worldwide advertising and marketing promotion campaign, activity in the New York Innovation Venture Capital Fund, bond income premium from the issuance of NYCCDC bonds, grant repayment income, funding for USA Niagara and tax credits received for Queens West Development Corporation, which was offset by a decrease of approximately \$3.1 million due primarily to a reduction of payments in lieu of sales tax related to the One Bryant Park Project and a reduction in bond fee income.

Decreases in operating revenue primarily occurred in the following categories:

- Interest and finance income from housing companies decreased by approximately \$0.2 million due to a decrease in required excess cash flow mortgage receipts;
- Interest on revenue bonds decreased by approximately \$14.5 million due to the repayment and refunding of certain bonds;
- Reimbursed grants revenue decreased by \$40.5 million due primarily to a decrease of \$23.0 million in HUD grant funding to LMDC and ESD as a result of decreased activity in existing programs and a decrease of \$34.4 million in reimbursed revenue for MSDC, which was offset by increases in funds received for USA Niagara, the Farley Building project, the Atlantic Yards project and for other projects of approximately \$16.9 million; and
- State appropriation for programs decreased by \$14.9 million due to a decrease in economic development loan program activity.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Revenue, Continued

Non-operating revenue was approximately \$567.5 million in fiscal 2017 compared to \$571.0 million in fiscal 2016. The net decrease of \$3.5 million is due primarily to a gain on the refinancing of debt service obligations related to the State Personal Income Tax Revenue Bonds (General Purpose) Series 2016A in the prior year and the repayment of certain existing bonds offset by an increase in investment income earned on bond proceeds and subsidiary funds.

Expenses

Operating expenses in the fiscal year ended March 31, 2017 were approximately \$1,284.5 million compared to \$997.5 million in fiscal year 2016. The net increase of \$287.0 million is primarily the result of the following:

Increases in operating expenses primarily occurred in the following categories:

- Economic development grants increased by \$320.8 million due to an increase in activity within existing grant programs, including the following projects: Fort Schuyler Management-RiverBend Park, NY Power Electronics Manufacturing Consortium, and various Nano Utica initiatives; and
- General and administrative expenses increased by approximately \$26.5 million due primarily to an increase in activity related to the New York State Innovation Venture Capital Fund, billing activity in the State's marketing and promotion program, and various professional services, including consultant and legal.

Decreases in operating expenses primarily occurred in the following categories:

- Interest on revenue bonds decreased by approximately \$14.5 million due to the repayment and refunding of certain bonds;
- Interest on subsidiary project bonds decreased by approximately \$2.2 million due to the repayment of debt obligations;
- Reimbursed grants expense decreased by \$23.0 million due to a decrease in HUD grant funding to LMDC and ESD as a result of a decreased activity in existing programs;
- Subsidiary program and administrative expenses decreased by approximately \$14.9 million due primarily to a reduction in bond issuance costs related to the prior year's NYCCDC bond issuance and non-depreciable capital expenditures of certain subsidiaries, including QWDC and ECHDC;
- Pollution remediation expense decreased by approximately \$1.7 million due to a reduction in remediation activity;
- Provision for recoveries on loans and leases receivable and investment in other assets decreased by approximately \$3.9 million due primarily to the recording of expenses associated with the dissolution of the Harriman Research and Technology Development Corporation in the prior fiscal year; and
- Depreciation decreased by approximately \$0.1 million due primarily to a disposal of an asset.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis, Continued

Expenses, Continued

Non-operating expenses were approximately \$564.5 million in fiscal 2017 compared to \$571.5 million in fiscal year 2016. The decrease of \$7.0 million is due primarily to the refunding of bonds related to the State Personal Income Tax Revenue Bonds (General Purpose) Series 2017A and Series 2017B.

Anticipated Future Transactions and Information

The following are anticipated to affect the Corporation subsequent to March 31, 2017:

- In April 2016, New York State passed legislation enabling NYCCDC to develop an expansion of the Javits Center under the design-build delivery method. Elements of the May 2016 Board-adopted modified General Project Plan are enumerated on page 9 of this report. After a thorough procurement process conforming to statutory prerequisites, on January 30, 2017, NYCCDC Directors authorized NYCCDC to enter into a design-build contract for the expansion with LendLease Turner, a joint venture. That contract was executed on February 9, 2017 and became effective on May 4, 2017, following approval by the New York State Attorney General and the State Comptroller. Design is underway, requisite demolition is expected to start by summer 2017, and construction is expected to begin by fall 2017. Expansion construction has an approximate four year schedule and an approximate \$1.3 billion budget.
- As part of the redevelopment of Moynihan Station contemplated in fiscal 2007, ESD completed the purchase of the James A. Farley Post Office building. A portion of the financing included a \$75 million three-year loan that was refinanced in fiscal year 2010, 2013 and 2015. The 2015 refinancing included an additional \$37.2 million which continues to be used for early action construction for Phase 2 of the project. As a condition of the financing for the redevelopment of the Farley building into a railroad passenger station for Amtrak and mixed-use development, ESD was required to pay off the existing loan. To meet that requirement, on May 1, 2017, ESD prepaid the outstanding loan in the total amount of \$150.8 million, including accrued interest.

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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
	(In thousands)	
Assets		
Current assets:		
Cash and equivalents	\$ 83,198	65,352
Temporary investments	207,374	217,161
	<u>290,572</u>	<u>282,513</u>
Cash and investment securities restricted or designated for:		
Revenue bonds	790,005	1,815,354
Economic development	351,295	368,073
Subsidiary and other purposes	1,033,240	613,115
	<u>2,174,540</u>	<u>2,796,542</u>
Loans and leases receivable:		
Non-residential, principally leases	5,800	5,000
Economic development loans	1,181	2,929
	<u>6,981</u>	<u>7,929</u>
Due from State of New York	1,850	-
Due from Port Authority of New York and New Jersey	26,607	26,106
Other current assets	6,897	30,790
Total current assets	<u>2,507,447</u>	<u>3,143,880</u>
Investment securities restricted or designated for revenue bonds	<u>17,320</u>	<u>20,601</u>
Loans and leases receivable:		
Non-residential, principally leases	9,426	16,655
Economic development loans	91,171	99,940
	<u>100,597</u>	<u>116,595</u>
Due from State of New York	12,181,463	10,691,335
Due from Port Authority of New York and New Jersey	82,010	103,454
Due from New York Job Development Authority	26,330	26,259
Real property and office equipment, net	2,005,307	1,919,318
Other assets	213,109	223,814
Total non-current assets	<u>14,626,136</u>	<u>13,101,376</u>
Total assets	<u>17,133,583</u>	<u>16,245,256</u>
Deferred outflows of resources		
Deferred loss on derivative	69,969	97,401
Deferred loss on refunding	1,266	1,337
Pensions	12,008	613
Contributions subsequent to measurement date	3,574	4,327
Total deferred outflows of resources	<u>86,817</u>	<u>103,678</u>

(Continued)

See accompanying notes to consolidated financial statements.

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

	<u>2017</u>	<u>2016</u>
	(In thousands)	
Liabilities		
Current liabilities:		
Current portion of bonds, notes and mortgages payable:		
Revenue bonds	\$ 958,515	872,300
Project revenue bonds - New York Convention Center Development Corporation	10,580	4,015
Other financing	<u>223,094</u>	<u>221,667</u>
	1,192,189	1,097,982
Accounts payable and accrued expenses	102,049	144,163
Interest payable	61,482	79,828
Repayable to U.S. Department of Housing and Urban Development	-	10,000
Other current liabilities	<u>91,753</u>	<u>84,722</u>
Total current liabilities	<u>1,447,473</u>	<u>1,416,695</u>
Non-current liabilities:		
Bonds, notes and mortgages payable:		
Revenue bonds	11,951,198	11,564,970
Project revenue bonds - New York Convention Center Development Corporation	1,126,110	694,711
Other financing	<u>6,000</u>	<u>6,000</u>
	13,083,308	12,265,681
Repayable to related governmental entities	725	3,573
Pollution remediation liability	5,458	10,262
Net pension liability - proportionate share - ERS	13,883	2,983
Other liabilities	<u>140,057</u>	<u>112,154</u>
Total non-current liabilities	<u>13,243,431</u>	<u>12,394,653</u>
Total liabilities	<u>14,690,904</u>	<u>13,811,348</u>
Commitments and contingencies (note 19)		
Deferred inflows of resources		
Fair market value of derivatives	69,969	97,401
Grants payable	193,507	189,824
Pensions	1,967	351
Other	<u>78,001</u>	<u>90,290</u>
	343,444	377,866
Minority interest	<u>159,176</u>	<u>161,438</u>
Net position:		
Restricted:		
Appropriations repayable under prescribed conditions	197,554	197,554
Other restricted for specific purposes	<u>47,109</u>	<u>106,218</u>
Total restricted	244,663	303,772
Net investment in capital assets	<u>1,782,213</u>	<u>1,694,510</u>
Total net position	<u>\$ 2,026,876</u>	<u>1,998,282</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
	(In thousands)	
Operating revenue:		
Interest and finance income from:		
Housing companies	\$ 278	477
Nonresidential projects	10,841	9,764
Interest on revenue bonds	23,720	38,284
Hotel tax revenue	50,145	45,808
Reimbursed grants	101,324	141,848
Economic development grants	1,010,826	690,455
State appropriation for programs	3,500	18,352
Other revenue	107,237	92,803
	1,307,871	1,037,791
Total operating revenue		
Operating expenses:		
Interest related to corporate loans	6,272	6,291
Interest on revenue bonds	23,720	38,284
Subsidiary project revenue bonds	29,607	31,798
Reimbursed grants	14,483	37,478
Economic development grants	1,014,722	693,942
General and administrative	136,155	109,633
Subsidiary program and administrative	15,931	30,855
Pollution remediation	46	1,709
Provision for payment on loans and leases receivable and investments in other assets	7,020	10,921
Depreciation	36,566	36,618
	1,284,522	997,529
Total operating expenses		
Minority interest	2,262	5,033
Operating income	25,611	45,295

(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>2017</u>	<u>2016</u>
	(In thousands)	
Non-operating revenue:		
State appropriations for interest on revenue bonds	\$ 558,911	567,479
Interest and finance income earned on investment of revenue bond proceeds	6,100	3,441
Other investment income, including change in fair value	<u>2,483</u>	<u>149</u>
Total non-operating revenue	567,494	571,069
Non-operating expenses - interest and other costs on revenue bonds	<u>564,511</u>	<u>571,528</u>
Non-operating income (loss)	<u>2,983</u>	<u>(459)</u>
Change in net position	<u>28,594</u>	<u>44,836</u>
Net position at beginning of year, as previously stated	1,998,282	1,953,551
Cumulative effect of change in accounting principle (note 18)	<u>-</u>	<u>(105)</u>
Net position at beginning of year, as restated	<u>1,998,282</u>	<u>1,953,446</u>
Net position at end of year	<u>\$ 2,026,876</u>	<u>1,998,282</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
	(In thousands)	
Cash flows from operating activities:		
Interest and finance income received	\$ 11,119	10,241
State appropriation received for interest on debt	23,720	38,284
Other operating receipts	107,237	92,803
Cash received from hotel tax revenue	56,847	45,755
Grants received	1,154,848	879,201
Interest payments on corporate purpose bonds	(2)	(21)
Interest payments on revenue bonds	(53,327)	(70,082)
Payments for general and administrative expenses	(197,355)	(110,869)
Grant payments	(1,026,623)	(768,640)
Payments for pollution remediation	(4,850)	(10,756)
Net cash provided by operating activities	71,614	105,916
Cash flows from non-capital financing activities:		
Retirement of other project revenue bonds	-	(293)
Increase (decrease) in other liabilities	22,645	(11,391)
Net cash provided by (used in) non-capital financing activities	22,645	(11,684)
Cash flows from capital financing activities:		
Bond proceeds - revenue bonds	1,842,665	2,785,245
Retirement of revenue bonds	(1,370,222)	(1,453,889)
Accrued interest payable on revenue bonds	(14,119)	665
Bond (payments) proceeds - New York Convention Center Development Corporation, net of issuing costs	433,810	(4,531)
Advances on behalf of State of New York for special projects	(1,491,978)	(1,413,855)
Payments of other financing	(501)	(502)
Net cash used in capital financing activities	(600,345)	(86,867)
Cash flows from investing activities:		
Proceeds from sales/maturities of investment securities	10,541,977	12,082,331
Purchase of investment securities	(9,906,907)	(12,070,687)
Investment income, net	2,983	(459)
Cash payments on behalf of the New York Job Development Authority	(71)	(26)

(Continued)

See accompanying notes to consolidated financial statements.

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

	<u>2017</u>	<u>2016</u>
	(In thousands)	
Cash flows from investing activities, continued:		
Payments received from projects financed by corporate revenue bonds	\$ 6,429	4,914
Collections (payments) on economic development loans	649	(10,925)
Net activity on economic development projects	1,427	13
Investment in real property and office equipment	<u>(122,555)</u>	<u>(114,109)</u>
Net cash provided by (used in) investing activities	<u>523,932</u>	<u>(108,948)</u>
Net increase (decrease) in cash and equivalents	17,846	(101,583)
Cash and equivalents at beginning of year	<u>65,352</u>	<u>166,935</u>
Cash and equivalents at end of year	<u>\$ 83,198</u>	<u>65,352</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	25,611	45,295
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	36,566	36,618
Minority interest	(2,262)	(5,033)
Provision for payment on loans and leases receivable and investments in other assets	7,020	10,921
Cumulative effect of change in accounting principle	-	(105)
Changes in:		
Due from Port Authority of New York and New Jersey	21,444	20,158
Other current assets	23,893	28,411
Other assets	10,705	13,884
Deferred inflow - pensions	1,616	351
Accounts payable and accrued expenses	(42,114)	27,160
Grants payable	3,683	(30,719)
Interest payable	(2)	(21)
Repayable to U.S. Department of Housing and Urban Development	(10,000)	(30,000)
Pollution remediation liability	(4,804)	(9,047)
Net pension liability	10,900	2,983
Deferred outflow - pensions	<u>(10,642)</u>	<u>(4,940)</u>
Net cash provided by operating activities	<u>\$ 71,614</u>	<u>105,916</u>

See accompanying notes to consolidated financial statements.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

March 31, 2017 and 2016

Note 1 - Corporate Background and Activities

The New York State Urban Development Corporation (“ESD” 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, three of which are highlighted below:

(a) Economic Development and Job Creation

ESD is the State’s primary agent for economic development with co-headquarters in Albany, Buffalo and New York City that are supported by a network of additional locations throughout the State. ESD works in partnership with the public and private sectors to create an environment that spurs innovation and economic development while enhancing New York State’s competitive advantage as the world capital for many industries, ranging from finance and media to technology and agriculture. 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 mission, 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. The financial assistance 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.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 1 - Corporate Background and Activities, Continued

(a) Economic Development and Job Creation, Continued

The economic development activities of ESD also include special projects, often of considerable magnitude, which it carries out through various consolidated subsidiaries including Harlem Community Development Corporation, New York Convention Center Development Corporation, Moynihan Station Development Corporation, Erie Canal Harbor Development, USA Niagara, New York Empowerment Zone Corporation and other subsidiaries with development activities throughout the State.

Lower Manhattan Development Corporation ("LMDC") was created as an ESD subsidiary to assist in the economic recovery and revitalization of lower Manhattan. In 2001, LMDC received a direct grant of up to \$2.783 billion from the United States Department of Housing and Urban Development ("HUD") and Federal Transportation Administration. Approximately \$16.0 million and \$35.0 million was received and disbursed during the years ended March 31, 2017 and 2016, respectively.

Additionally in 2001, ESD was directly appropriated \$700.0 million by HUD to assist with the recovery and revitalization of lower Manhattan. Approximately \$0.5 million and \$2.6 million was received and disbursed during the years ended March 31, 2017 and 2016, 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.

(b) State Special Projects

ESD issues revenue bonds, the proceeds of which are used primarily for construction and renovation of State correctional facilities, to refinance State office facilities or construct technology facilities for universities located in New York, to finance youth facilities, to finance the acquisition of certain lands, to construct/improve various civic and community facilities, and for economic development and preservation of natural resources located throughout the State. Under related agreements, ESD receives periodic State appropriations in amounts sufficient to pay the debt service on the bonds.

(c) Marketing

ESD markets New York, not only as a great place to do business, but as the perfect vacation destination. The Division of Marketing continues to administer and manage a robust marketing program to help drive economic impact. Marketing effectiveness research and media analytics are conducted on a regular basis to ensure marketing, job creation and economic impact goals are met. The Division of Motion Picture and Television Development markets the State to the film industry, providing production and business support for projects and companies while serving as a liaison between the industry, State agencies and regional governments.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 1 - Corporate Background and Activities, Continued

(d) Tax Abatement Programs

ESD administers several New York State Tax incentive programs which 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) Revenue Bonds

Revenue bonds, consisting of many programs, including Correctional Facilities, Youth Facilities, University Facilities, State Office Facilities, and Community Enhancement Facilities, are issued by ESD at the direction of the State. Most 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 2017 and 2016, ESD received from the State \$1.441 billion and \$1.312 billion, respectively.

Amounts received from the State were used to meet principal payments of \$836.6 million and \$734.8 million in fiscal 2017 and 2016, respectively, which were recorded as reductions of the amounts due from the State. In addition, during fiscal 2017 and 2016 ESD applied \$41.6 million and \$57.1 million, respectively, of revenue bonds investment earnings to meet principal and interest payments.

During fiscal 2017, at the direction of the New York State Division of the Budget, ESD received \$40.8 million in advances for debt service obligations due throughout fiscal 2018 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." 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 certain 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, 2017 and 2016, construction costs incurred in the amount of approximately \$121.8 million and \$113.6 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 distinguishes operating revenue and expenses 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 where the Corporation's Board of Directors approves the disbursement of the funds, 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 appropriations will be made beyond the current year to meet certain program, project and debt service obligations. Appropriations and available funds are anticipated to be sufficient to meet ESD's obligations for fiscal 2018.

(l) Grants

ESD administers certain reimbursement grant funds from Federal, State and City agencies. Reimbursement grants are awarded for a specifically defined program/project fund and are generally administered such that ESD is reimbursed for any qualified expenditures made in relation 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 uses 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. ESD is fully reimbursed by the State for all expenses related to revenue bonds. The fair value of the instruments is recorded either as deferred outflows of resources or deferred inflows of resources.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 2 - Summary of Significant Accounting Policies, Continued

(n) Pollution Remediation Costs

Pollution remediation obligations are being charged in accordance with the provisions of GASB Statement No. 49 (see note 13) and occur when any one of the following obligating events takes place: the Corporation is in violation of a pollution prevention-related permit or license; an imminent threat to public health due to pollution exists; the Corporation is named by a regulator as a responsible or potentially responsible party to participate in remediation; the Corporation voluntarily commences or legally obligates itself to commence remediation efforts; or the Corporation is named or there is evidence that the Corporation will be named in a lawsuit that compels participation in remediation activities.

(o) 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 four items that qualify for reporting in this category. The first item is related to pensions. This 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 second item is the Corporation contributions to the pension system subsequent to the measurement date. The third item is the deferred loss on derivative instruments discussed in note 2(m). The fourth 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.

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 four 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 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 15.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 2 - Summary of Significant Accounting Policies, Continued

(p) Accounting and Financial Reporting for Pensions

During the year ended March 31, 2016, the Corporation adopted the provisions of GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transitions for Contributions Made Subsequent to the Measurement Date - an Amendment to GASB Statement No. 68" (together "the Statements"). The primary objective of the Statements is to improve accounting and financial reporting by state and local governments for pensions. The implementation of the Statements requires the Corporation to report as an asset and/or liability its proportionate share of the collective pension asset and/or liability in the New York State Employees' Retirement System ("ERS"). The implementation of the Statements also requires the Corporation to report a deferred outflow and/or inflow for the effect of the net change in the Corporation's proportionate share of the collective net pension asset and/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. Also included as deferred outflows are the Corporation's contributions to the pension systems subsequent to the March 31, 2015 measurement date. See notes 17 and 18 for the impact of implementation on the consolidated financial statements.

(q) 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.

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, 2017 and 2016, cash held in demand and custodial deposits, as well as cash equivalents were collateralized by the depository, 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):

	<u>2017</u>		<u>2016</u>	
	<u>Carrying</u> <u>Amount</u>	<u>Bank</u> <u>balance</u>	<u>Carrying</u> <u>amount</u>	<u>Bank</u> <u>balance</u>
Insured (FDIC)	\$ 1,352	1,352	1,379	1,380
Uninsured - collateral held by custodian in ESD's name	299,731	303,968	350,942	350,980
Deposits held in trust for the Corporation's benefit	<u>20,690</u>	<u>20,690</u>	<u>34,090</u>	<u>34,090</u>
Total cash and cash equivalents	<u>\$ 321,773</u>	<u>326,010</u>	<u>386,411</u>	<u>386,450</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

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;
- 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, 2017 and 2016 consisted of the following (in thousands):

		<u>2017</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized loss</u>
U.S. Government and Federal agency obligations	\$ 2,154,111	2,146,201	(7,910)
Restricted cash	<u>253,033</u>	<u>253,033</u>	<u>-</u>
Total	\$ <u>2,407,144</u>	<u>2,399,234</u>	<u>(7,910)</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 4 - Fair Value of Financial Instruments, Continued

		<u>2016</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized loss</u>
U.S. Government and Federal agency obligations	\$ 2,711,056	2,703,737	(7,319)
Restricted cash	<u>330,567</u>	<u>330,567</u>	-
Total	\$ <u>3,041,623</u>	<u>3,034,304</u>	<u>(7,319)</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 \$2,146,201 and \$2,703,737 at March 31, 2017 and 2016, 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 \$1,033.2 million and \$613.1 million at March 31, 2017 and 2016, respectively. These amounts at March 31, 2017 and 2016 are restricted for special projects on behalf of the following subsidiaries/programs/purposes (in thousands):

	<u>2017</u>	<u>2016</u>
Subsidiary/Programs/Purposes:		
42nd Street Development Project	\$ 10,491	10,822
New York Empowerment Zone Corporation	7,868	11,014
Queens West Development Corporation	9,865	9,832
Harlem Community Development Corporation	6,037	5,638
Enterprise Community	34	34
USA Niagara Development Corp	10,031	12,006
Lower Manhattan Development Corporation	285	435
New York Convention Center Development Corporation	675,975	261,627
ESD Moynihan Station (James A. Farley Post Office Building)	26,779	13,174
ESD One Bryant Park	6,878	7,799
ESD Columbia SAC	2,073	483
ESD Erie Canal Harbor Development Corporation	24,320	23,973
ESD Privatization Program	1,019	819
Empire State New Market Corporation	1,613	1,533
ESD OPEB Liability Account	31,371	31,228
ESD Brooklyn Arena Project, ESD Atlantic Yard Project -Phase 1	2,629	63,540
ESD 125 Maiden Lane	63,581	261
ESD New York	3,067	3,067
ESD Project Repair Program	12,063	15,371
ESD Farley	15,274	33,589
ESD Marriot Marquis Purchase Option Fund	402	1,399
ESD TRAIL Remaining Fund	3,507	3,495
ESD Section 32 Remaining Fund	1,339	1,337
ESD Stadium Improvement Project	25	1,774
ESD Erie County Stadium Corporation Capital Improvement	4	2,944
ESD Arthur Kill Development Project	131	38
ESD Bronx Psychiatric Center Development Project	1,661	1,419
ESD Venture Atlantic Yard Project – Phase 2	524	615
Public Authority Control Board Authorized (including rent subsidy program in Lower Manhattan)	111,755	90,557
ESD Bayview Correctional Facility Project	789	823
Statewide Local Development Corporation	8	9
Other Purposes	<u>1,842</u>	<u>2,460</u>
Totals	<u>\$ 1,033,240</u>	<u>613,115</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, 2017 and 2016 consist of the following (in thousands):

	<u>2017</u>		<u>2016</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)	4	\$ 9,721	6	\$ 14,533
Commercial leases (b)	4	4,174	4	5,696
Real estate investments (c)	<u>10</u>	<u>1,331</u>	<u>10</u>	<u>1,426</u>
	18	15,226	20	21,655
Economic development loans (d)	<u>76</u>	<u>92,352</u>	<u>88</u>	<u>102,869</u>
Total	<u>94</u>	107,578	<u>108</u>	124,524
Less current portion		<u>(6,981)</u>		<u>(7,929)</u>
Non-current portion		<u>\$ 100,597</u>		<u>\$ 116,595</u>

(a) Non-residential Lease Receivables

Non-residential lease receivables consist of 4 projects and 6 projects outstanding in 2017 and 2016, respectively, which were owned by ESD and leased to others. ESD recovers a 7% to 8.25% return, plus the original investment of funds. At March 31, 2017, the remaining lease terms ranged from 1 to 8 years. There are 3 leases with the City of New York (\$9.5 million) and 1 with a bank (\$0.2 million). At March 31, 2017, minimum lease payments to be received within the next 5 fiscal years total \$12.6 million.

(b) Commercial Leases

Commercial leases consist of ground rent and commercial Tax Equivalency Payments ("TEP") due to the Corporation pursuant to ground leases on four Roosevelt Island housing projects, which include two non-subsidized, one subsidized, and one cooperative, totaling 2,141 units. Based on the existing TEP agreements, payments continue to the Corporation. The various ground lease terms range from one to thirteen years. The receivable balance of \$4.2 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 range from 1 to 16 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 \$49.2 million at March 31, 2017 and 2016.

Note 6 - Due From Port Authority of New York and New Jersey

ESD expects to receive \$395.0 million over 15.5 years from the Port Authority of New York and New Jersey ("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, 2017, annual minimum payments to be received in each of the next four years is approximately \$30.0 million per year. The net present value of the receivable balance at March 31, 2017 and 2016 amounted to \$108.1 million and \$129.1 million, respectively.

Pursuant to an October 19, 2010 agreement between Moynihan Station Development Corporation ("MSDC") and the Port Authority, MSDC was to receive up to \$10.0 million from the Port Authority to extend the West End Concourse at New York Penn Station. In fiscal 2017 and 2016, the Port Authority made no additional payments to MSDC. The receivable balance at March 31, 2017 and 2016 amounted to \$0.5 million.

Note 7 - Real Property and Office Equipment

Real property and office equipment at March 31, 2017 and 2016 consists of the following (in thousands):

	2017			Balance at March 31, 2017
	Balance at March 31, 2016	Additions	Disposals	
Land	\$ 372,425	314	-	372,739
Buildings, improvements and construction in progress (incl. Farley)	1,597,486	89,911	-	1,687,397
Moynihan Station	323,179	31,543	-	354,722
Furniture and equipment	24,608	787	-	25,395
	<u>2,317,698</u>	<u>122,555</u>	<u>-</u>	<u>2,440,253</u>
Less accumulated depreciation	<u>(398,380)</u>	<u>(36,566)</u>	<u>-</u>	<u>(434,946)</u>
Totals	<u>\$ 1,919,318</u>	<u>85,989</u>	<u>-</u>	<u>2,005,307</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 7 - Real Property and Office Equipment, Continued

	2016			
	Balance at March 31, 2015	Additions	Disposals	Balance at March 31, 2016
Land	\$ 372,425	-	-	372,425
Buildings, improvements and construction in progress (incl. Farley)	1,563,646	33,842	(2)	1,597,486
Moynihan Station	243,424	79,755	-	323,179
Furniture and equipment	24,115	514	(21)	24,608
	2,203,610	114,111	(23)	2,317,698
Less accumulated depreciation	(361,783)	(36,618)	21	(398,380)
Totals	\$ 1,841,827	77,493	(2)	1,919,318

(a) Buildings, Improvements and Construction In Progress

Major components of buildings, improvements and construction in progress at March 31, 2017 and 2016 are as follows (in thousands):

	2015	Net increase (decrease)	2016	Net increase (decrease)	2017
New York Convention Center Development Corporation	\$ 1,204,763	12,902	1,217,665	48,030	1,265,695
USA Niagara	17,808	190	17,998	4,346	22,344
James A. Farley Post Office Building and other ESD property	336,076	20,750	356,826	27,491	384,317
Other Subsidiaries	4,999	(2)	4,997	10,044	15,041
Total	\$ 1,563,646	33,840	1,597,486	89,911	1,687,397

(b) James A. Farley Post Office Building

On March 30, 2007, ESD completed the purchase 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	30,000	plus certain Consumer Price Index Adjustments
	175,000	
Deferred purchase price	55,000	plus certain Consumer Price Index Adjustments
Total	\$ 230,000	

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 (see note 12) to complete the acquisition.

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

In February 2010, ESD refinanced the \$75.0 million borrowed from the bank for an additional term of three years for a total of \$91.8 million (including capitalized interest) for the purpose of prepaying the loan, to fund capitalized interest, pay costs of issuance and pay the premium for the commercial property insurance policy covering the James A. Farley Post Office Building.

In fiscal 2013, the \$91.8 million loan was refinanced for an additional term of two years for a total of \$101.0 million (including capitalized interest).

In fiscal 2015, the \$101.0 million loan was refinanced for an additional term of two years for a total of \$150.0 million (including capitalized interest). The \$150.0 million loan included new money proceeds of \$37.2 million to fund a portion of the costs of the on-going Farley construction project. During fiscal year 2016, ESD made two principal payments of \$250,000 each. Interest continued to be capitalized and, in fiscal 2017, ESD made an additional principal payment of \$250,000. In January 2017, the term of the loan with a current outstanding principal balance of \$149.25 million was extended to mature on November 1, 2017.

In April 2017, the New York State budget provided a \$700.0 million appropriation for the Moynihan Station Development project, a portion of which is to be used to prepay the loan that encumbers the Farley Building. The loan, in the total amount of \$150.8 million, including accrued interest, was prepaid on May 1, 2017.

(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.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 7 - Real Property and Office Equipment, Continued

(d) Depreciation

Depreciation expense for the years ended March 31, 2017 and 2016 amounted to \$36.6 million.

Note 8 - Other Assets

Other assets at March 31, 2017 and 2016 consist of the following (in thousands):

	<u>2017</u>	<u>2016</u>
Interest receivable	\$ (1,513)	(1,513)
Receivable from municipalities, other authorities and others	90,736	102,397
Receivable from HUD - LMDC grant	3,317	18,548
Hotel tax receivable	4,737	11,439
Prepaid insurance	2,793	516
Reserve for commercial real estate projects	111,437	111,312
Other	<u>8,499</u>	<u>11,905</u>
	220,006	254,604
Less current portion	<u>(6,897)</u>	<u>(30,790)</u>
Non-current portion	<u>\$ 213,109</u>	<u>223,814</u>

Note 9 - Postemployment Benefits Other Than Pensions

The Corporation follows the accounting and disclosure requirements of GASB Statement No. 45, - "Accounting and Financial Reporting by Employers for Postemployment 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.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 9 - Postemployment Benefits Other Than Pensions, Continued

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 Employees' 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. Total expenditures charged to operations for the years ended March 31, 2017 and 2016 amounted to \$7.0 million and \$6.7 million, respectively, of which the Corporation paid \$2.4 million and \$2.2 million, respectively. At March 31, 2017 and 2016, the liability for postemployment benefits other than pensions amounted to \$38.8 million and \$34.2 million, respectively.

The number of participants as of March 31, 2017 and 2016 was as follows:

	<u>2017</u>	<u>2016</u>
Active employees	310	258
Retired employees	<u>194</u>	<u>176</u>
Total	<u>504</u>	<u>434</u>

Funding Policy - For the years ended March 31, 2017 and 2016, the Corporation paid for postemployment health care benefits on a pay-as-you-go basis. The Corporation established a plan and began funding the liability during the fiscal year ended March 31, 2009.

Annual Other Postemployment Benefit Cost ("OPEB") - For each of the years ended March 31, 2017 and 2016, the Corporation's annual OPEB cost amounted to \$7.0 million and \$6.7 million, respectively.

<u>Benefit Obligations and Normal Cost (in Thousands)</u>	<u>2017</u>	<u>2016</u>
Actuarial accrued liability ("AAL"):		
Active employees	\$ 41,811	39,608
Retired employees	<u>46,285</u>	<u>43,846</u>
Total	\$ <u>88,096</u>	<u>83,454</u>
Underfunded actuarial accrued liability ("UAAL")	\$ <u>88,096</u>	<u>83,454</u>
Normal cost at beginning of year	\$ <u>3,104</u>	<u>2,986</u>

Level Dollar Amortization

Calculation of ARC under projected Unit Credit Method:

Amortization of UAAL over 30 years with interest to end of year	\$ 3,832	3,630
Normal costs with interest to end of year	<u>3,155</u>	<u>3,031</u>
Annual required contribution ("ARC")	\$ <u>6,987</u>	<u>6,661</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 9 - Postemployment Benefits Other Than Pensions, Continued

	<u>2017</u>	<u>2016</u>
<u>Annual OPEB Cost Contribution</u>		
Contribution for the year	\$ 2,422	2,187
Contribution as a percentage of required contribution	34.7%	32.8%
<u>Annual OPEB Cost and Net OPEB Obligation</u>		
Annual required contribution	\$ 6,987	6,661
Contribution made on a pay-as-you-go basis	<u>(2,422)</u>	<u>(2,187)</u>
Increase in net OPEB obligation	4,565	4,474
Net OPEB obligation at beginning of year	<u>34,231</u>	<u>29,757</u>
Net OPEB obligation at end of year	\$ <u>38,796</u>	<u>34,231</u>
Actuarial methods and assumptions:		
Funding interest rate		4.5%
Trend rate (medical and drugs)		5.9% declining to 3.9%
Ultimate trend rate (medical and drugs)		3.9%
Year ultimate trend rate realized		2078
Annual payroll growth rate		2.5%
Actuarial cost method		Projected Unit Credit Method
The remaining amortization period at March 31, 2017		<u>20 years</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 10 - Revenue Bonds

At March 31, 2017 and 2016, ESD's outstanding revenue bonds were as follows (in thousands):

(a) <u>Personal Income Tax Revenue Bonds (P.I.T.)</u>	<u>Balances</u>		<u>Coupon rates (%)</u>	<u>Maturity dates</u>
	<u>2017</u>	<u>2016</u>		
<u>State Facilities and Equipment</u>				
2004 Series A-2	\$ 259,790	290,840	5.50	2025
2004 Series A-3	298,550	298,550	Variable Note	2033
2007 Series B	8,445	15,815	5.00	2027
2007 Series C	15,725	23,235	4.00 - 5.00	2027
2009 Series B-1	40,865	351,635	4.00 - 5.00	2028
2009 Series B-2 (Taxable)	15,005	29,105	6.45	2018
<u>Economic Development and Housing</u>				
2007 Series A	-	3,645	3.75	2017
2008 Series A-1	20,295	122,425	4.00 - 5.00	2017
2008 Series A-2 (Taxable)	4,125	8,065	4.86	2017
2009 Series A-1	39,860	188,935	5.00	2018
2009 Series A-2 (Taxable)	32,970	47,960	6.50	2018
<u>General Purpose</u>				
2009 Series C	369,850	446,600	3.00 - 5.00	2022
2009 Series E (Taxable Build America)	576,080	576,080	5.77	2039
2010 Series A	214,415	283,540	3.00 - 5.00	2020
2010 Series C (Taxable Build America)	413,760	413,760	4.61 - 5.84	2040
2011 Series A	431,535	450,180	3.50 - 5.00	2041
2011 Series B (Taxable)	70,335	87,065	2.00 - 2.79	2021
2013 Series A-1	572,390	572,390	3.50 - 5.00	2043
2013 Series A-2	66,205	66,205	2.00 - 5.00	2026
2013 Series B (Taxable)	63,980	98,315	1.35 - 1.75	2019
2013 Series C	675,320	702,505	5.00	2033
2013 Series D	434,110	449,195	5.00	2025
2013 Series E	740,340	765,455	5.00	2043
2013 Series F (Taxable)	270,105	312,255	1.65 - 3.45	2023
2014 Series A	875,985	909,990	5.00	2044
2014 Series B (Taxable)	288,130	329,605	1.44 - 3.08	2024
2015 Series A	858,670	893,455	5.00	2045

(Continued)

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 10 - Revenue Bonds, Continued

<u>(a) Personal Income Tax Revenue Bonds (P.I.T.)</u>	<u>Balances</u>		<u>Coupon</u>	<u>Maturity</u>
<u>General Purpose</u>	<u>2017</u>	<u>2016</u>	<u>rates (%)</u>	<u>dates</u>
2015 Series B (Taxable)	\$ 182,885	236,860	1.38 - 2.17	2021
2016 Series A	1,654,930	1,654,930	2.00 - 5.00	2038
2017 Series A	807,960	-	3.50 - 5.00	2047
2017 Series B (Taxable)	<u>1,034,705</u>	<u>-</u>	2.10 - 3.42	2028
Total Personal Income Tax Revenue Bonds	<u>11,337,320</u>	<u>10,628,595</u>		
<u>(b) University Facilities</u>				
Columbia University 1989 Series (Taxable)	13,342	17,488	zero coupon	2020
Cornell University 1989 Series (Taxable)	1,786	2,342	zero coupon	2020
Clarkson University - Loan 1995 Series	2,760	3,585	5.50	2020
Syracuse University - Loan 1995 Series	-	2,515	5.50	2017
University Facilities Grants 1995 Series	<u>5,090</u>	<u>6,490</u>	5.50 - 5.88	2021
Total University Facilities Issues	<u>22,978</u>	<u>32,420</u>		
<u>(c) State Office Facilities</u>				
State Office Facilities 1995 Refunding Series	<u>71,910</u>	<u>87,535</u>	5.70	2021
<u>(d) Service Contract Refunding</u>				
2007 Series A	168,200	190,400	4.00 - 5.25	2029
2008 Series A	182,460	200,000	Variable note	2030
2008 Series B	402,315	439,425	4.125 - 5.25	2030
2008 Series C	110,630	121,235	3.875 - 5.00	2030
2008 Series D	354,950	412,045	5.25 - 5.63	2028
2010 Series A	253,820	314,295	2.00 - 4.00	2022
2010 Series B	-	4,645	4.00	2017
2011 Series A	<u>5,130</u>	<u>6,675</u>	2.00 - 4.00	2020
Total Service Contract Refunding	<u>1,477,505</u>	<u>1,688,720</u>		
Total all issues	12,909,713	12,437,270		
Less current portion	<u>(958,515)</u>	<u>(872,300)</u>		
Total non-current revenue bonds	<u>\$ 11,951,198</u>	<u>11,564,970</u>		

(Continued)

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 10 - Revenue Bonds, Continued

A summary of changes in outstanding revenue bonds at March 31, 2017 and 2016 is as follows:

	<u>2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>2017</u>
Personal Income Tax Revenue Bonds	\$ 10,628,595	1,842,665	(1,133,940)	11,337,320
University Facilities	32,420	-	(9,442)	22,978
State Office Facilities	87,535	-	(15,625)	71,910
Service Contract Refunding	<u>1,688,720</u>	-	<u>(211,215)</u>	<u>1,477,505</u>
Total	<u>\$ 12,437,270</u>	<u>1,842,665</u>	<u>(1,370,222)</u>	<u>12,909,713</u>

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 payments for debt service (principal and interest) on the bonds and related expenses. Therefore, the financing of all 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, 2017 and 2016 are as follows (in thousands):

	<u>2017</u>	<u>2016</u>
Due from State of New York	\$ 12,183,313	10,691,335
Debt service reserve	17,320	20,601
Cash and investments	790,005	1,815,354
Less accrued interest payable	(47,069)	(61,188)
Less other	<u>(33,856)</u>	<u>(28,832)</u>
Bonds payable	<u>\$ 12,909,713</u>	<u>12,437,270</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 10 - Revenue Bonds, Continued

New York State Special Project Revenue Bonds - Defeasance

As of March 31, 2017 and 2016, \$883.7 million and \$601.1 million, respectively, remained outstanding and are considered to be defeased.

State Personal Income Tax Revenue Bonds (General Purpose) Series 2017A & 2017B (Federally Taxable)

In March of 2017, ESD issued \$1,842.7 million in State Personal Income Tax Revenue Bonds (General Purpose): \$808.0 million Series 2017A and \$1,034.7 million Series 2017B (Federally Taxable). The Series 2017A and 2017B bonds (the "Series 2017 Bonds") were issued for the purpose of financing Authorized Purposes and proceeds are expected to be used to (a) finance or reimburse all or a portion of the costs of programs and projects throughout the State, including information technology projects, correctional and youth facilities projects, housing assistance projects and programs, economic development projects, State facilities projects and environmental infrastructure projects, and (b) refund certain outstanding State Personal Income Tax Revenue Bonds previously issued by the Corporation and the New York State Housing Finance Agency. In addition, proceeds of the Series 2017 Bonds were used to pay all or part of the cost of issuance of the Series 2017 Bonds.

State Personal Income Tax Revenue Bonds (General Purpose) Series 2016A

In March of 2016, ESD issued \$1,654.9 million in State Personal Income Tax Revenue Bonds (General Purpose) Series 2016A (the "Series 2016A Bonds") for the purpose of refunding certain outstanding State Personal Income Tax Revenue Bonds and other State-supported debt previously issued by the Corporation, the New York State Housing Finance Agency and the New York State Thruway Authority. In addition, proceeds of the Series 2016A Bonds were used to pay all or part of the cost of issuance of the Series 2016A Bonds.

State Personal Income Tax Revenue Bonds (General Purpose) Series 2015A & 2015B (Federally Taxable)

In December of 2015, ESD issued \$1,130.3 million in State Personal Income Tax Revenue Bonds (General Purpose): \$893.4 million Series 2015A and \$236.9 million Series 2015B (Federally Taxable). The Series 2015A and 2015B bonds (the "Series 2015 Bonds") were issued for the purpose of financing and refinancing Authorized Purposes, including (a) finance or reimburse all or a portion of the costs of programs and projects throughout the State, including highway and bridge capital projects, correctional and youth facilities projects, housing assistance projects and programs, economic development projects and State facilities projects, and (b) refund certain outstanding State Personal Income Tax Revenue Bonds and other State-supported debt previously issued by the Corporation and the New York State Housing Finance Agency. In addition, proceeds of the Series 2015 Bonds were used to pay all or part of the cost of issuance of the Series 2015 Bonds.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 10 - Revenue Bonds, Continued

All Revenue Bonds

Annual maturities and interest obligations on Revenue Bonds for the five years following March 31, 2017 are as follows (in thousands):

	<u>Principal</u>	<u>Interest (a)</u>	<u>Total</u>
2018	\$ 958,515	540,519	1,499,034
2019	977,260	505,626	1,482,886
2020	1,041,900	468,221	1,510,121
2021	1,072,330	426,043	1,498,373
2022	<u>930,645</u>	<u>381,056</u>	<u>1,311,701</u>
	<u>\$ 4,980,650</u>	<u>2,321,465</u>	<u>7,302,115</u>

(a) Excludes variable interest rate.

Aggregate principal maturities subsequent to 2022 are approximately \$7.9 billion.

Interest Rate Transactions

During fiscal 2017 and 2016, there was no new activity related to the remaining \$406.5 million interest rate swap agreements. The \$182.5 million interest rate swap agreements are in connection with the Service Contract Revenue Refunding Series 2008A Bonds (Variable Rate Demand Notes), which also partially refunded the 2002B Bonds.

Under the swaps, the Corporation effectively converted terms of the underlying debt obligation from a variable 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 payments related to the swaps, no gains or losses will be recognized.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 10 - Revenue Bonds, Continued

Interest Rate Transactions, Continued

The remaining \$224.0 million interest rate swap agreements are in connection with 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 payments related to the swaps, 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 certain 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) (the "Series 2016 Bonds"): \$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 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 certain 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, 2017 and 2016, NYCCDC's outstanding Revenue Bonds were as follows (in thousands):

<u>2016A and B Revenue Bonds</u>	<u>Balances</u>		<u>Coupon rates (%)</u>	<u>Remaining payments to</u>
	<u>2017</u>	<u>2016</u>		
Serial	\$ 36,005		2.75 - 5.00	2018 - 2056
Term	4,390	-	5.00	2041
Term	45,475	-	5.00	2046
Capital Apprec.	<u>344,191</u>	<u>-</u>	Zero Cpn	2056
	430,061	-		
Unamortized bond premium	<u>17,639</u>	<u>-</u>		
	<u>\$ 447,700</u>	<u>-</u>		

<u>2015 Revenue Bonds</u>	<u>Balances</u>		<u>Coupon rates (%)</u>	<u>Remaining payments to</u>
	<u>2017</u>	<u>2016</u>		
Serial	\$ 330,905	334,920	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
	628,060	632,075		
Unamortized bond premium	<u>60,930</u>	<u>66,651</u>		
	<u>\$ 688,990</u>	<u>698,726</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 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, 2017 are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 10,580	33,708	44,288
2019	11,935	33,372	45,307
2020	13,530	32,826	46,356
2021	15,230	32,172	47,402
2022	<u>16,525</u>	<u>31,435</u>	<u>47,960</u>
	<u>\$ 67,800</u>	<u>163,513</u>	<u>231,313</u>

Aggregate principal maturities subsequent to 2022 are approximately \$990.3 million.

Note 12 - Other Financing

On March 30, 2007, ESD completed the purchase of the James A. Farley Post Office Building and entered into two financing agreements totaling \$205.0 million. The first note of \$75.0 million 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/are 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 payable from tenants' project revenues as described more fully in the funding agreement.

In February 2010, the first note of \$75.0 million was repaid by the issuance of a second note for \$91.8 million, which required semi-annual payments of interest at the rate of 5.875% per annum. Principal, together with all accrued but unpaid interest was due February 2013.

In January 2013, the second note of \$91.8 million was repaid by the issuance of a third note for \$101.0 million, which required semi-annual payments of interest at the rate of 4.0% per annum and three principal payments of \$250,000 over the two-year term that commenced in August 2013. The remaining principal, together with all accrued but unpaid interest was due February 2015.

In February 2015, the third note of \$101.0 million was repaid by the issuance of a fourth note for \$150.0 million, which included a new money component and required semi-annual payments of interest at a rate of 4.2% per annum and three principal payments of \$250,000 over the two-year term that commenced in August 2015. The remaining principal, together with all accrued, but unpaid interest, was due February 2017. In January 2017, the term of the fourth note with a current outstanding principal balance of \$149.25 million was extended to mature on November 1, 2017.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 12 - Other Financing, Continued

In April 2017, the New York State budget provided a \$700.0 million appropriation for the Moynihan Station Development project, a portion of which is to be used to prepay the note that encumbers the Farley Building. The loan, in the total amount of \$150.8 million, including accrued interest, was prepaid on May 1, 2017.

Pursuant to a June 18, 2010 agreement between MSDC and the Port Authority, MSDC received \$6.0 million from the Port Authority to advance the Moynihan Station project. Under this agreement, the Port Authority can provide up to a maximum of \$6.7 million in funding and MSDC shall have reimbursed the Port Authority no later than April 1, 2015 from eligible monies as described more fully in the funding agreement. There is currently an extension of this agreement being coordinated with the Port Authority to extend the reimbursement date to April 1, 2018.

Note 13 - Pollution Remediation Obligations

In the years ended March 31, 2017 and 2016, the Corporation recognized pollution remediation expense provisions of \$0.05 million and \$1.7 million, respectively, and the corresponding liability was adjusted in the statements of net position. The expense provision was measured at its current value utilizing the prescribed expected cash flow method.

As of March 31, 2017 and 2016, the pollution remediation liability totaled \$5.5 million and \$10.3 million, respectively, primarily consisting of future remediation activities associated with asbestos removal, removal of other hazardous materials and soil contamination.

Note 14 - Other Liabilities

Other liabilities at March 31, 2017 and 2016 consist of the following (in thousands):

	<u>2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>2017</u>
Restricted funds for grants, economic development programs and special projects/bonds	\$ 106,322	29,039	-	135,361
Other loan and revolving loan programs - advances from State	413	-	-	413
Postemployment benefits other than pensions	34,231	4,565	-	38,796
Other accruals	<u>55,910</u>	<u>1,330</u>	-	<u>57,240</u>
Totals	196,876	<u>34,934</u>	-	231,810
Less current portion	<u>(84,722)</u>			<u>(91,753)</u>
Non-current portion	\$ <u>112,154</u>			\$ <u>140,057</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 15 - Deferred Inflows of Resources - Other

Deferred inflows of resources - other at March 31, 2017 and 2016 consist of the following (in thousands):

	<u>2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>2017</u>
Restricted funds for grants, economic development programs and special projects/bonds	\$ 11,668	55	-	11,723
Deferred gain on ground lease deposit (a)	2,483	-	-	2,483
Other loan and revolving loan programs - advances from State	1,754	-	-	1,754
Other accruals (b)	<u>74,385</u>	<u>-</u>	<u>(12,344)</u>	<u>62,041</u>
Totals	\$ <u>90,290</u>	<u>55</u>	<u>(12,344)</u>	<u>78,001</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 Theater property. At the completion of the redevelopment, 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 Theater. 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 in this agreement. No advances were received in fiscal 2017.

(b) The Corporation, through its subsidiary, Erie Canal Harbor Development Corporation ("ECHDC"), entered in 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, 2017 is \$56.4 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 16 - 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 creating a total amount repayable of \$360.7 million. Since 1978, ESD has repaid \$163.1 million to the State. The remaining balance of the obligation at March 31, 2017 and 2016 amounted to \$197.6 million.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 16 - Appropriations Repayable Under Prescribed Conditions, Continued

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).

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 2017 and 2016. No payments are anticipated during 2018.

It is also anticipated that the \$26.3 million due from JDA for reimbursement to ESD for administrative expenses incurred on behalf of JDA as of March 31, 2017 (\$26.3 million as of March 31, 2016), 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-two fiscal years, is \$7.5 million.

Note 17 - 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 employees. 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 Employees' Retirement System ("ERS" or the "System") are eligible for this benefit.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 17 - Retirement Plans, Continued

(b) State Employees' 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 "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 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. The 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/inex.php or obtained by writing to the New York State and Local Employees' 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>
2017	\$ 3,575
2016	4,327
2015	4,473

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 17 - Retirement Plans, Continued

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

At March 31, 2017 and 2016, 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, 2016 and 2015. 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).

Actuarial valuation date	3/31/2016	3/31/2015
Net pension liability	\$ 13,883	2,983
Corporation's proportion of the Plan's net pension liability	.0864938%	.0882936%

For the years ended March 31, 2017 and 2016, ESD recognized pension expense of \$5.4 million and \$2.6 million, respectively, for ERS. At March 31, 2017 and 2016, ESD's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<u>March 31, 2017</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	\$ 70	1,645
Changes in assumptions	3,702	-
Net difference between projected and actual earnings on pension plan investments	8,236	-
Changes in proportion and differences between the Corporation's contributions and proportionate share of contributions	-	322
Corporation's contributions subsequent to the March 31, 2016 measurement date	<u>3,574</u>	<u>-</u>
Total	\$ <u>15,582</u>	<u>1,967</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 17 - Retirement Plans, Continued

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

	<u>March 31, 2016</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 95	-
Net difference between projected and actual earnings on pension plan investments	518	-
Changes in proportion and differences between the Corporation's contributions and proportionate share of contributions	-	351
Corporation's contributions subsequent to the March 31, 2015 measurement date	<u>4,327</u>	<u>-</u>
Total	\$ <u>4,940</u>	<u>351</u>

ESD contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2018. 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>
2017	\$ 2,526
2018	2,526
2019	2,526
2020	2,463
2021	-
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, 2016
Actuarial valuation date	April 1, 2015
Interest rate	7.0%
Salary scale	3.8% Average
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	2.5%

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 17 - Retirement Plans, Continued

(d) Actuarial Assumptions, Continued

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, 2015 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 below:

Measurement date	March 31, 2016
Asset type:	
Domestic equity	7.30%
International equity	8.55%
Private equity	11.00%
Real estate	8.25%
Absolute return strategies	6.75%
Opportunistic portfolio	8.60%
Real assets	8.65%
Bonds and mortgages	4.00%
Cash	2.25%
Inflation - indexed bonds	4.00%

(e) Discount Rate

The discount rate used to calculate the total pension liability as of the March 31, 2016 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.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 17 - Retirement Plans, Continued

(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>31,304</u>	<u>13,883</u>	<u>(838)</u>

(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	3/31/2016	3/31/2015
Employers' total pension liability	\$(172,303)	(164,592)
Plan net position	<u>156,253</u>	<u>161,213</u>
Employers' net pension liability	\$ <u>(16,050)</u>	<u>(3,379)</u>
Ratio of plan net position to the Employers' total pension liability	90.7%	97.9%

(h) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Retirement contributions as of March 31, 2017 and 2016 represent the projected employer contributions for the period of April 1, 2016 through March 31, 2017 and April 1, 2015 through March 31, 2016, 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).

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 17 - Retirement Plans, Continued

(i) New York State Voluntary Defined Contribution Program, Continued

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, 2017 and 2016, there were 31 and 27 ESD employees enrolled in the VDC program, respectively.

Note 18 - Cumulative Effect of Change in Accounting Principle

During the year ended March 31, 2016, the Corporation implemented GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment to GASB Statement No. 68." The implementation of these statements resulted in the reporting of deferred outflows of resources and a liability related to ESD's participation in ERS. ESD's net position at April 1, 2015 has been restated as follows:

Net position at beginning of year, as previously stated	\$ 1,953,551
GASB Statement No. 68 implementation:	
Beginning System liability - Employees' Retirement System as of March 31, 2015	(3,989)
Beginning deferred outflow of resources resulting from:	
Differences between expected and actual experience	
Contributions subsequent to the measurement date	<u>3,884</u>
Cumulative effect of implementation	<u>(105)</u>
Net position at beginning of year, as restated	\$ <u>1,953,446</u>

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 19 - Commitments and Contingencies

Commitments and contingencies at March 31, 2017 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 and condemnation proceedings. 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.

In April 2012, Erie Canal Harbor Development Corporation ("ECHDC"), a subsidiary of ESD, entered into the Inner Harbor Phase 3A-Canalside Public Canal Environment Contract. The total contract price, as that term is defined in the contract, is not to exceed \$19.784 million. ECHDC received numerous Notices of Claim from the contractor under this contract, related to various aspects of the contract scope and performance requirements. Effective July of 2013, ECHDC terminated the contractor due to the contractor's failure to properly perform under the terms of the contract. The work has been completed by the bonding company. The contractor has brought multiple actions in State and federal court challenging the termination and seeking an undisclosed amount of monetary relief as a result of the termination and its claims for additional work under the terms of the contract. Since the original lawsuit was commenced, the bonding company has intervened in the State lawsuits and raised additional claims for work completed after termination of the contractor. The action is currently in the discovery phase with a trial date set for October of 2018.

Of note is potential exposure arising from a lawsuit filed in Nassau County against a number of entities, including ESD. In Nassau County v. Richard Dattner Architect P.C., Dormitory Authority of the State of New York, Empire State Development Corporation, Tishman Construction Corporation of New York, et al., Index No. 04/002750 (Sup. Ct. N.Y. Nassau County, Hon. Vito M. DeStefano, JSC), commenced on or about June 17, 2004, plaintiff Nassau County ("the County") seeks to recover damages of approximately \$20 million for the alleged negligent design, engineering and construction of the Nassau County Aquatic Center located within Eisenhower Park, East Meadow, New York. The County asserts causes of action against ESD, the Dormitory Authority of the State of New York ("DASNY"), Richard Dattner Architect, Tishman Construction and various other project contractors for negligence, breach of contract,

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 19 - Commitments and Contingencies, Continued

(a) Legal Actions, Continued

General, Continued

negligent misrepresentation and/or fraud. Pursuant to applicable project agreements, ESD agreed to indemnify DASNY from project-related liabilities. ESD and DASNY are being defended in this lawsuit by the Office of the New York State Attorney General. ESD and DASNY have denied the allegations of the complaint, raised numerous defenses and asserted cross-claims against various co-defendants. Discovery proceedings are continuing. To date, settlement discussions and mediation efforts have resolved four of the six causes of action against ESD, without any payment of damages by ESD. Two of the four resolved causes of action relate to the return of unspent county funds held by ESD, which ESD has released to the County; the other two are tort claims, which the County has agreed to discontinue with prejudice.

ESD has moved to dismiss the remaining two causes of action, for breach of contract, on legal grounds. By decision and order dated March 30, 2015, Justice DeStefano issued a Decision and Order dismissing the County's claim against ESD. However, the Judge declined to dismiss plaintiff's breach of contract claim against DASNY. Under its agreement with DASNY, ESD is bound to indemnify DASNY against all liability and costs, so effectively the action could still result in payment by ESD. DASNY and ESD have appealed the decision on DASNY's potential liability seeking to have that decision overturned by the Appellate Division, Second Department. The County appealed the decision dismissing the claims against ESD. In the meantime, discovery in the trial court continues. No prediction can be made as to when a decision on the appeals may be rendered and no assessment can be made of the likelihood of an unfavorable outcome or estimate of the amount or range of potential loss. To date, no oral argument on the appeals, which have been pending for almost 2 years, has yet been scheduled.

Canrock Innovate NY Fund L.P. is a limited partnership that made equity investments in five early stage tech companies. Innovate NY Fund L.P. is a limited partnership in which ESD is a limited partner. Innovate NY Fund L.P. is the sole limited partner in Canrock Innovate NY Fund L.P. ESD funded Innovate NY Fund L.P. with Federal State Small Business Credit Initiative ("SSBCI") funds that were used to fund the investments made in the five companies by Canrock Innovate NY Fund L.P. It appears that CVC Partners Innovate IV NY LLC, the General Partner in Canrock Innovate NY Fund L.P., had conflicts of interest with respect to its investments in four of the five companies due to prior interests of affiliates and principals of CVC Partners Innovate IV NY LLC in those companies. CVC Partners Innovate IV NY LLC failed to disclose to Innovate NY Fund L.P. these conflicts of interest and to seek the prior authorization (of Innovate NY Fund L.P., the ESD-affiliated limited partner) to invest in those companies as required by the limited partnership agreement. United State Treasury ("Treasury"), the SSBCI program administrator, has determined that there was no misuse of the SSBCI funds by ESD in connection with these four investments.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 19 - Commitments and Contingencies, Continued

(a) Legal Actions, Continued

Brooklyn Bridge Park

ESD subsidiary Brooklyn Bridge Park Development Corporation (“BBPDC”) is one of a number of respondents in three Article 78 proceedings seeking judicial review of City and State approval of development projects at Brooklyn Bridge Park (the “Park”). BBPDC owns the land on which the Park has been constructed, and leases all of its land under a 99-year ground lease to Brooklyn Bridge Park Corporation (“BBPC”), a New York City not-for-profit corporation that is solely responsible for the development and management of the Park. Management believes these proceedings, and any liability that might result therefrom, to be covered by the indemnity provided under the lease by BBPC, which is defending these actions on behalf of ESD and BBPDC. Therefore, the outcome of these three proceedings is unlikely to have any material adverse financial effect on ESD or BBPDC.

The first proceeding alleged that the City and State entities improperly allowed the Pier 1 hotel and appurtenant condominium developer to build a taller structure than was permitted under the General Project Plan governing the Project. In June 2015, this proceeding was decided in favor of the City and State entities, and all interim injunctions were vacated. Petitioners have appealed this well-reasoned decision, and the appeal is fully briefed before the Second Department, which has not yet set a date for oral argument. As a practical matter the case is probably over, since the Appellate Division would likely not grant a pre-appeal temporary injunction barring further construction and the buildings are virtually complete.

A second Article 78 petition, filed by a different petitioner, alleges that the Pier 1 hotel as built violated a restricted and protected scenic view-plane from the Brooklyn Heights Promenade. ESD/BBPDC and New York City have moved to dismiss the second Article 78 proceeding and that motion is pending. The third Article 78 proceeding challenges the necessity of developing the final two parcels in the Park, located upland of Pier 6. The main allegation is that BBPC and ESD did not restrict the size of the proposed Pier 6 buildings to the minimum required to ensure financing of the Park. The Supreme Court has held three hearings on this dispute, focusing on efforts to negotiate a settlement, but no settlement has been reached to date.

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 two 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. The trial to determine the value of this building was concluded in 2016 and no decision has yet been issued.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 19 - Commitments and Contingencies, Continued

(a) Legal Actions, Continued

Atlantic Yards Land Use Improvement and Civic Project, Continued

ESD filed its second condemnation petition in August 2014 to obtain title to seven private Phase II properties needed for the Project; ESD took title to such properties pursuant to Court order in September 2014; and ESD obtained vacant possession of such properties in May 2015. The remaining issue before the Court in this proceeding is valuation of the condemned properties. ESD has exchanged Vesting Date (September 19, 2014) appraisals for the properties for which claims have been filed. Four of the fee claims and four fixture claims have been settled. A trial for another property is scheduled to commence in November 2017.

Pursuant to the Project contract, all condemnation awards are to be paid by the Project developer, not ESD, and therefore these litigations are not expected to have a material adverse effect on ESD's financial position.

There are currently no pending litigations challenging Project approvals.

Lower Manhattan Development Corporation ("LMDC")

On August 31, 2004, LMDC took ownership of the parcel at 130 Liberty Street, which was an entire block that included a building formerly owned by Deutsche Bank. The building was badly damaged on September 11, 2001, and LMDC undertook the acquisition, decontamination, and deconstruction of the building (the "Project") as a necessary step to the accomplishment of the objectives of the World Trade Center Memorial and Redevelopment Plan (the "Plan"). Decontamination and deconstruction were completed in February 2011. Soon thereafter, access to the parcel was granted to The Port Authority of New York and New Jersey for construction of subgrade components of the Vehicular Security Center and construction of a temporary public plaza, consistent with the Plan. LMDC had received approval from HUD to allocate Community Development Block Grant funds to the acquisition, abatement, deconstruction, and related efforts. In addition, pursuant to various settlement agreements, LMDC had received funding for this Project from Deutsche Bank's insurance carriers in the amount of \$102.4 million and from Deutsche Bank in the amount of \$3.8 million.

The costs of the Project included general and trade contractors, LMDC's owner's representative, integrity monitoring, environmental review and testing, certain insurance policies, legal fees for transactions and litigation, and land use and environmental compliance. At March 31, 2017, LMDC had expended on the Project approximately \$257 million of the allocated HUD funds, net of the \$40 million in recoveries from a settlement agreement entered into between LMDC and its general contractor, Bovis Lend Lease LMB, Inc. in May 2015, and approximately \$106 million of the funds received pursuant to the settlements with Deutsche Bank and its insurance carriers.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 19 - Commitments and Contingencies, Continued

(a) Legal Actions, Continued

Lower Manhattan Development Corporation ("LMDC"), Continued

In August 2007, a major fire occurred at the site, resulting in the deaths of two New York City firefighters, injuries to numerous other firefighters, substantial damage to the structure, and substantial delays in Project progress. LMDC has been served with numerous lawsuits or notices of claims for alleged personal injuries suffered in connection with the August 2007 fire, other construction accidents at the Project, and accidents at other sites and projects in Lower Manhattan, including sites under the control of other public entities. Management believes that such claims are covered by indemnity obligations of, and/or insurance policies held by the contractors or owners directly responsible for those sites, and/or, if necessary, by the LMDC's own insurance policies, subject to any applicable deductibles. All such claims have been and will continue to be vigorously defended by LMDC or for LMDC by the indemnifying parties. It has been reported to LMDC that most personal injury claims have been settled conditionally without contribution by LMDC. Management believes that the ultimate outcome of these legal actions will not have a material adverse effect on the financial condition of LMDC.

From time to time in the ordinary course of LMDC's business, various actions or notices are asserted alleging LMDC's liability for a variety of matters in Lower Manhattan. LMDC defends itself against these claims (to the extent asserted in litigation) either through private outside counsel, the New York State Attorney General's Office, or third parties with indemnification obligations. Management believes that no such matters pending on March 31, 2017 will have a material adverse impact on LMDC's financial condition.

Contingencies related to LMDC at March 31, 2017 consist of the following:

Grants

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.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 19 - Commitments and Contingencies, Continued

(b) Letters of Credit and Credit Guarantees

ESD maintains two irrevocable letters of credit each of \$92.3 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.

(c) 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 2017 is approximately \$77.8 million.

(d) 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 five fiscal years and thereafter as of March 31, 2017 are as follows (excluding escalations and option period) (in thousands):

2018	\$ 6,708
2019	6,942
2020	7,020
2021	7,098
2022	7,124
Thereafter	<u>8,906</u>
TOTAL	\$ <u>43,798</u>

Note 20 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 74 - "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This Statement, issued in June 2015, replaces existing standards of accounting and financial reporting for postemployment benefit plans other than pension plans and also replaces existing requirements for defined contribution OPEB plans. The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2016, which is the fiscal year beginning April 1, 2017 for the Corporation. The effects of this Statement on the consolidated financial statements of the Corporation are not presently determinable.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 20 - Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This Statement, issued in June 2015, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This Statement is effective for fiscal years beginning after June 15, 2017, which is the fiscal year beginning April 1, 2018 for the Corporation. The effects of this Statement on the consolidated financial statements of the Corporation are not presently determinable.

GASB Statement No. 80 - "Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14." This Statement, issued in January 2016, amends the blending requirements for the financial statement presentation of component units of all state and local governments. It requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2016, which is the fiscal year beginning April 1, 2017 for the Corporation. This Statement is not expected to have a material effect on the consolidated financial statements of the Corporation.

GASB Statement No. 81 - "Irrevocable Split-Interest Agreements." This Statement, issued in March 2016, establishes accounting and reporting standards for irrevocable split-interest agreements with characteristics that are equivalent to irrevocable split-interest agreements in which a donor irrevocably transfers resources to an intermediary who administers these resources for the unconditional benefit of a government and at least one other beneficiary. The provisions of this Statement are effective for financial statements for years beginning after December 15, 2016. For the Corporation, this statement becomes effective for the fiscal year beginning April 1, 2017. This Statement is being evaluated for its effect on the consolidated financial statements of the Corporation.

GASB Statement No. 82 - "Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73." This Statement, issued in March 2016, addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, which is the fiscal year beginning April 1, 2017 for the Corporation, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

Note 20 - Accounting Standards Issued But Not Yet Implemented, Continued

other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017, which is the fiscal year beginning April 1, 2018 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. 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, 2018, which is the fiscal year beginning April 1, 2019 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, 2018, which is the fiscal year beginning April 1, 2019 for the Corporation. This Statement is not expected to have a material effect on the consolidated financial statements of the Corporation.

GASB Statement No. 85 - "Omnibus 2017." This Statement, issued in March 2017, addresses issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017, which is the fiscal year beginning April 1, 2018 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. 86 - "Certain Debt Extinguishment Issues." This Statement, issued in May 2017, addresses issues related to in substance defeasances occurring through repayment of debt from existing resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017, which is the fiscal year beginning April 1, 2017 for Corporation. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the consolidated financial statements of Corporation.

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES
Required Supplementary Information
Schedule of Funding Progress - Other Postemployment Benefits
Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
April 1, 2014	\$ -	74,230,439	74,230,439	-	23,312,392	318.4%
April 1, 2015	-	83,453,951	83,453,951	-	25,039,418	333.3%
April 1, 2016	-	88,095,877	88,095,877	-	25,801,905	341.4%

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, 2017

NYSERS Pension Plan (in thousands)			
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Corporation's proportion of the net pension liability	0.0864938%	0.0882936%	0.0882936%
Corporation's proportionate share of the net pension liability	\$ 13,883	\$ 2,983	\$ 3,989
Corporation's covered payroll	\$ 25,802	\$ 25,039	\$ 23,312
Corporation's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	53.81%	11.91%	17.11%
Plan fiduciary net position as a percentage of the total pension liability	90.7%	97.9%	97.9%

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

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION AND SUBSIDIARIES
Required Supplementary Information
Schedule of Corporation's Employer Pension Contributions
Year ended March 31, 2017

NYSERS Pension Plan (in thousands)						
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 3,575	4,327	4,473	5,217	4,328	3,356
Contributions in relation to the contractually required contribution	<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>
Corporation's covered employee payroll	\$ 25,802	25,039	23,312	22,300	21,943	22,114
Contributions as a percentage of covered employee payroll	13.86%	17.28%	19.19%	23.39%	19.72%	15.18%

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, 2017, 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 June 15, 2017.

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
June 15, 2017

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, 2017.

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.

Auditor's 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, 2017.

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
June 15, 2017

Item II. A.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – Priority Project – Ozone Park (New York City Region – Queens County) – GMDC Ozone Park Industrial 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: Greenpoint Manufacturing and Design Center Local Development Corporation (“GMDC” or the “Organization”)

ESD* Investment: A grant of up to \$2,100,000 to be used for a portion of the cost of construction and renovations to a manufacturing facility

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

Project Location: 94-15 100th Street, Ozone Park, Queens County*
1155-1205 Manhattan Avenue, Brooklyn, Kings County

*Project activity site; other is job-retention site

Proposed Project: Renovation and fit-out of a multi-tenant manufacturing facility involving job retention

Project Type: Facility improvements involving job retention

Regional Council: The project is consistent with the New York City Regional Economic Development Council Plan to commit to public-private investment and foster innovation and interregional cooperation.

Employment: Initial employment at time of ESD Incentive Offer: 15
 Current employment level: 15
 Minimum employment through January 1, 2021: 15

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Real Estate Acquisition	\$14,625,000
Construction/Renovation	15,664,500
Soft Costs	<u>10,700,612</u>
 Total Project Costs	 <u>\$40,990,112</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD-Grant (#AB415)	\$2,100,000	5%	
New York Economic Development Corporation - Grant	10,000,000	24%	
Enterprise Community Loan Fund (Senior Loan)	8,811,686	22%	5.85%/30yrs/first lien on RE
New York City Economic Development Corporation (Subordinate Loan)*	3,700,000	9%	1%/18yrs/second lien on RE
Grantee Equity	<u>16,378,426</u>	<u>40%</u>	
 Total Project Financing	 <u>\$40,990,112</u>	 <u>100%</u>	

III. Project Description

A. Grantee

Industry: Real estate development

Grantee History: Founded in 1992, the Greenpoint Manufacturing and Design Center Local Development Corporation is the premier, not-for-profit industrial developer in New York City. Since its inception, GMDC has played a vital role in helping meet New York City's need for affordable, flexible production space for small and medium-sized manufacturers.

The Organization has rehabilitated seven manufacturing buildings in Brooklyn for occupancy by small manufacturing enterprises, artisans and artists. GMDC currently owns and manages five of these properties, which together represent more than 600,000 square feet of space. These buildings are occupied by more than 110 businesses that employ over 600 people, the newest among them being the recently completed redevelopment project at 1102 Atlantic Avenue.

Ownership: The Organization is a not-for-profit entity.

Size: All facilities are located in Brooklyn, NY.

Market: GMDC serves New York City industrial companies.

ESD Involvement: In 2016, GMDC sought to carry out a rehabilitation project for the Worksmen Cycles Factory, a three-story, single-use industrial building located in Ozone Park, Queens. The facility, which originally manufactured bicycles and which dates back to 1910, was located in an underused, industrial building in a densely developed, low-income neighborhood. GMDC intended to rehabilitate the building as a multi-tenanted manufacturing center for small and mid-sized manufacturers. Once fully built out, GMDC intended to provide space for approximately 24 businesses and accommodate 80 new jobs.

In July 2016, GMDC applied for funding assistance to close a gap in its project budget under Round 6 of the New York City's Regional Economic Development Council's Consolidated Funding Application. The application was approved and designated a priority for the Region. In February 2017, ESD made the Organization an offer of assistance which GMDC accepted in March. Without ESD's assistance the project could not have moved forward.

Competition: N/A

Past ESD Support: The Grantee has received approximately \$13 million in historic funding assistance from ESD for various projects.

B. The Project

Completion: July 2019

Activity: In December 2016, GMDC signed an agreement to purchase the 85,000-square-foot project building with a closing date set for June 2017 with rehabilitation work expected to commence at that time. This project will modernize the structure and utility services of the project building to bring it into use as a modern, multi-tenanted facility from its original use for single-user manufacturing. The major components of the renovation will include new and expanded electric and plumbing services, new sprinkler and fire alarm systems, facade restoration including new windows and doors, new shared restrooms and slop sinks, demising units, and expansion of the existing solar array on the roof. The demised units will be equipped with sub-metered electricity and individually controlled heaters.

Tenants will be expected to come from the artisanal trades industries such as, custom woodworking, cabinet making, home goods manufacture, garments, metal works and metal finishing. Units in the building range in size from 1,200 to 7,000 square feet. The new building will be known as the GMDC Ozone Park Industrial Center.

Results: Retain 15 existing jobs. The Organization hopes that by preserving industrial uses and dramatically increasing the number of jobs at the site, the project will help preserve and create permanent, affordable space for small to mid-sized manufacturers who employ New Yorkers at every strata (such as immigrants, high-school and college graduates, and newly trained manufacturing tradesmen).

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 \$1,864,612;
- Fiscal cost to NYS government is estimated at \$2,100,000;
- Project cost to NYS government per direct job is \$182,292;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$116,869;
- Ratio of project fiscal benefits to costs to NYS government is 0.89:1;
- Fiscal benefits to all governments (state and local) are estimated at \$3,933,773;
- Fiscal cost to all governments is \$2,100,000;
- All government cost per direct job is \$182,292;
- All government cost per total job is \$116,869;
- The fiscal benefit to cost ratio for all governments is 1.87:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$23,568,451, or \$1,311,629 per job (direct and indirect);
- The economic benefit to cost ratio is 11.22:1;

- Project construction cost is \$18,253,125, which is expected to generate 89 direct job years and 47 indirect job years of employment;
- For every permanent direct job generated by this project, an additional 0.56 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is not calculated.

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

Grantee Contact: Brian T. Coleman
 1155-1205 Manhattan Avenue
 Brooklyn, NY 11222
 Phone: (718) 383-3935

ESD Project No.: AB415

Project Team:	Origination	Alexia Nazarian
	Project Management	Simone Bethune
	Contractor & Supplier Diversity	Danah Alexander
	Finance	Angela Pitto
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Grantee shall pay a commitment fee of 1% of the \$2,100,000 capital grant (\$21,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Grantee will 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 \$2,100,000 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 33% of the grant (\$700,000) will be disbursed upon documentation of real estate acquisition, construction, renovation and soft costs project costs totaling \$13,526,737 (33% of total project costs) in compliance with ESD's Design and Construction Department requirements and documentation of the employment of at least 15 Full-time Permanent Employees at the Project Location, assuming that all project approvals have been completed and funds are available;
 - b) a Second Disbursement of 33% of an amount equal to the grant (\$700,000) will be disbursed, upon documentation of real estate acquisition, construction, renovation and soft costs project costs totaling an additional \$13,526,737 (66% of total project costs cumulative, \$27,053,474 total) in compliance with ESD's Design and Construction Department requirements, and documentation of the employment of at least 15 Full-time Permanent Employees at the Project Location, provided Grantee is otherwise in compliance with program requirements;
 - c) a Third Disbursement of an amount equal to 34% of the grant (\$700,000) will be disbursed, upon project completion as evidenced by a Certificate of Occupancy, a minimum of an additional \$13,936,638 on real estate acquisition, construction, renovation and soft costs (100% of total project costs cumulative, \$40,990,112 total) in compliance with ESD's Design and Construction Department requirements, and upon documentation of the employment of at least 15 Full-time Permanent Employees at the Project Location, 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, 2021.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$2,100,000, 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 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	15
A	B
Reporting Date	Employment Goals
February 1, 2018	15
February 1, 2019	15
February 1, 2020	15
February 1, 2021	15

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 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 ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental

review is required in connection with the project.

Due to the building's eligibility for inclusion 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 Diversity policy will apply to the Project. The Recipient shall be required to use good faith efforts to achieve an overall Minority and Women Business Enterprise ("MWBE") Participation goal of 40% (\$840,000), Minority Business Enterprise ("MBE") Participation goal of 20% (\$420,000) and a Women Business Enterprise ("WBE") Participation goal of 20% (\$420,000) 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. Design and Construction

Design & Construction ("D&C") staff will meet with the Grantee to outline D&C requirements. D&C staff will, at its option, review design and construction documents, addenda, cost estimates, bids and contract award process. D&C staff will, at its option, attend design and construction meetings, monitor all progress and review all change orders. D&C staff will review all contractor requisitions and verify that all requirements have been satisfied prior to approving the release of ESD funds, including acceptable completion of D&C requirements and forms.

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
- Benefit-Cost Analysis
- Project Finance Memorandum

June 29, 2017

Regional Council Award – Priority Project – Ozone Park (New York Region – Queens County) – GMDC Ozone Park Industrial 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

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 GMDC Ozone Park Industrial 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 of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Greenpoint Manufacturing and Design Center a grant for a total amount not to exceed Two Million One Hundred Thousand Dollars (\$2,100,000) from the Regional Council Capital Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

RESOLVED, that the President and Chief Executive Officer 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

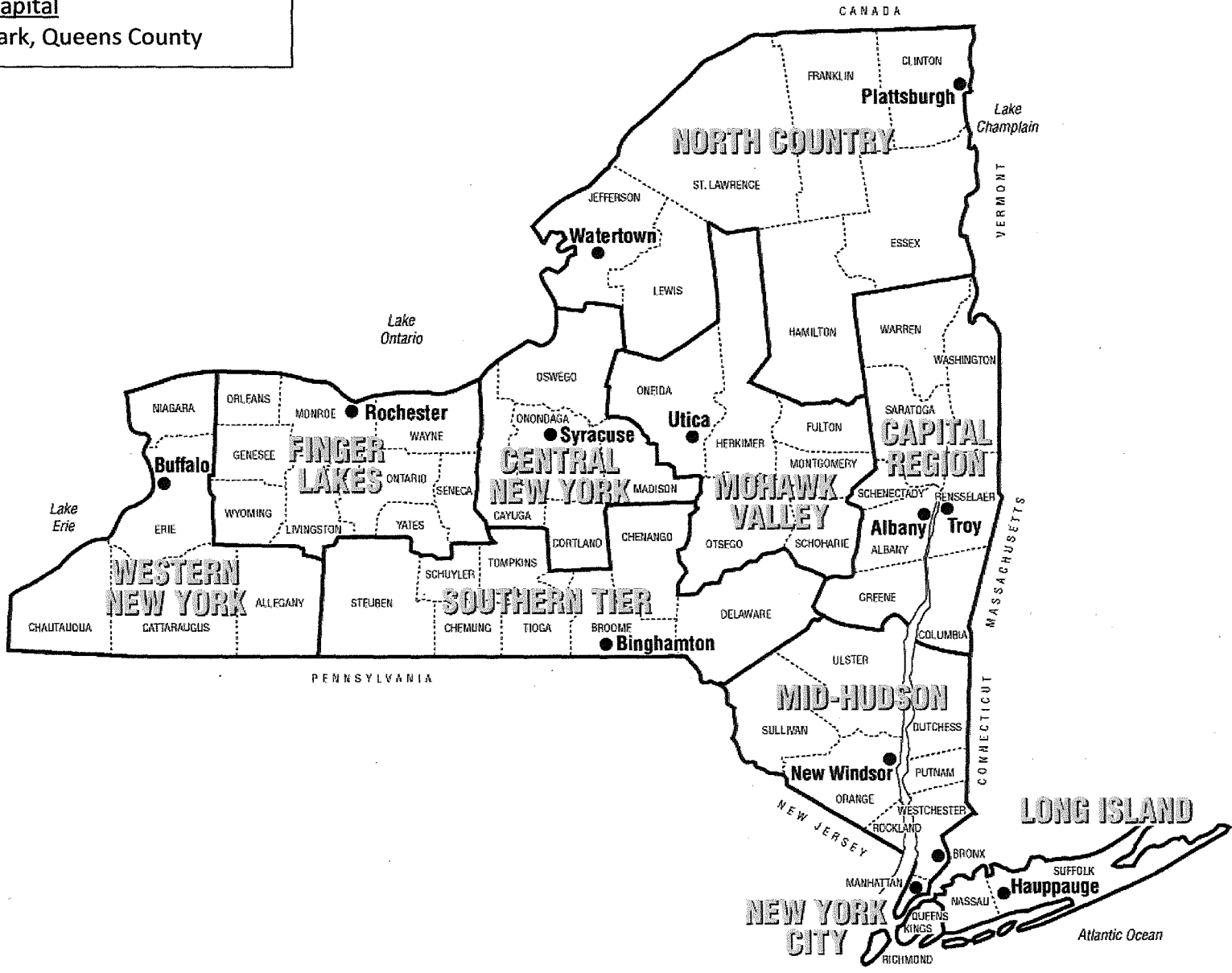
RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

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.

* * *

GMDC Ozone Park Industrial
Center Capital
Ozone Park, Queens County



**Project Summary
Benefit-Cost Evaluation¹**

GMDC Ozone Park Industrial Center Capital – Business Investment

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

Initial Jobs: 15
New Jobs: 0

Construction Job Years (Direct): 89
Construction Job Years (Indirect): 47

Evaluation Statistics	Project Results NYS Gov't.	NYS Gov't. Benchmarks²	Project Results State & Local Government	State & Local Government Benchmarks
Fiscal Costs³	\$2,100,000	\$794,250	\$2,100,000	\$1,020,500
Fiscal Benefits⁴	\$1,864,612	\$2,085,600	\$3,933,773	\$4,271,980
Fiscal Cost /Direct Job	\$182,292	\$3,000	\$182,292	\$4,110
Fiscal Cost/Total Jobs	\$116,869	\$1,424	\$116,869	\$1,964
Fiscal B/C Ratio	0.89	7.00	1.87	10.60
	Project Results	Benchmarks		
Economic Benefits⁵	\$23,568,451	\$119,468,000		
Econ. Benefits/Total Jobs	\$1,311,629	\$147,600		
Economic B/C Ratio	11.22	75.00		

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

² The current project evaluation results (both fiscal and economic) are compared to performance measure benchmarks based on results of a sample of ESD non-retail projects. Business Investment project benchmarks are 7.00 (Fiscal) and 75.00 (Economic). Infrastructure Investment (or Economic Growth Investment) project benchmarks are 3.00 (Fiscal) and 30.00 (Economic).

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

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

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

Item II. B.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Brooklyn (New York City Region – Kings County) – Transcontinental Ultra Flex Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant)

REQUEST FOR: Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Action

General Project Plan

I. Project Summary

Grantee: Transcontinental Ultra Flex Inc. (“TC Ultra” or the “Company”)

ESD* Investment: A grant of up to \$1,000,000 to be used for a portion of the cost of 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 Locations: 957 & 975 Essex St, Brooklyn
744 Berriman St, Brooklyn
506 Cozine Ave, Brooklyn
654 Montauk Ave, Brooklyn
977 Shepherd Ave, Brooklyn
482, 494, 506 & 518 Wortman Ave, Brooklyn
Kings County

Proposed Project: Acquisition of machinery and equipment and facility renovations

Project Type: Business expansion involving job retention and creation

Regional Council: The project is consistent with the New York City Regional Economic Development Council Plan to accelerate economic growth and job

creation while ensuring that economically distressed communities and populations have greater opportunities to participate in the benefits of growth.

Employment: Initial employment at time of ESD Incentive Proposal: 264
 Current employment level: 273
 Minimum employment on January 1, 2021: 315

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Real Estate Acquisition	\$10,200,000
Construction/Renovation	315,000
Machinery & Equipment	22,555,000
Employee Training Costs	130,000
Design & Planning	<u>70,000</u>
Total Project Costs	<u>\$33,270,000</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant (#AA367)	\$1,000,000	3%
Company Equity	<u>32,270,000</u>	<u>97%</u>
Total Project Financing	<u>\$33,270,000</u>	<u>100%</u>

III. Project Description

A. Company

Industry: Commercial printing and plastic packaging manufacturer

Company History: Transcontinental Ultra Flex, Inc. is a subsidiary of Transcontinental, Inc., a publishing, media and marketing company based in Montreal, Canada. In 2015, Transcontinental, Inc. acquired Capri Packaging in Missouri in an effort to diversify its operations. In order to gain additional market share in the flexible packaging sector, Transcontinental, Inc. then purchased the assets of Ultra Flex Packaging Corp. in Brooklyn, NY, forming TC Ultra. TC Ultra produces laminated packaging, bags and pouches used for food, confectionery, snacks and coffee products.

Ownership: TC Ultra is a subsidiary of Transcontinental, Inc. which is publicly held and traded on the Toronto Stock Exchange.

Size: All facilities are located in Brooklyn, NY.

Market: Transcontinental Inc.'s packaging division ranks among the top 25 flexible packaging suppliers in North America. Their coast-to-coast manufacturing locations serve nationally recognized brands with concept-to-consumer flexible packaging solutions. TC Ultra's specialized packaging design offers an array of innovative solutions to a variety of industries, including the dairy, coffee, snack foods, confectionery, fresh and frozen food, cigar and pet food markets.

ESD Involvement: In 2015, Transcontinental, Inc. diversified its operations by first acquiring the assets of Capri Packaging in Missouri, and later, Ultra Flex Packaging Corp. in Brooklyn to establish a new subsidiary, TC Ultra. TC Ultra applied for assistance in order to help finance facility renovations and the purchase of machinery and equipment. In December 2015, ESD made TC Ultra an offer of financial assistance, which the Company accepted. ESD's offer of assistance, which included a \$1,000,000 grant and up to \$2,000,000 in Excelsior Jobs Program tax credits, was critical in the Company's decision to keep operations in Brooklyn rather than relocating the equipment to Missouri.

Competition: Missouri

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

B. The Project

Completion: March 2017

Activity: The Company acquired and installed machinery and equipment and renovated the existing facilities in Brooklyn in order to increase productivity and efficiency and lower its productions costs.

Results: Retain 264 existing jobs and create 51 new jobs. The Company has already created 26 new jobs.

Grantee Contact: Roby Matteau, Director
975 Essex St
Brooklyn, NY 11208
Phone: 5149544155

ESD Project No.: AA367

Project Team: Origination Andrew Fletcher
Project Management Laura Bartosik

Contractor & Supplier Diversity	Danah Alexander
Finance	Jonevan Hornsby
Environmental	Soo Kang

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Company shall pay a commitment fee of 1% of the \$1,000,000 capital grant (\$10,000) 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.
4. Prior to disbursement, the Company must employ at least the number of Full-time Permanent Employees set forth as the Baseline Employment in the table below. A Full-time Permanent Employee shall mean (a) a full-time, permanent, private-sector employee on the Grantee's payroll, who has worked at the Project Location for a minimum of thirty-five hours per week for not less than four consecutive weeks and who is entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties; or (b) two part-time, permanent, private-sector employees on Grantee's payroll, who have worked at the Project Location for a combined minimum of thirty-five hours per week for not less than four consecutive weeks and who are entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties.
5. Up to \$1,000,000 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$500,000) upon documentation of project costs totaling approximately \$20,000,000, including purchase and installation of \$10,000,000 in machinery and equipment, and documentation of the employment of at least 264 Full-time Permanent Employees at the Project Locations, 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 (\$250,000) will be disbursed upon documentation of the employment of at least 290 Full-time Permanent Employees at the Project Locations (Employment Increment of 26), provided Grantee is otherwise in compliance with program requirements;

c) a Third Disbursement of an amount equal to 25% of the grant (\$250,000) will be disbursed upon documentation of project costs totaling approximately \$33,000,000, including purchase and installation of \$22,555,000 in machinery and equipment and the employment of at least 315 Full-time Permanent Employees at the Project Locations (Employment Increment of 25), 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 September 28, 2015, to be considered eligible project costs. All disbursements must be requested by April 1, 2021.

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

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	264
A	B
Reporting Date	Employment Goals
February 1, 2018	264+X+Y
February 1, 2019	264+X+Y
February 1, 2020	264+X+Y
February 1, 2021	264+X+Y
February 1, 2022	264+X+Y
February 1, 2023	264+X+Y

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=26, and Employment Goals shall equal [264 + X = 290] 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.

Y = 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. Y=25, and Employment Goals shall equal [264 + X + Y = 315] 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 Y=0.

IV. Statutory Basis

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms.

As a result of this project, the Company will maintain its employment level of 264 and create 51 new jobs.

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

Without ESD assistance, this project would likely have been relocated to an existing facility in Missouri.

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

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 \$19,089,856;
- Fiscal cost to NYS government is estimated at \$1,000,000;
- Project cost to NYS government per direct job is \$4,189;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$3,074;
- Ratio of project fiscal benefits to costs to NYS government is 19.09:1;
- Fiscal benefits to all governments (state and local) are estimated at \$37,684,709;
- Fiscal cost to all governments is \$1,000,000;
- All government cost per direct job is \$4,189;
- All government cost per total job is \$3,074;
- The fiscal benefit to cost ratio for all governments is 37.68:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$175,300,892, or \$538,855 per job (direct and indirect);
- The economic benefit to cost ratio is 175.30:1;
- Project construction cost is \$385,000, which is expected to generate 2 direct job years and 1 indirect job years of employment;
- For every permanent direct job generated by this project, an additional 0.36 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is one year.

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

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

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

V. Environmental Review

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

VI. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-discrimination and Contractor Diversity policy will apply to the Project. The Recipient shall be required to use good faith efforts to achieve an overall Minority and Women Business Enterprise ("MWBE") Participation goal of 40%, Minority Business Enterprise ("MBE") Participation goal of 20% and a Women Business Enterprise ("WBE") Participation goal of 20% related to the total value of ESD's funding and to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project.

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

June 29, 2017

Brooklyn (New York City Region – Kings County) – Transcontinental Ultra Flex Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) – Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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

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

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Transcontinental Ultra Flex Inc. a grant for a total amount not to exceed One Million Dollars (\$1,000,000) from the Empire State Economic Development Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his

designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

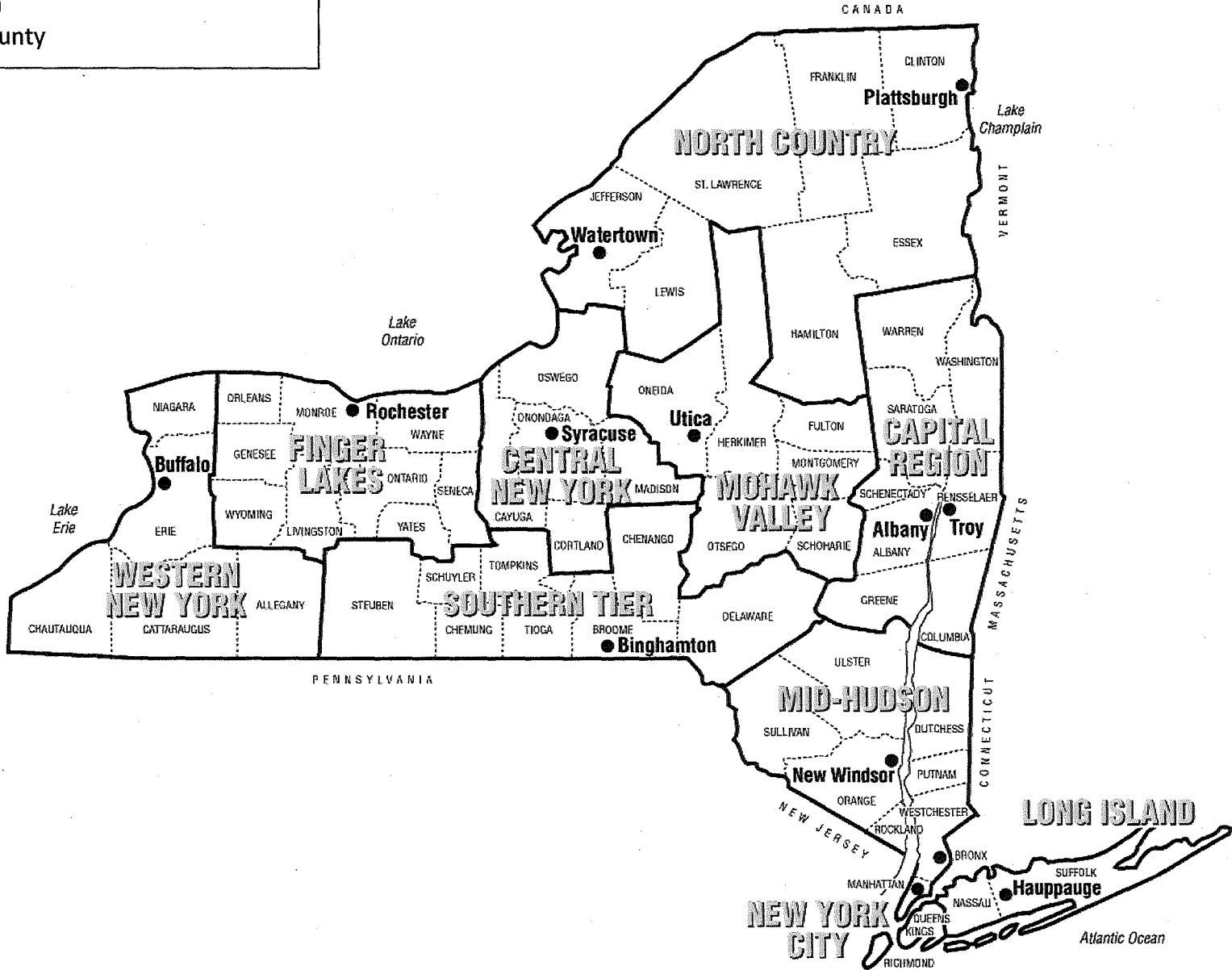
RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in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

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

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

* * *

Transcontinental Ultra Flex Capital
Brooklyn
Kings County



Item II. C.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – Brooklyn (New York City Region – Kings County) – Building 77 - Brooklyn Navy Yard 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;
Determination of No Significant Effect on the Environment

General Project Plan

I. Project Summary

Grantee: Brooklyn Navy Yard Development Corporation (“BNYDC” or the “Organization”)

ESD* Investment: A grant of up to \$1,000,000 to be used for a portion of the cost of renovation and soft costs of Brooklyn Navy Yard’s Building 77

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

Project Location: 63 Flushing Avenue, Brooklyn, Kings County

Proposed Project: Renovation of the 1 million-square-foot, 18-story industrial building (“Building 77”) at the Brooklyn Navy Yard to provide office space for manufacturing/tech firms, supporting up to 3,000 jobs

Project Type: Renovation and business expansion

Regional Council: The project is consistent with the New York City Regional Economic Development Council Plan to promote sustainable industrial urban job creation, and a haven for quality jobs within New York State’s growing industrial sector.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction/Renovation	\$160,718,814
Soft costs	<u>8,957,136</u>
Total Project Costs	<u>\$169,675,950</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD-Grant	\$1,000,000	1%	
City Capital	81,000,000	48%	
EB-5 Loan I	42,000,000	25%	4.2%/5yrs/no lien
Net NMTC proceeds (1 st trans.)	3,151,800	2%	
Net NMTC proceeds (2 nd /3 rd trans.)	5,122,318	3%	
EDA (Federal)	2,000,000	1%	
City Council FY16	2,500,000	1%	
Borough President FY16	500,000	—%	
Tenant Investment (Jack Basch)	6,067,570	4%	
Organization's Equity	<u>26,334,262</u>	<u>15%</u>	
Total Project Financing	<u>\$169,675,950</u>	<u>100%</u>	

III. Project Description

A. Organization

Industry: Real Estate / Industrial & Manufacturing Park

Organization History: The Brooklyn Navy Yard Development Corporation manages the Brooklyn Navy Yard ("Yard") on behalf of its owner, the City of New York ("City"). BNYDC's mission is to fuel New York City's economic vitality by creating and preserving quality jobs, anchoring the City's modern industrial sector and businesses, and connecting the local community with the economic opportunity and resources of the Yard. The 300-acre industrial park on the Brooklyn waterfront, once the site of one of the nation's most storied naval shipbuilding facilities, is now home to over 330 industrial businesses employing nearly 7,000 people, up from 3,600 in 2001 and projected to double in the next five years. Through investments in new green buildings and infrastructure, the Yard has become a national model for sustainable urban industrial parks and home to modern manufacturers that are tech-driven and socially responsible.

Ownership: BNYDC is a not-for-profit local development corporation.

Size: BNYDC develops and manages 300 acres of land, with 4 million square feet of property. BNYDC has 185 employees.

Market: BNYDC operates the Brooklyn Navy Yard as a modern industrial park.

ESD Involvement: As a result of the Governor’s Regional Economic Development Council Initiative, BNYDC was awarded \$1,000,000 through Round 4 of the Consolidated Funding Application (“CFA”) to renovate the 1 million-square-foot, 18 story industrial building in the Yard for manufacturing/tech space that will support 3,000 jobs. The award will be used to help close a financing gap for the project.

Competition: N/A

Past ESD Support: Funding for the past five years to the Grantee, totaling \$20,550,000 million, is summarized in the following chart:

Program	Project #	Amount	Date Start (ESD Directors’ Approval date)	Date End (Project Completion: Contract Expiration)	Purpose
Downstate Revitalization Fund	W932	\$1,000,000	March 2011	December 2016	Capital Grant
Port Authority Transportation, Economic Development and Infrastructure Renewal	X771	\$5,000,000	August 2012	December 2016	Capital Grant
Urban and Community Development	Y232	\$1,250,000	August 2013	December 2018	Capital Grant
Port Authority Transportation, Economic Development and Infrastructure Renewal Accumulated Interest	Y622	\$2,000,000	August 2013	December 2018	Capital Grant
EDF – RC 2, Regional Council Capital Fund - RC 2, New York Works EDF 16-17	Y439, Y440, Y653	\$11,300,000	February 2015	December 2016	Capital Grant

B. The Project

Completion: September 2017

Activity: The rehabilitation of Building 77 will provide approximately 960,000 square feet of modern manufacturing and office space. The project includes the modernization of its base building systems and other upgrades to meet the high demand for active manufacturing space.

Building 77 will be transformed into a state-of-the-art industrial/manufacturing, tech and design hub, and will also house a food manufacturing hub on its ground floor that will provide retail food options, and will be open to the public.

Results: Building 77 currently has leases or term sheets for 25 tenants, representing more than 500 jobs. 90% of the currently available space has been leased, including the entire ground floor food manufacturing hub, which will be anchored by New York institution, Russ and Daughters.

The project will create 3,000 jobs for New Yorkers.

Economic Growth Investment: 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: Nora Daniel, Community and Government Affairs
63 Flushing Avenue
Brooklyn, NY 11205
Phone: (718) 907-5966

ESD Project No.: Z830

Project Team:	Origination	Lauren Racusin
	Project Management	Scott Lamkin
	Contractor & Supplier Diversity	Danah Alexander
	Finance	Jonevan Hornsby
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Grantee shall pay a commitment fee of 1% of the \$1,000,000 capital grant (\$10,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Grantee will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed after March 31, 2015. Equity is defined as cash injected into the project by the Grantee or by investors, and should be auditable through Grantee financial statements or Grantee accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.

4. Up to \$1,000,000 will be disbursed to Grantee upon documentation of project costs totaling \$125,530,000, upon completion of the project substantially as described in these materials, as evidenced by a certificate of occupancy and/or other documentation verifying project completion. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after March 31, 2015, to be considered eligible project costs. All disbursements must be requested by April 1, 2018.
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 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.
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 2014-2015 New York State budget and reappropriated in the 2015-2016, 2016-2017, and 2017-2018 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, although the funding of this project by ESD may constitute an

“action” as defined by the State Environmental Quality Review Act (“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 building's inclusion within the Brooklyn Navy Yard Historic District, which is listed on 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 106 of the National Historic Preservation Act (“Section 106”), a Memorandum of Agreement (“MOA”) has been executed among OPRHP, BNYDC and the Economic Development Administration, U.S. Department of Commerce agreeing to stipulations to be implemented during the course of the project. The project is in compliance with Section 106, which satisfies the requirements of Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law.

VI. Non-Discrimination and Contractor & Supplier Diversity

ESD’s Non-discrimination and Contractor Diversity policy will apply to the Project. The Recipient shall be required to use good faith efforts to achieve an overall Minority and Women Business Enterprise (“MWBE”) participation goal of 50%, Minority Business Enterprise (“MBE”) participation goal of 30% and a Women Business Enterprise (“WBE”) participation goal of 20% related to the total value of ESD’s funding and to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project.

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

June 29, 2017

Regional Council Award – Brooklyn (New York City Region – Kings County) – Building 77-
Brooklyn Navy Yard 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 Building 77- Brooklyn Navy Yard Capital -- Regional Council Capital Fund (Capital Grant) Project (the "Project"), the Corporation hereby determines pursuant to Section 10(g) of the New York State Urban Development Corporation Act of 1968, as amended (the "Act"), that there are no families or individuals to be displaced from the project area; and be it further

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

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

RESOLVED, that the President and Chief Executive Officer 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.

* * *

June 29, 2017

Regional Council Award – Brooklyn (New York City Region – Kings County) – Building
77- Brooklyn Navy Yard 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 Building
77- Brooklyn Navy Yard Capital Project, the Corporation hereby determines that the proposed
action will not have a significant effect on the environment.

* * *







Item II. D.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Rochester (Finger Lakes Region – Monroe County) – Photonics Venture Challenge Working Capital – Upstate Revitalization Initiative (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: High Tech Rochester Inc. (“HTR” or the “Organization”)

Beneficiaries: Photonics Venture Challenge participants (the “Participants”)

ESD* Investment: A grant of up to \$10,000,000 to be used for working capital expenditures for the Photonics Venture Challenge

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

Project Locations: 250 East Main Street, Rochester, Monroe County, and other locations

Proposed Project: Administration of the Photonics Venture Challenge and operational and support services for the Participants

Project Type: Entrepreneurship support and attraction

Regional Council: The project aligns with the Finger Lakes Regional Economic Development Council’s Regional Plan and with the Upstate Revitalization Initiative’s regional strategy to make Rochester the premier U.S. location for photonics and related technology companies, as well as with the goals of encouraging entrepreneurship, attract new businesses and increase jobs.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Salary and Wages	\$1,250,000
Operations (administration, rent, & startup)	1,750,000
Marketing/Outreach/Conferences	1,000,000
Competition Awards	<u>6,000,000</u>

Total Project Costs \$10,000,000

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	<u>\$10,000,000</u>	<u>100%</u>
Total Project Financing	<u>\$10,000,000</u>	<u>100%</u>

III. Project Description

A. Grantee

Industry: Photonics Industry Startup Competition

Grantee History: High Tech Rochester Inc. assists technology innovators with growing their businesses and creating new products. Established in 1987, the Organization became an affiliate of the national manufacturing extension partnership program, which offers a variety of expert technical assistance and business solutions for established manufacturers seeking to improve their competitive positions via innovation, efficiency and quality. In 2007, the Organization became a wholly-owned subsidiary of the University of Rochester and broadened its mission. HTR operates the Lennox Tech Enterprise Center, which helps start-ups, researchers, entrepreneurs, and manufactures through training, workshops, and facilities such as offices and labs. HTR has been designated by New York State as a Regional Technology Development Center and through this designation is a member of the National Institute of Standards and Technology's Manufacturing Extension Partnership. HTR is also a certified New York State business incubator, and manager of the Finger Lakes Innovation Hotspot.

Ownership: The Grantee is a wholly-owned subsidiary of the University of Rochester.

Size: The Organization owns and operates one facility, the Lennox Tech Enterprise Center, 150 Lucius Gordon Drive, Henrietta, in suburban

Rochester, and is currently building a new Business Accelerator in the historic Sibley Building in Downtown Rochester.

Market: HTR assists entrepreneurs and start-ups in the Finger Lakes Region.

ESD Involvement: The Photonics Venture Challenge was announced by Governor Cuomo in January 2017, inviting entrepreneurs worldwide to present innovative business ideas and products to a panel of industry-leading judges with business and entrepreneurial expertise (the "Panel"), in hopes of transforming ideas into reality. The Participants receive cash investments to establish and/or expand their businesses, mentoring, networking opportunities and no-cost incubator space from HTR in exchange for establishing or expanding operations in the Finger Lakes Region. The Competition Winners ("Winners") agree to keep their business in the Finger Lakes Region for a minimum of one year. The Photonics Venture Challenge will attract promising start-up ventures and innovators worldwide, positioning the Finger Lakes Region as America's premier location for photonics and related technology companies.

Competition: N/A

Past ESD Support: Funding for the past five years to the Grantee, totaling \$8,150,000, is summarized in the following chart:

Program	Project #	Amount	Date Start (ESD Directors' Approval date)	Date End (Project Completion: Contract Expiration)	Purpose
RCCF-RC1	X809	\$150,000	September 17, 2015	December 31, 2017	Capital Grant to Business Accelerator to purchase a video conferencing system for multiple regional hubs
RCCF-RC1	Z819	\$2,350,000	April 17, 2017	December 31, 2019	Capital Grants to Business Accelerator for real estate acquisition, construction/renovations, fixtures, furnishings, equipment and soft costs
RCCF-RC2	Z820	\$2,500,000	April 17, 2017	December 31, 2019	
RCCF-RC3	Z821	\$3,150,000	April 17, 2017	December 31, 2019	

B. The Project

Completion: December 2019

Activity: The project involves support to Participants which includes annual start-up, operational, incubation and mentoring costs. It also involves administration of the Photonics Venture Challenge including outreach and marketing consisting of social and traditional media and in-person road shows; application review and processing; Panel coordination; and events planning. The Participants are expected to leverage the services of HTR's Business Accelerator incubation space on the 6th floor of the former Sibley's Building, but may also occupy other facilities in and around Rochester.

Uses of funds for two rounds of the Photonics Venture Challenge: Payment for working capital, including administrative and operating expenses, payroll/benefits for up to five (5) net new employees, and equity investment awards to competition participants through two program rounds. For each round, at least 10 startup businesses will be selected for participation in the competition and receive investment awards of approximately \$100,000. At the end of each round, up to \$2,000,000 of additional investments will be made into the most promising startups Winners, with the top award expected to be \$1,000,000.

Results: The project is expected to build upon the strengths of the Finger Lakes Region by inviting and encouraging ideas that foster entrepreneurship, and ultimately resulting in job creation, and the Region's image as a vibrant place to live, work and invest.

Economic Growth Investment Project: No Benefit-Cost Analysis ("BCA") is required since this project generates long-term benefits not captured in the short-term period used for the BCA and may involve no permanent job commitments.

Grantee Contact: Mr. James Senall, President
150 Lucius Gordon Drive
West Henrietta, New York 14586
Phone: (585) 214-2401

ESD Project No.: AB965

Project Team:	Origination	Stephen Golding
	Project Management	Jean Williams
	Contractor & Supplier Diversity	Geraldine Ford
	Finance	Jonevan Hornsby
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. The Grantee will demonstrate no materially adverse changes in its financial condition prior to disbursement.
2. Funds will be disbursed in no less than eight advances and no more frequently than quarterly. Advances shall not exceed \$5,150,000 through the first program round. Prior to the first advance, the Recipient shall submit a detailed budget ("Project Budget") including monthly estimated expenses through both program rounds. Subsequent quarterly advances will be determined following the Recipient's submittal of a detailed cash flow projection (quarterly planned expenses) and a quarterly report. The quarterly report shall provide updates in regards to the competition progress/results; marketing/outreach efforts; challenges/unexpected events; expenditures to date by month; and, any changes in the Project Budget.

All disbursements require compliance with program requirements and must be requested by no later than April 1, 2020. Expenditures incurred prior to January 1, 2017 are not eligible project costs and cannot be reimbursed by grant funds.

Within 12 months of the final disbursement, ESD will require documentation verifying all expenditures of \$10,000,000 verified by an independent third-party Certified Public Accountant.

In addition the following is required:

- Round 1 and Round 2 Winners must reside and operate in the Finger Lakes Region for at least a 12 month period;
 - High Tech Rochester Inc. provides incubation space and support for all competition participants for a minimum of 4 months prior to selection of the Winners.
 - High Tech Rochester Inc. will invest in all competition participants at the start of the program and invest Equity Investment Awards ("EIA") in Winners. All investments through the program will be in the form of common stock, preferred stock, convertible notes, SAFE agreements, warrants or other standard venture investment mechanisms. All future proceeds from the equity must be used to reinvest in high technology startups or high technology support activity in the Finger Lakes Region.
3. Written Annual Reports to ESD, will be required starting January 2018 through January 2021. The Annual Reports shall include, but not be limited to, the following information:
 - Number, name and amount of prizes awarded to each Participant;
 - Marketing impact – positive media hits about Photonics Venture Challenge;

- Status of all prior Participants including location of business operation, date of establishment of the operation, initial and current number of jobs, and amount of other funds raised each year by the Participants following the award by HTR;
 - Other funds raised (including sources and amounts) by HTR to support the Photonics Venture Challenge; and
 - Additional information to address specific issues as ESD may require.
4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$10,000,000 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.
5. Grant funds will be subject to recapture if a Winner does not maintain a place of business in the Finger Lakes Region for at least 12 months following the EIA. If that occurs, High Tech Rochester, Inc. will be required to use its best efforts, including legal actions, to recapture the amount of its EIA in that Winner, and then use those funds for future competition, or in support of other high tech startup activities or to return those funds to ESD, at ESD's discretion.

IV. Statutory Basis – Upstate Revitalization Initiative

The project was authorized in the 2015-2016 New York State budget and reappropriated in the 2016-2017 and 2017-2018 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 does not constitute an action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required in connection with the project.

VI. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-discrimination & Contractor and Supplier Diversity policy 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 \$1,000,000. The MWBE participation in relation to ESD funding shall be no less than \$300,000. Recipient is required to actively 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 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

June 29, 2017

Rochester (Finger Lakes Region – Monroe County) – Photonics Venture Challenge Working Capital – Upstate Revitalization Initiative (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 Photonics Venture Challenge Working Capital – Upstate Revitalization Initiative (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 of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to High Tech Rochester Inc. a grant for a total amount not to exceed Ten Million Dollars (\$10,000,000) 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 of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

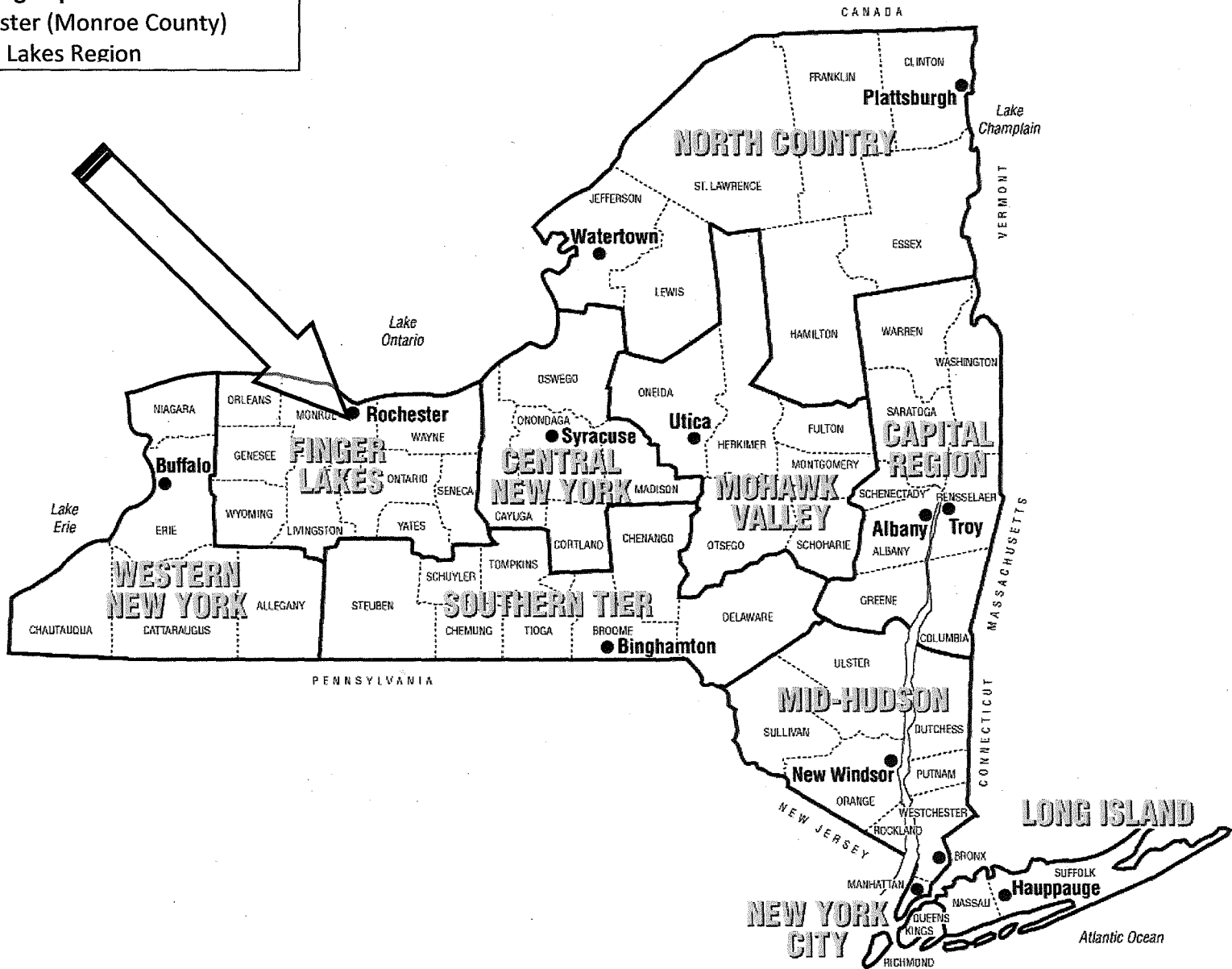
RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in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

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

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

* * *

Photonics Venture Challenge
Working Capital
Rochester (Monroe County)
Finger Lakes Region



Item II. E.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – Priority Project – Dresden (Finger Lakes Region – Yates County) – Greenidge Gas Conversion Capital – Regional Council Capital Fund (Capital Grant)

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

General Project Plan

I. Project Summary

Grantee: Greenidge Generation Holdings LLC ("Greenidge" or the "Company")

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

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

Project Location: 590 Plant Road, Dresden, Yates County

Proposed Project: Construction, renovations, the purchase of machinery and equipment, and soft costs for gas power plant conversion including the installation of a new natural gas pipeline

Project Type: Infrastructure Investment

Regional Council: The project is part of the Finger Lakes Regional Economic Development Council's Regional Plan to promote environmental stewardship and sustainability.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction/Renovation	\$10,240,000
Machinery & Equipment	1,700,000
Soft Costs	<u>985,000</u>

Total Project Costs \$12,925,000

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$2,000,000	15%
Company Equity	<u>10,925,000</u>	<u>85%</u>
Total Project Financing	<u>\$12,925,000</u>	<u>100%</u>

III. Project Description

A. Company

Industry: Electricity generation using natural gas

Company History: Greenidge Generation Holdings LLC was created in February 2014 for the purpose of resuming operations of a power generation facility that had been in protective lay-up status for six years (meaning it was maintained and minimally staffed but not generating electricity). Greenidge's work included the installation of a natural gas pipeline to convert the primarily coal fired facility to one fueled by natural gas.

Ownership: Greenidge is a limited liability company. Atlas Capital Resources I has a majority interest in the Company.

Size: All facilities are located in Dresden, New York.

Market: Greenidge sells its generated electricity through the New York Independent System Operator ("NYISO"). NYISO operates competitive wholesale markets to manage the flow of electricity across New York ("NYS")

ESD Involvement: Greenidge serves as a needed source of energy, capacity, voltage support, and other valuable power generation-related services for industries, manufacturers, other business enterprises, and residents of the Finger Lakes Region ("Region"). Through Round 5 of the Regional Economic Development Council Consolidated Funding Application ("CFA") process, the Company was awarded a \$2 million grant award that filled a financing gap that allowed the project to move forward at the scope and timetable needed to succeed. Without significant NYS

assistance, the project would not have been feasible.

Competition: N/A

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

B. The Project

Completion: May 2017

Activity: The Company undertook construction, renovation and purchased new equipment that improved the plant's physical infrastructure by converting the coal-fired facility into one using natural gas ("NG"). The plant can use either 100% NG or reduced NG with up to 19% biomass co-firing, thus making the plant a cleaner power generator with reduced greenhouse gas emissions.

Results: The project will provide a needed source of energy, voltage support and other power generation services to the Region. The project includes permanent employment opportunities at entry-level, skilled, and other levels. Greenidge currently has 15 full-time employees and several part-time/seasonal workers. The project will also serve as a catalyst for further development of business and industry in the area that will afford employment opportunities.

**Infrastructure
Investment**

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

Grantee Contact: Dale Irwin, President
590 Plant Road
Dresden, NY 14441
Phone: (315) 536-2359

ESD Project No.: AA775

Project Team:	Origination	Helen Blum
	Project Management	Edward Muszynski
	Contractor & Supplier Diversity	Geraldine Ford
	Finance	Angela Pitto
	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 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.
4. Up to \$2,000,000 will be disbursed to Grantee upon documentation of construction/renovation, machinery and equipment, and soft project costs totaling \$12,925,000, 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 10, 2015, to be considered eligible project costs. All disbursements must be requested by April 1, 2019.
5. 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.
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 2015-2016 New York State budget and reappropriated in the 2016-2017 and 2017-2018 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 Department of Environmental Conservation (“DEC”), as lead agency, has completed an environmental review pursuant to the requirements of the State Environmental Quality Review Act (“SEQRA”) and the implementing regulations of the New York State Department of Environmental Conservation for the approval of the Greenidge Station reactivation and renewal/modification of the State Pollutant Discharge Elimination System (“SPDES”) permit. This review found the Greenidge Station reactivation and SPDES permit renewal/modification to be a Type I Action, which would not have a significant effect on the environment. DEC issued an Amended Negative Declaration on June 28, 2016. ESD staff reviewed the Amended Negative Declaration and supporting materials and concurs. In addition, on September 16, 2016, pursuant to Article VII of the Public Service Law, the New York State Department of Public Service issued an Order Granting a Certificate of Compatibility and Public Need for the Greenidge Pipeline Properties Corporation to construct a fuel gas transmission line, which constitutes a Type II action as defined under 6 NYCRR Part 617.5(c)(35). Accordingly, it is recommended that the Directors make a Determination of No Significant Effect on the Environment.

VI. Non-Discrimination and Contractor & Supplier Diversity

ESD’s Non-Discrimination and Contractor & 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 35% related to the total value of ESD’s funding.

VII. Smart Growth Public Infrastructure Review

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

VIII. ESD Employment Enforcement Policy

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

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

Project Finance Memorandum

June 29, 2017

Regional Council Award – Priority Project – Dresden (Finger Lakes Region – Yates County) – Greenidge Gas Conversion 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 Greenidge Gas Conversion Capital – Regional Council Capital Fund (Capital Grant) Project (the “Project”), the Corporation hereby determines pursuant to Section 10(g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that there are no families or individuals to be displaced from the project area; and be it further

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Greenidge Generation Holdings LLC a grant for a total amount not to exceed Two Million Dollars (\$2,000,000) from the Regional Council Capital Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

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

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

* * *

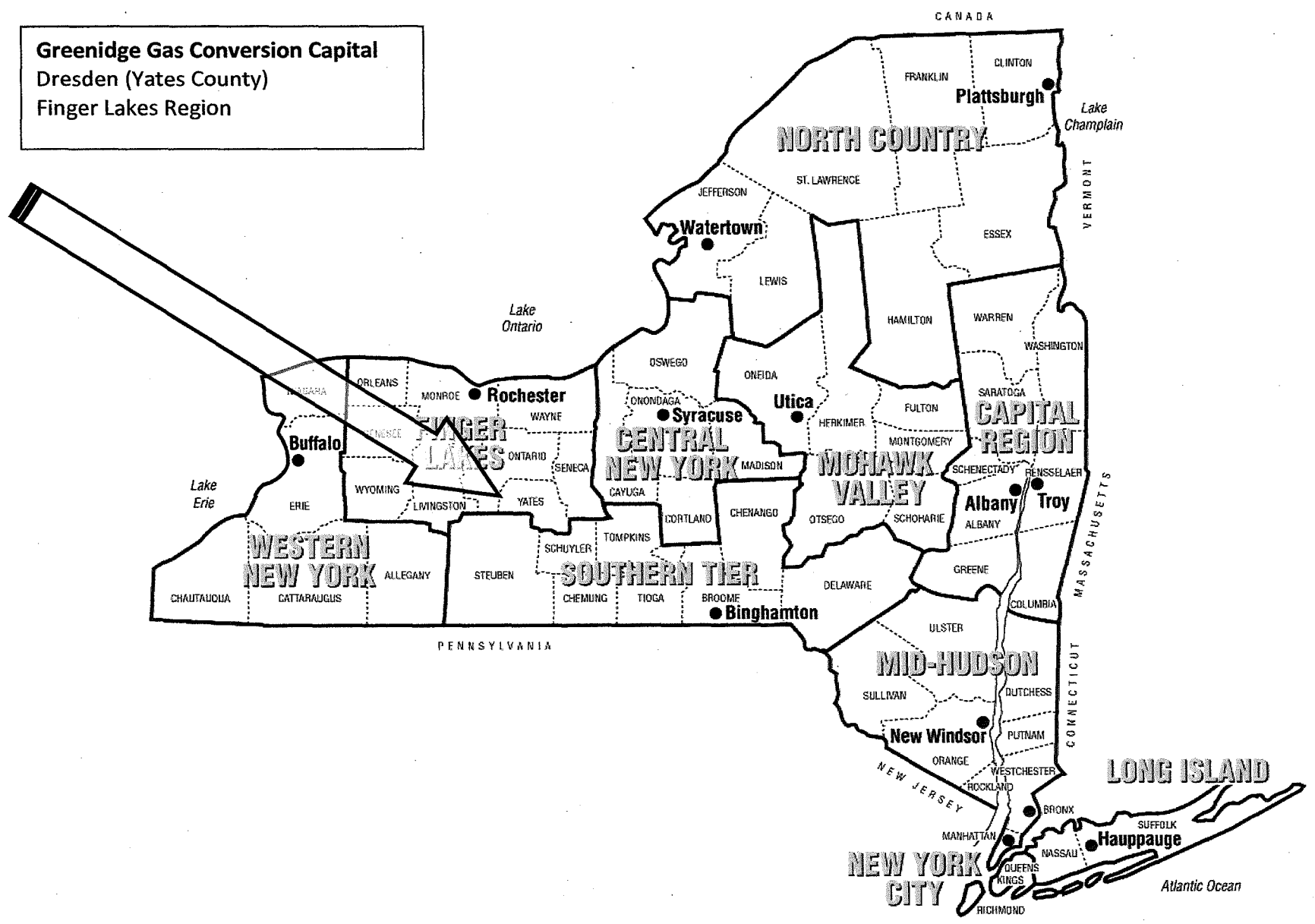
June 29, 2017

Regional Council Award – Priority Project – Dresden (Finger Lakes Region – Yates County) – Greenidge Gas Conversion 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 Greenidge Gas Conversion Capital – Regional Council Capital Fund (Capital Grant) Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

Greenidge Gas Conversion Capital
Dresden (Yates County)
Finger Lakes Region



Item II. F.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Fishkill (Mid-Hudson Region – Dutchess County) – GPSDC NY Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant)

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

General Project Plan

I. Project Summary

Grantee: GPSDC NY, Inc. (“Gap” or the “Company”)

ESD* Investment: A grant of up to \$2,650,000 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 Locations: 100 & 110 Merritt Boulevard, Fishkill, Dutchess County

Proposed Project: Clean-up of a destroyed distribution facility; construction and fit-out of a “pop-up” distribution facility, including IT infrastructure, machinery and equipment to restore distribution operations

Project Type: Relocation to a temporary facility, while the destroyed facility is restored and refurbished

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:	860
	Current employment level:	1,052
	Minimum employment through January 1, 2019:	860

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Infrastructure/Site Work	\$30,500,000
IT Infrastructure	1,893,000
Machinery and Equipment	750,000
Construction/Renovation	<u>120,000</u>
Total Project Costs	<u>\$33,263,000</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant (#AB890)	\$2,650,000	8%
Company Equity	<u>30,613,000</u>	<u>92%</u>
Total Project Financing	<u>\$33,263,000</u>	<u>100%</u>

III. Project Description

A. Company

Industry: Retail

Company History: Gap was founded in San Francisco in 1969 and is now one of the world's most iconic apparel and accessories brand, anchored in optimistic, casual, American Style. The focus of the global apparel retail company is to build the foundation of modern wardrobes through every stage of life. The Company offers apparel, accessories, and personal care products for men, women and children under the Gap, Banana Republic, Old Navy, Athleta, and Intermix brands. Gap connects to customers through physical, on-line and franchise stores across the world.

Ownership: Company is publicly held.

Size: Over the last 46 years, Gap has grown into a global business including five brands, 3,300 company-operated stores, almost 400 franchise stores, and e-commerce market.

Market: Worldwide apparel retail industry

ESD Involvement: Gap Inc. distribution center suffered a terrible fire in August 2016, shortly

before their holiday peak season. ESD offered an incentive to the Company, in an effort to assist with its rebuild, where timing was critical. The fire effectively ended operations for one of the buildings located on the Gap Inc. Fishkill Distribution Campus. The construction of the temporary "pop-up" facility, inside another building not affected by the fire on the campus, allowed for many employees to return to work. Once the site is complete, all employees will resume their normal schedules.

Competition: NA

Past ESD Support: Since 2000, the Company has received \$3,860,000 for several capital and working capital projects and \$15,220,000 in Excelsior Tax credits.

B. The Project

Completion: December 2016

Activity: The project involved the cleanup of debris from the fire, construction of a pop-up distribution facility in the interim, and rebuilding the facility, including acquisition of machinery and equipment, as well as IT infrastructure to resume distribution operations. The new technologies to be installed will increase efficiencies in both production and energy usage at the facility, allowing Gap to continue expanding and investing in the Fishkill facilities and personnel.

Results: Retain 860 existing jobs.

Grantee Contact: Scott Wade, Sr. Director Tax, Global Business Incentives
4400 Masthead Street
Albuquerque, NM 87109
Phone: (505) 562-0152

ESD Project No.: AB890

Project Team:	Origination	Meghan Taylor
	Project Management	Anna Franzini
	Contractor & Supplier Diversity	Denise Ross
	Finance	John Bozek
	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 \$2,650,000 capital grant (\$26,500) 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.
4. Prior to disbursement, the Company must employ at least the number of Full-time Permanent and Seasonal 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.

A Full-time Seasonal Employee shall mean (a) a full time, private sector employee (or self-employed person) 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 providing annually recurring seasonal services that would otherwise be provided by a Full-time Permanent Employee or (b) two part-time, private-sector employees (or self-employed persons) on the 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 providing annually recurring seasonal services that would otherwise be provided by a Part-time Permanent Employee.

5. Up to \$2,650,000 will be disbursed to Grantee upon documentation of site work, machinery and equipment acquisition and construction/renovation project costs totaling \$33,263,000, as evidenced by a certificate of occupancy, and documentation of the employment of at least 860 Full-Time Permanent and Seasonal 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. Expenditures incurred prior to September 1, 2016 are not eligible project costs. All disbursements must be

requested by April 1, 2019.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$2,650,000, 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 and Seasonal 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 and Seasonal 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	860
A	B
Reporting Date	Employment Goals
February 1, 2018	860
February 1, 2019	860

IV. Statutory Basis

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms.
As a result of this project, the Company will maintain its employment level of 860, including retention of 545 jobs which were at risk of elimination because the destroyed distribution facility.

2. The proposed project would be unlikely to take place in New York State without the requested assistance.
ESD's assistance helped to reduce costs and make the project feasible in New York.

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

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 \$11,900,829;
- Fiscal cost to NYS government is estimated at \$2,650,000;
- Project cost to NYS government per direct job is \$7,568;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$5,868;

- Ratio of project fiscal benefits to costs to NYS government is 4.49:1;
- Fiscal benefits to all governments (state and local) are estimated at \$21,777,701;
- Fiscal cost to all governments is \$2,650,000;
- All government cost per direct job is \$7,568;
- All government cost per total job is \$5,868;
- The fiscal benefit to cost ratio for all governments is 8.22:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$159,499,068, or \$353,174 per job (direct and indirect);
- The economic benefit to cost ratio is 60.19:1;
- Project construction cost is \$30,620,000, which is expected to generate 205 direct job years and 103 indirect job years of employment;
- For every permanent direct job generated by this project, an additional 0.30 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is two years.

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

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

V. Environmental Review

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

VI. Non-Discrimination and Contractor & Supplier Diversity

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified Minority and Women-owned Business Enterprises in the performance of ESD projects. For purposes of this Project, however, project performance has already been completed, and therefore, MWBE participation goals cannot be established.

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

June 29, 2017

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

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

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

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to GPSDC NY, Inc. a grant for a total amount not to exceed Two Million, Six Hundred and Fifty Thousand Dollars (\$2,650,000) from the Empire State Economic Development Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of

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

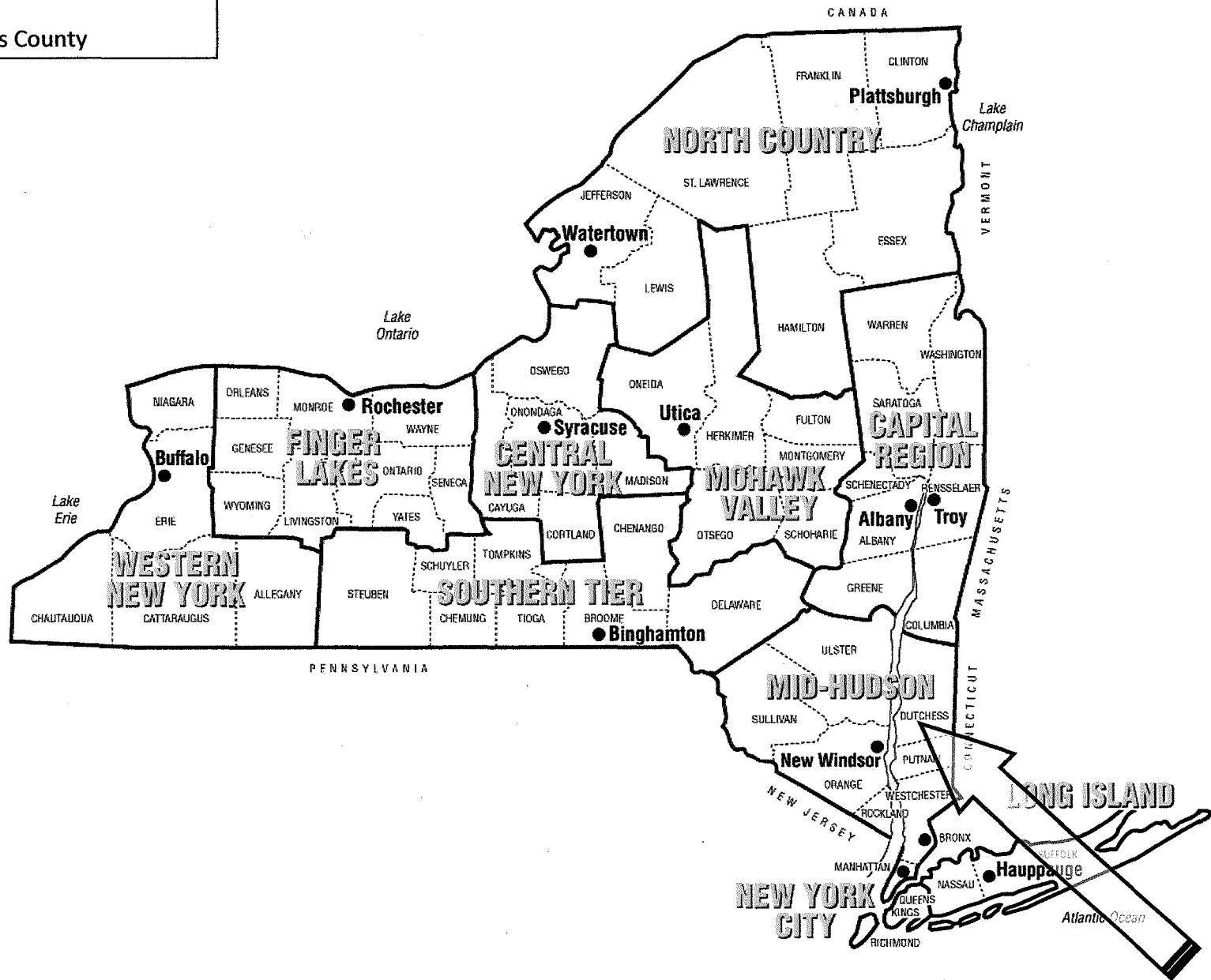
RESOLVED, that the President and Chief Executive Officer or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in the administration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

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

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

* * *

GPSDC NY Capital
Fishkill
Dutchess County



**Project Summary
Benefit-Cost Evaluation¹**

GPSDC NY, Inc. – Business Investment

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

Initial Jobs: 860 (545 retained)
New Jobs: 0

Construction Job Years (Direct): 205
Construction Job Years (Indirect): 103

Evaluation Statistics	Project Results NYS Gov't.	NYS Gov't. Benchmarks²	Project Results State & Local Government	State & Local Government Benchmarks
Fiscal Costs³	\$2,650,000	\$794,250	\$2,650,000	\$1,020,500
Fiscal Benefits⁴	\$11,900,829	\$2,085,600	\$21,777,701	\$4,271,980
Fiscal Cost /Direct Job	\$7,568	\$3,000	\$7,568	\$4,110
Fiscal Cost/Total Jobs	\$5,868	\$1,424	\$5,868	\$1,964
Fiscal B/C Ratio	4.49	7.00	8.22	10.60
	Project Results	Benchmarks		
Economic Benefits⁵	\$159,499,068	\$119,468,000		
Econ. Benefits/Total Jobs	\$353,174	\$147,600		
Economic B/C Ratio	60.19	75.00		

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

² The current project evaluation results (both fiscal and economic) are compared to performance measure benchmarks based on results of a sample of ESD non-retail projects. Business Investment project benchmarks are 7.00 (Fiscal) and 75.00 (Economic). Infrastructure Investment (or Economic Growth Investment) project benchmarks are 3.00 (Fiscal) and 30.00 (Economic).

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

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

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

Item II. G.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – Priority Project - Yonkers (Mid-Hudson Region – Westchester County) – Glenwood POH 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;
Determination of No Significant Effect on the Environment

General Project Plan

I. Project Summary

Grantee: The Plant Powerhouse, LLC (“Plant” or the “Company”)

ESD* Investment: A grant of up to \$1,000,000 to be used for a portion of the cost of building structural stabilization, priority utility work and access improvements

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

Project Location: 45-45A Water Grant, Yonkers, Westchester County

Proposed Project: Pre-development work, building acquisition, site prep and stabilization, asbestos remediation and interior demolition, including engineering, environmental and preliminary design studies

Project Type: Commercial facility improvements

Regional Council: The project is consistent with the Mid-Hudson Regional Economic Development Council’s Plan to help municipalities along the Hudson River to create opportunities for economic growth.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Real Estate Acquisition	\$2,733,860
Demolition	2,405,608
Environmental Remediation	869,215
Site Stabilization	3,521,787
Design Services	1,956,684
Accounting, Legal, Marketing, Economists, Historic & Art Consultants	1,171,311
Insurance, Real Estate Taxes	<u>4,243,957</u>
Total Project Costs	<u>\$16,902,422</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$1,000,000	6%
Company Equity	<u>15,902,422</u>	<u>94%</u>
Total Project Financing	<u>\$16,902,422</u>	<u>100%</u>

III. Project Description

A. Company

Industry: Real Estate Development

Company History: The Plant Powerhouse, LLC was formed in 2015 to oversee the development of the Glenwood Power Plant project.

Ownership: Plant is majority-owned by Lela Goren, Founder and President of the Goren Group, LLC.

Size: The real estate company is located in New York City, NY.

Market: Real Estate

ESD Involvement: The Glenwood Power Plant ("Site") has long been a blight in Downtown Yonkers. Situated in the waterfront, the Glenwood Power Plant sits on two acres overlooking the Hudson River and the New Jersey Palisades. The Site includes the Rotary Building, Turbine Hall and the Smokestack Building, constructed in 1907 and abandoned in the mid-1970. The development plan contemplates three phases:

- Phase I - Pre-development work, building acquisition, site prep

and stabilization, asbestos remediation and interior demolition, including environmental, engineering and preliminary design studies

- Phase II - Rehabilitation of Turbine Hall ("Hall") and activation of the entire Site including reinforcing steel beams and columns inside the Hall. Additionally, Phase II includes installation and upgrades of windows, staircases, electric and plumbing, as well as life safety features. This phase also includes Site improvements including construction a north entry plaza, pedestrian ramp from the adjacent Metro North station, loading area and parking.
- Phase III – Restoration and fit-out the Smokestack Building including the 270-foot-high pair of chimney stacks, construction of a south plaza, second loading dock, and second pedestrian ramp to allow access directly into the Glenwood Metro North station.

As a result of the Governor's Regional Economic Development Council initiative, in 2016, the Plant was awarded a \$1,000,000 capital grant through Round 2 of the Consolidated Funding Application process which allowed the project to proceed.

Competition: N/A

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

B. The Project

Completion: December 2016

Activity: The Company has completed the main piece of Phase I of the project which includes building structural stabilization. Additional work included: removal of debris and equipment from the Site; roof repairs; filling the underground tunnel system that brought river water into the buildings; repairs to the pedestrian bridge, mezzanine railing, and safety railings; asbestos removal; graded Site to level off access points, constructed an access road and vehicular bridge, renovations to the interior of the Rotary Building, and the restoration of four historic rotaries.

Results: As a result of the project, the Glenwood Power Plant structures will be preserved and redeveloped into a multi-use event and exhibition space. The project reactivates a long-dormant section of the Hudson River Waterfront for the community and for commerce encouraging additional waterfront development/redevelopment projects in Yonkers and Westchester County.

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: Lela Goren, Owner
The Plant Powerhouse LLC
31 West 11th Street, Suite 1A
New York, NY 10011
Phone: (917) 846-6318

ESD Project No.: Y307

Project Team:	Origination	Meghan Taylor
	Project Management	Javier Roman-Morales
	Contractor & Supplier Diversity	Denise Ross
	Finance	Angela Pitto
	Design & Construction	Joseph Macaluso
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Company shall pay a commitment fee of 1% of the \$1,000,000 capital grant (\$10,000) 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 Goren Group, LLC will guarantee the grant repayment obligation of its subsidiary, The Plant Powerhouse, 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 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.
5. Up to \$1,000,000 will be disbursed to Grantee in a lump sum upon completion of the project substantially as described in these materials, upon, documentation of project costs totaling \$16,902,422, as evidenced by a certificate of occupancy and/or other documentation verifying project completion, 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 reimbursed by ESD's grant must be incurred on or after December 19, 2012, to be considered eligible project costs. All disbursements must be requested by April 1, 2018.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$1,000,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.
7. 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 2012-2013 New York State budget and reappropriated in the 2013-2014, 2014-2015, 2015-2016, 2016-2017 and 2017-2018 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

V. Design and Construction

ESD staff will review the project budget, plans, and specifications, along with the other documents that ESD may require for scheduled payment projects. Submission of Payment Requisitions to ESD will be made according to disbursement terms outlined in the Grant Disbursement Agreement.

VI. Environmental Review

ESD staff has determined that the approval of funding to be used for a portion of the cost of pre-development work, building acquisition, site prep, building stabilization, asbestos remediation, interior demolition, and environmental, engineering and preliminary design studies for the redevelopment of the Glenwood Power Plant constitutes a Type II action as defined in the New York State Environmental Quality Review Act ("SEQRA"), and therefore no environmental review is required in connection with the approval. Any future redevelopment of the Glenwood Power Plant will be subject environmental review under SEQRA prior to implementation.

Due to the site's eligibility for listing in the State and National Registers of Historic Places, ESD has confirmed that the project sponsor initiated preliminary consultation with the New York State Office of Parks, Recreation and Historic Preservation ("OPRHP") pursuant to Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law. Plans for any future redevelopment of the site will be reviewed by OPRHP as they are developed pursuant to a potential commercial rehabilitation tax credit application.

VII. 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 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 Minority and Women Business Enterprise ("MWBE") Participation Goal of 33% related to the total value of ESD's funding.

VIII. ESD Employment Enforcement Policy

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

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
Project Finance Memorandum

June 29, 2017

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

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

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

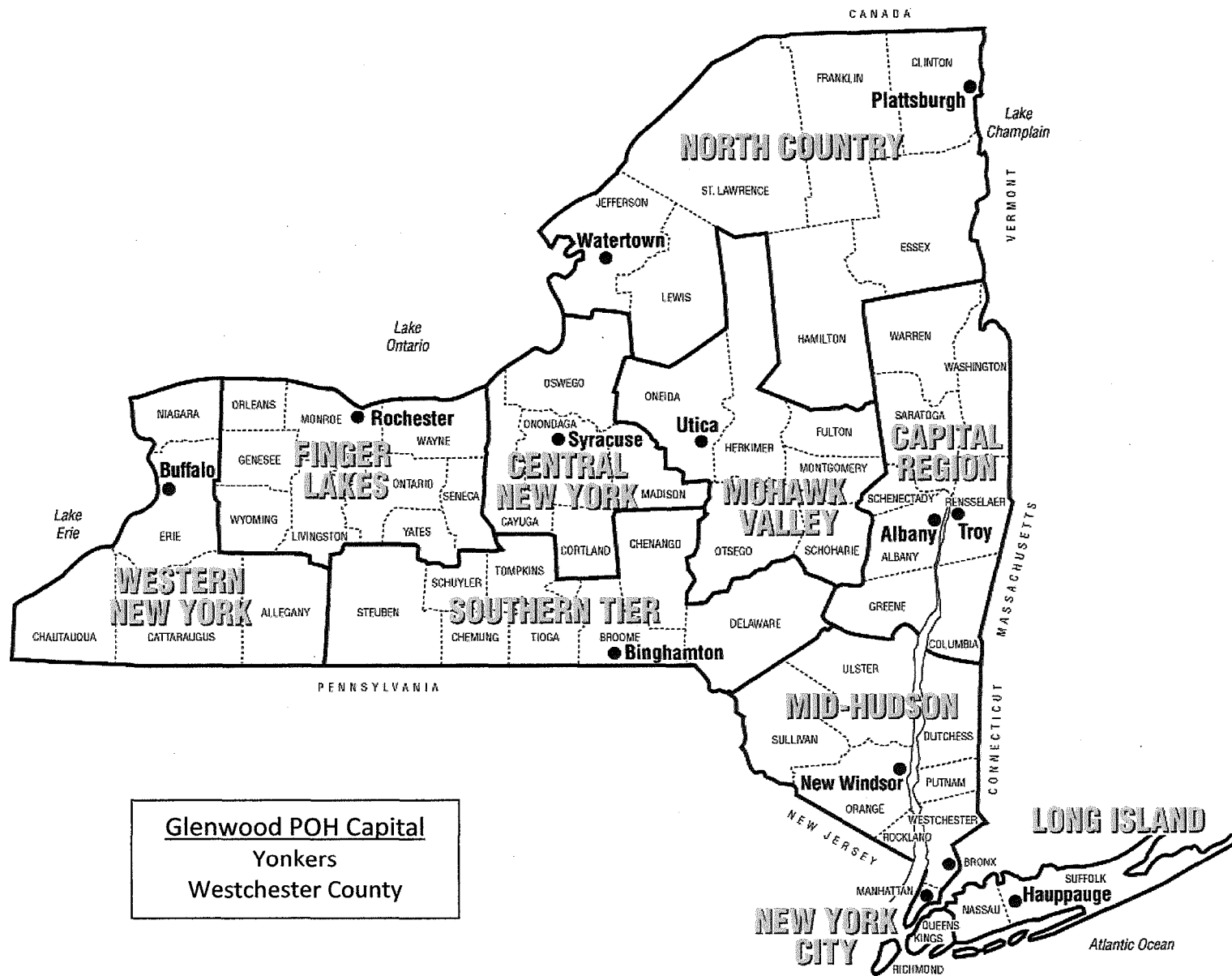
RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in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

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

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

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

* * *



Glenwood POH Capital
 Yonkers
 Westchester County

Item II. H.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – Priority Project – Buffalo (Western New York Region – Erie County) – NFTA Rail Car Rebuild 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: Niagara Frontier Transportation Authority (“NFTA”)

ESD* Investment: A grant of up to \$780,000 to be used for a portion of the cost of railcar construction and renovation

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

Project Location: Main Street between University at Buffalo South Campus and Canalside, Buffalo, Erie County

Proposed Project: The project involves the rebuild of four light rail rapid transit vehicles

Project Type: Light rail/transportation improvements

Regional Council: The project is consistent with the Western New York Regional Economic Development Council (the “Council”) Plan as it focuses on building target industry sectors and strengthening economic competitiveness with focus on connecting people of all economic classes to jobs through efficient and reliable public transportation.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>	
Railcar Construction/Renovation	\$3,524,034	
Architectural/Engineering/Soft costs	<u>1,316,846</u>	
Total Project Costs	<u>\$4,840,880</u>	
<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$780,000	16%
Company Equity	<u>4,060,880</u>	<u>84%</u>
Total Project Financing	<u>\$4,840,880</u>	<u>100%</u>

III. Project Description

A. Company

Industry: Public Transit and Aviation

Company History: The NFTA was created by an Act of the New York State Legislature in 1967 as a public benefit corporation to promote the development and improvement of transportation and related services within the Niagara Frontier transportation district. The Niagara Frontier Transit Metro System, Inc. ("NFTA-Metro") was created as part of the NFTA in 1974 to provide mass transportation services to the Niagara Frontier. As a multi-modal transportation authority, the NFTA operates a number of transportation related business centers including aviation, surface transportation and property management.

Ownership: The NFTA is governed by a 13 member Board of Commissioners ("Board") appointed by the Governor of New York State, with the consent of the New York State Senate. The Board governs and sets policy for the NFTA. The Executive Director, subject to policy direction and delegation from the Board, is responsible for all activities of the NFTA

Size: The NFTA has approximately 1,500 employees in Erie and Niagara counties, an annual operating budget of approximately \$220 million and an annual capital program of approximately \$100 million. Annually, NFTA-Metro transports approximately 26 million passengers across 1,575 square miles on 320 buses, 27 light rail cars, and 74 demand response vehicles. The Buffalo and Niagara Falls International Airports serve approximately 5.5 million passengers each year.

ESD Involvement: In 2014, the NFTA completed a Consolidated Funding Application (“CFA”) for funding to rebuild light rail vehicles. The project was not funded as part of the initial awards due to the funding request of \$3,000,000 which was not available in that funding round. In 2015, the NFTA submitted a down sized project requesting \$780,000 to fill a financing gap. In June 2015, the Council approved reallocating funds from a previously funded project that did not move forward, the Buffalo Niagara International Airport Parking Lot project, to the Railcar Rebuild project. Without ESD assistance, NFTA would not have sufficient funds to complete the project.

Past ESD Support: Funding for the past five years to the Grantee, totaling \$1,010,000 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	X672	\$970,000	September 17, 2015	June 2015	Capital – Master Plan for Niagara Falls International Airport
UCDP - RC 3 Strat Planning	Y872	\$40,000	December 17, 2015	October 2016	Working Capital – Planning and Feasibility Study

B. The Project

Completion: April 2017

Activity: The project will rebuild NFTA’s light rail vehicles and extend the useful life of the vehicles for another 20 years. The project will address the issue of safe, reliable transportation for the current 20,000 weekly riders that depend on NFTA-Metro to get to work, school, medical appointments or other destinations in and around the City of Buffalo Main Street Knowledge corridor. Hitachi Rail USA, Inc. is the prime contractor for this project operating from a facility in Dansville, NY and the primary subcontractor, Gray Manufacturing Industries, LLC is located in Hornell, NY and Arkport, NY.

Results: The project is necessary to operate Metro's Light Rail Rapid Transit system, and will modernize Metro's light rail vehicles. The rebuilt vehicles will have improved lighting, electronic announcements, updated electrical systems, and new seating. A modernized fleet keeps the system more efficient, economical, safe, reliable, and comfortable for riders and operators alike. It will allow the NFTA to reduce maintenance and operating costs and will meet NFTA's goals of reducing regional greenhouse gas emissions, and facilitate continued development.

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: Mr. Darren Kempner, Manager, Grants and Government Affairs
181 Ellicott Street
Buffalo, New York 14203
Phone: (716) 855-7305

ESD Project No.: AA259

Project Team:	Origination	Ray Witzleben
	Project Management	Cheryl Krazmien
	Contractor & Supplier Diversity	Geraldine Ford
	Finance	Jonevan Hornsby
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Grantee shall pay a commitment fee of 1% of the \$780,000 capital grant (\$7,800) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Grantee will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed 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. Up to \$780,000 will be disbursed to Grantee in a lump sum upon completion of the project substantially as described in these materials, and upon documentation verifying

project expenditures of \$4.8 million, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenditures must be incurred on or after February 3, 2016 to be considered eligible project costs. All disbursements must be requested by April 1, 2019.

5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$780,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

IV. Statutory Basis – Regional Council Capital Fund

The funding was authorized in the 2015-2016 New York State budget and reappropriated in the 2016-2017 and 2017-2018 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 ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required in connection with the project.

VI. Non-Discrimination and Contractor & Supplier Diversity

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

June 29, 2017

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

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Niagara Frontier Transportation Authority a grant for a total amount not to exceed Seven Hundred Eighty Thousand Dollars (\$780,000) from the Regional Council Capital Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

RESOLVED, that the President and Chief Executive Officer 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

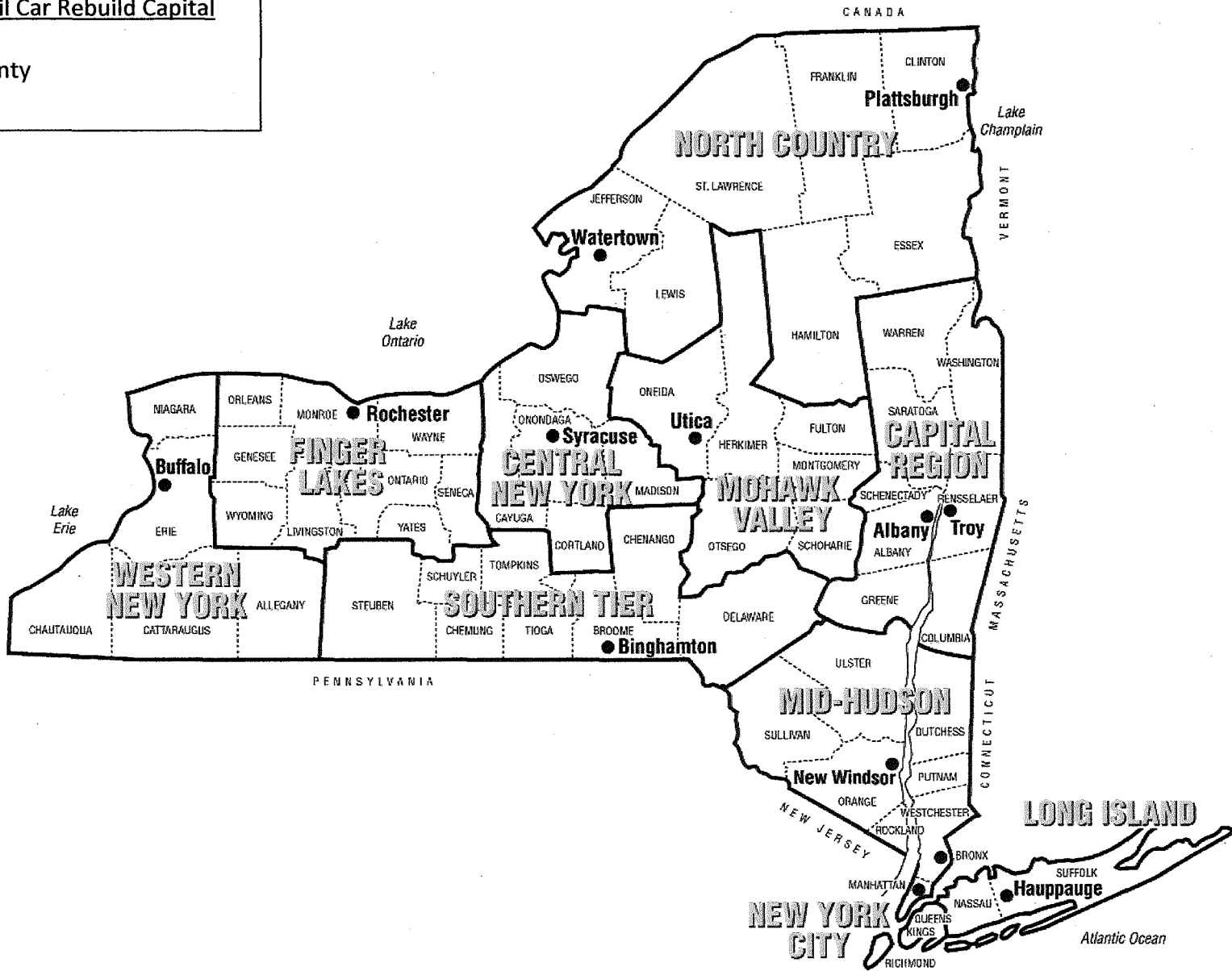
them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

* * *

NFTA Rail Car Rebuild Capital

Buffalo

Erie County



NFTA Railcar Rebuild Capital, AA259





Item II. I



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Buffalo (Western New York Region – Erie County) – General Mills Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant)

REQUEST FOR: Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

General Project Plan

I. Project Summary

Grantee: General Mills Operations, LLC (“GMO” or the “Company”)

ESD* Investment: A grant of up to \$500,000 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 Location: 54 South Michigan Avenue, Buffalo

Proposed Project: Increase cereal production capacity, purchase of new machinery and equipment, building renovation and design and planning

Project Type: Business expansion involving job retention

Regional Council: The Western New York Regional Economic Development Council has been made aware of this item. The project is consistent with the Western New York Regional Economic Development Council as it retains jobs.

Employment: Initial employment at time of ESD Incentive Proposal: 417
 Current employment level: 395
 Minimum employment through January 1, 2020: 395

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Building Renovation	\$5,000,000
Machinery and Equipment	15,000,000
Design and Planning	<u>4,000,000</u>
Total Project Costs	<u>\$24,000,000</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$500,000	2%
Company Equity	<u>23,500,000</u>	<u>98%</u>
Total Project Financing	<u>\$24,000,000</u>	<u>100%</u>

III. Project Description

A. Company

Industry: Manufacturer of cereal products

Company History: General Mills, the parent to GMO, was founded in 1928 and manufactures and markets branded consumer foods in the United States and internationally. It also supplies food products to the foodservice and commercial baking industries. General Mills is headquartered in Minneapolis, with additional plants worldwide, including Buffalo. Iconic brands include Cheerios, Betty Crocker, Pillsbury, Haagen-Dazs and Cascadian Farm. The Buffalo facility was established in 1939 and is one of General Mills' oldest plants, which currently produces General Mills' brand cereals and flour.

Ownership: The Company is a subsidiary of General Mills, a publicly traded company.

Size: General Mills has plants worldwide. The Buffalo location has 395 employees and worldwide employment of 39,000.

Market: General Mills sells its products including those produced at the Buffalo facility nationally through traditional grocery stores, club channels, large box outlets and other outlets that sell products directly to the end consumer. Competitors are other food manufacturers within its extensive portfolio of products.

ESD Involvement: General Mills came to ESD in late 2015 seeking assistance to increase its cereal production capacity. The cereal business is down in general and

also down at General Mills. The Buffalo plant has been at risk for many years with it being the Company's oldest cereal plant built in 1910 and the only unionized plant that is still open. The last unionized plants closed, and the Company needed to shift production of cereal to another plant. ESD responded with an incentive offer of \$500,000 which General Mills accepted.

Competition: Cincinnati, OH, Cedar Rapids, IA, Albuquerque, NM and Covington, GA

Past ESD Support: The Grantee has not received any ESD funding within the past five years.

B. The Project

Completion: January 2017

Activity: The project involved the installation of upgraded bulk ingredient equipment, expanded product processing and drying equipment, upgraded packaging equipment (including metal detection, scales and carton gluing equipment), as well as finished product handling vehicles for its warehouse in order to make cereal products in Buffalo and increase cereal production capabilities.

Results: The project will retain 395 jobs.

Grantee Contact: Ms. Andrea Siebert, Financial Operations Manager - Buffalo
54 South Michigan Avenue
Buffalo, New York 14203
Phone: (716) 857-3505

ESD Project No.: AA318

Project Team:	Origination	Ray Witzleben
	Project Management	Cheryl Krazmien
	Contractor & Supplier Diversity	Geraldine Ford
	Finance	Angela Pitto
	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.
4. Prior to disbursement, the Company must employ at least the number of Full-time Permanent Employees set forth as the Baseline Employment in the table below. A Full-time Permanent Employee shall mean (a) a full-time, permanent, private-sector employee on the Grantee's payroll, who has worked at the Project Location for a minimum of thirty-five hours per week for not less than four consecutive weeks and who is entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties; or (b) two part-time, permanent, private-sector employees on Grantee's payroll, who have worked at the Project Location for a combined minimum of thirty-five hours per week for not less than four consecutive weeks and who are entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties.
5. Up to \$500,000 will be disbursed to Grantee in a lump sum upon documentation verifying project expenditures of at least \$20 million, documentation of the employment of at least 395 Full-time Permanent Employees at the Project Location, and any other documentation that ESD may require, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenditures must be incurred on or after December 28, 2015 to be considered eligible project costs. All disbursements must be requested by April 1, 2018.
6. 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.
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%) [if prior default, can recommend: one hundred percent (100%)] 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	395
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A	B
Reporting Date	Employment Goals
February 1, 2018	395
February 1, 2019	395
February 1, 2020	395
February 1, 2021	395
February 1, 2022	395

IV. Statutory Basis

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms.

As a result of this project, the Company will maintain its employment level of 395, including retention of 15 jobs which were at risk of relocation to another state.

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

Without ESD assistance, this project would likely have been relocated to an existing facility in Ohio, Iowa, New Mexico or Georgia.

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

Business Investment

Benefit-Costs Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment, and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits 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 \$19,264,909;
- Fiscal cost to NYS government is estimated at \$500,000;
- Project cost to NYS government per direct job is \$2,652;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$1,219;
- Ratio of project fiscal benefits to costs to NYS government is 38.33:1;
- Fiscal benefits to all governments (state and local) are estimated at \$33,584,451;
- Fiscal cost to all governments is \$500,000;
- All government cost per direct job is \$2,652;
- All government cost per total job is \$1,219;
- The fiscal benefit to cost ratio for all governments is 67.17:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$257,589,712, or \$627,953 per job (direct and indirect);
- The economic benefit to cost ratio is 515.18:1;
- Project construction cost is \$6,250,000, which is expected to generate 55 direct job years and 35 indirect job year of employment;
- For every permanent direct job generated by this project, an additional 1.18 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is two years.

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

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

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

V. Environmental Review

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

VI. Non-Discrimination and Contractor & Supplier Diversity

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 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

June 29, 2017

Buffalo (Western New York Region – Erie County) – General Mills Capital – Empire State Economic Development Fund Capital – General Development Financing (Capital Grant) Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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

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

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Genarl Mills Operations, LLC a grant for a total amount not to exceed Five Hundred Thousand Dollars (\$500,000) from the Empire State Economic Development Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation

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

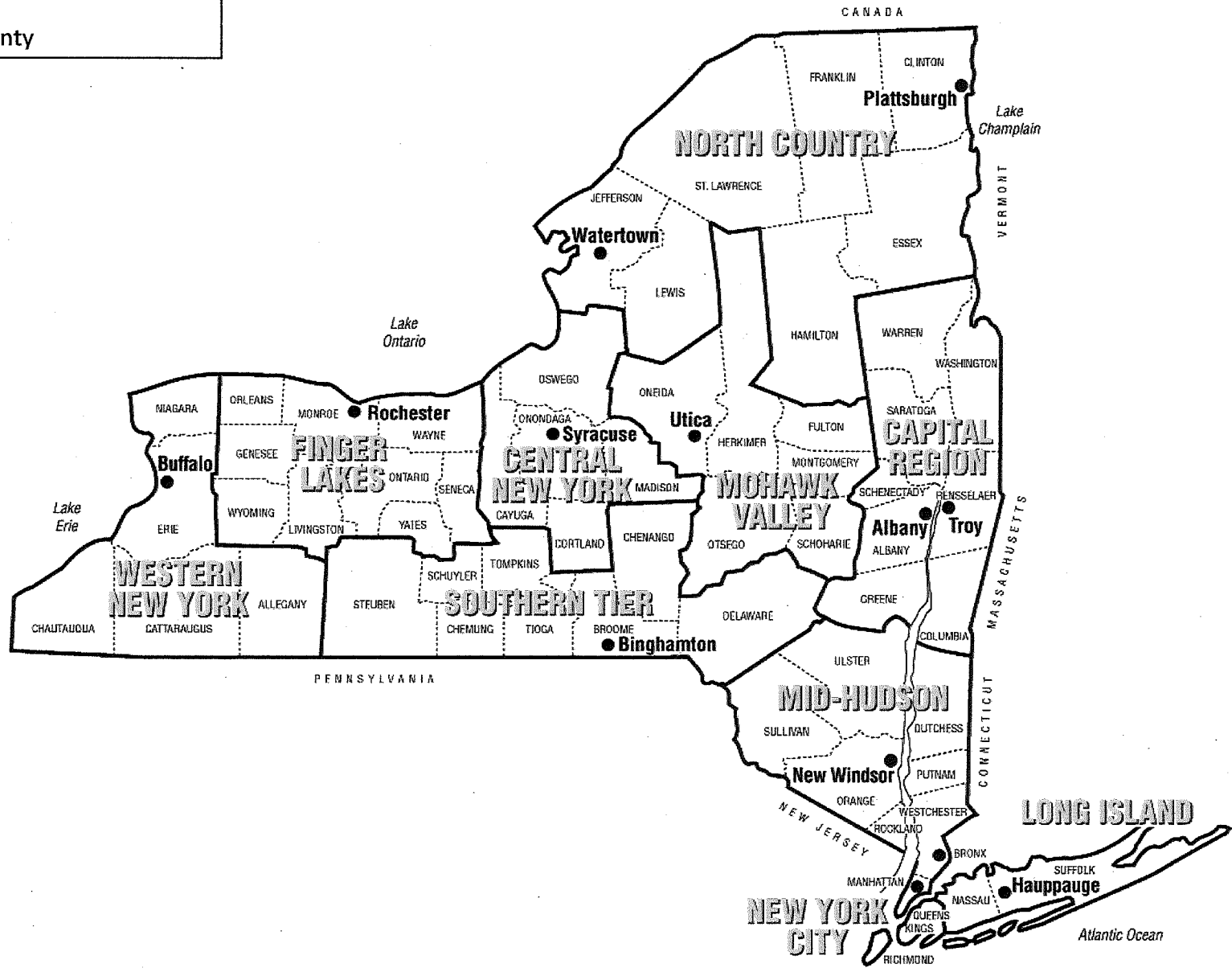
RESOLVED, that the President and Chief Executive Officer or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in the administration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

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

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

* * *

General Mills Capital
 Buffalo
 Erie County



Benefit-Cost Evaluation¹

General Mills Operations, LLC – Business Investment

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

Initial Jobs:	395	Construction Job Years (Direct):	55
New Jobs:	0	Construction Job Years (Indirect):	35

Evaluation Statistics	Project Results NYS Gov't.	NYS Gov't. Benchmarks ²	Project Results State & Local Government	State & Local Government Benchmarks
Fiscal Costs³	\$500,000	\$794,250	\$500,000	\$1,020,500
Fiscal Benefits⁴	\$19,264,909	\$2,085,600	\$33,584,451	\$4,271,980
Fiscal Cost /Direct Job	\$2,652	\$3,000	\$2,652	\$4,110
Fiscal Cost/Total Jobs	\$1,219	\$1,424	\$1,219	\$1,964
Fiscal B/C Ratio	38.53	7.00	67.17	10.60
	Project Results	Benchmarks		
Economic Benefits⁵	\$257,589,712	\$119,468,000		
Econ. Benefits/Total Jobs	\$627,953	\$147,600		
Economic B/C Ratio	515.18	75.00		

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

² The current project evaluation results (both fiscal and economic) are compared to performance measure benchmarks based on results of a sample of ESD non-retail projects. Business Investment project benchmarks are 7.00 (Fiscal) and 75.00 (Economic). Infrastructure Investment (or Economic Growth Investment) project benchmarks are 3.00 (Fiscal) and 30.00 (Economic).

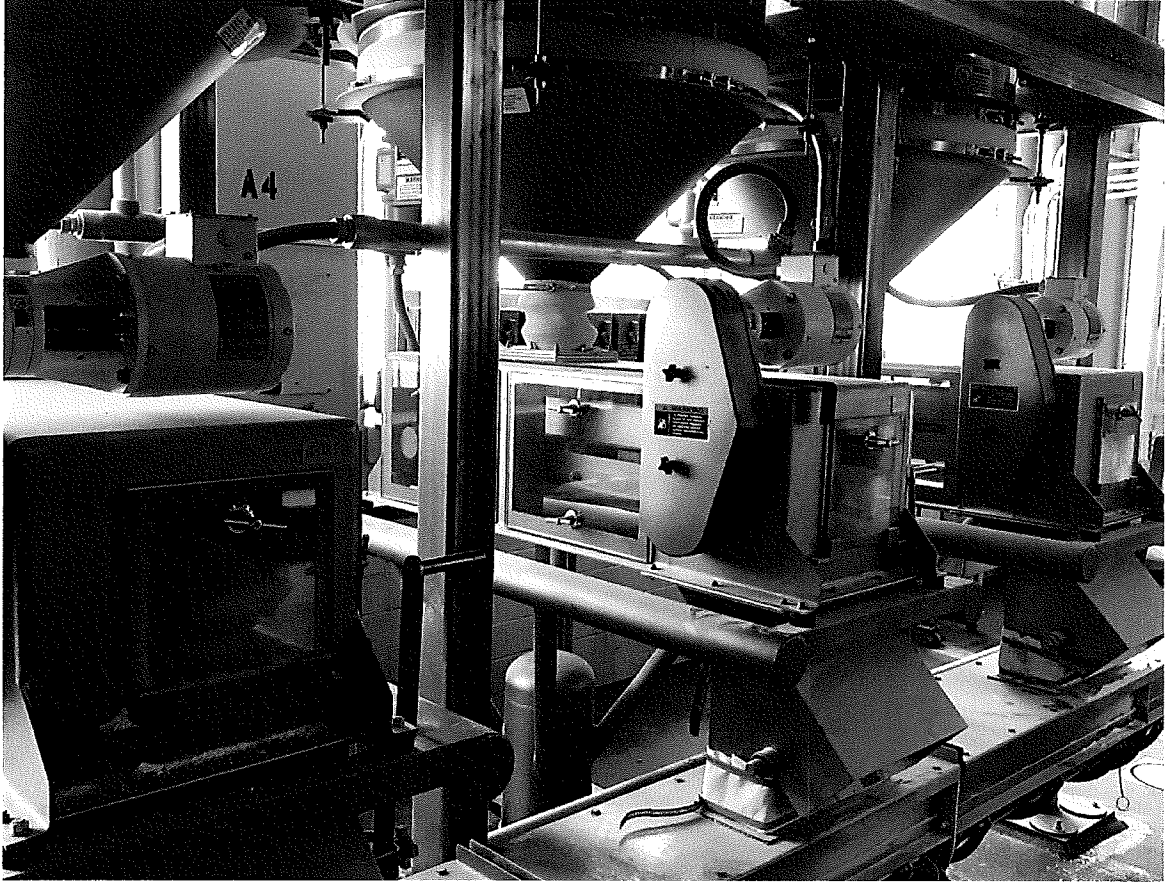
³ Fiscal cost includes the value of grants, loans and associated default risks, and discretionary subsidies (such as tax exemptions or abatements on sales, property, and interest income).

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

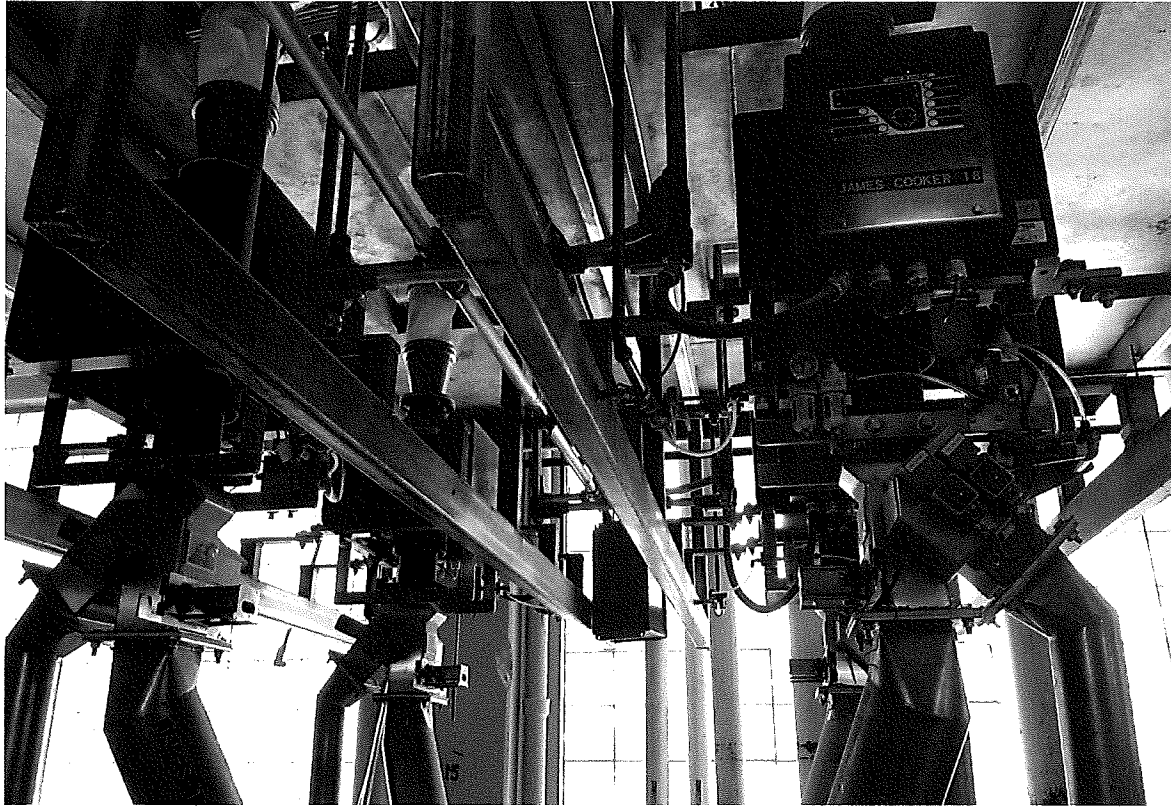
⁵ Economic benefits are estimated project benefits measuring fiscal flows to government plus net resident disposable income from project direct and indirect employment net of transfers, without adjusting for individual income earners' opportunity cost of employment.

General Mills Capital, AA318

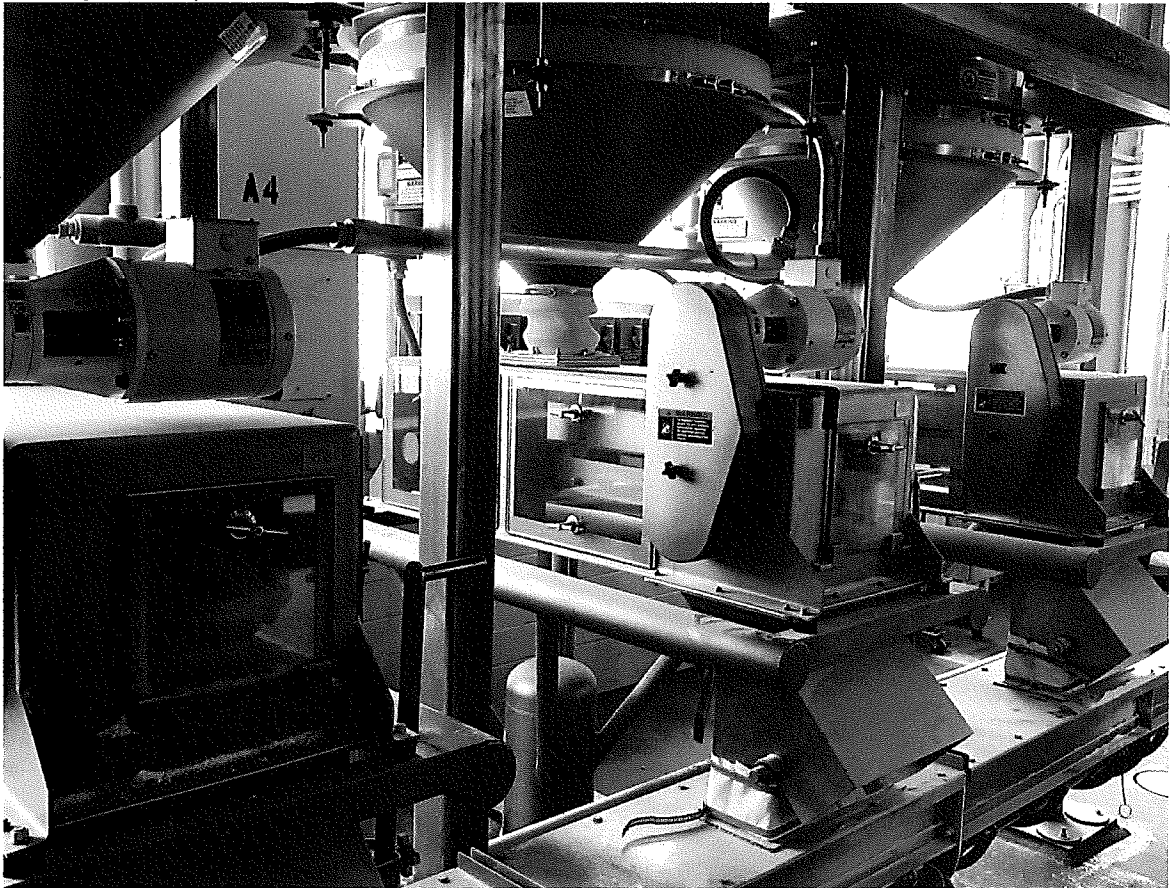
Chex Dryer



Chex Pellet Metal Detection



Chex Ingredient System Modifications



Item II. J.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Van Buren (Central New York Region – Onondaga County) – Tessy Plastics ADPO Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant)

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

General Project Plan

I. Project Summary

Grantee: Tessy Plastics Corp. (“Tessy” or the “Company”)

ESD* Investment: A grant of up to \$10,000,000 to be used for a portion of the cost of construction

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

Project Locations: 7474 State Fair Boulevard, Van Buren, Onondaga County*
700 Visions Drive, Skaneateles, Onondaga County
488 Route 5 West, Elbridge, Onondaga County

*Project activity site; others are job-retention sites

Proposed Project: Tessy Plastics will add a 248,000-square-foot manufacturing facility to the existing 270,000-square-foot assembly and warehouse operation in Van Buren, NY. Project includes construction, purchase of manufacturing equipment, and electrical infrastructure upgrades.

Project Type: New manufacturing facility to allow for business expansion involving job retention and creation

Regional Council: The Central NY Regional Economic Development Council has been made aware of this item. The Incentive Proposal was accepted in May 2016. The project is consistent with the Central NY Regional Economic Development Council Plan of Advanced Manufacturing.

Employment: Initial employment at time of ESD Incentive Proposal: 808
Current employment level: 971
Minimum employment on January 1, 2020: 858

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction	\$16,485,924
Machinery & Equipment	14,018,578
Furniture, Fixtures & Equipment	665,303
Indirect/Soft Costs	<u>497,816</u>
Total Project Costs	<u>\$31,667,621</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$10,000,000	32%
M&T – Line of Credit	2,000,000	6%
Company Equity	<u>19,667,621</u>	<u>62%</u>
Total Project Financing	<u>\$31,667,621</u>	<u>100%</u>

III. Project Description

A. Company

Industry: Plastics manufacturer

Company History: Founded in 1973 by Henry Beck Tessy Plastics Corp. is an innovative injection mold plastics manufacturer. The Company started in a 12,000 square foot facility in Elbridge, now called the "East" plant, which has expanded to 110,000 square feet. In 2000, the "West plant was constructed and has been expanded to 220,000 square feet and in 2010 the "South" plant was constructed and expanded to 194,000 square feet. Also, in 2010 Tessy purchased a 270,000-square-foot warehouse in Van Buren and is now adding to that facility. In December 2016 Tessy purchased facility in Auburn, NY which is now used for storage and

warehousing. In addition to the high volume injection molding manufacturing, Tessy Plastics has added a post-molding assembly operation utilizing customized high speed assembly equipment.

- Ownership:** The Company is privately owned.
- Size:** Tessy has facilities in Onondaga County and has additional locations in Lynchburg, VA and Shanghai, China.
- Market:** Tessy is a leading global contract manufacturer serving the manufacturing needs of the medical, consumer products, business machines, electronics, and packaging industries.
- ESD Involvement:** In June 2015, Tessy Plastics approached ESD after being awarded new business and having to decide if it would expand in New York State (“NYS”) or consider other locations outside of NYS. Tessy Plastics’ two primary customers for the products to be produced at the proposed facility requested Tessy to construct a new facility in the Carolinas. NYS assistance was critical in reducing costs and making the project economically feasible in NYS. After substantial negotiations, Tessy Plastics accepted the offer in May 2016, which included a \$10,000,000 grant and \$3,490,000 in Excelsior Jobs Program tax credits between tax years 2017 and 2024.
- Competition:** South Carolina
- Past ESD Support:** Tessy Plastics is Empire Zone certified and has received \$821,834 in benefits between tax years 2003 and 2015.

B. The Project

- Completion:** July 2017
- Activity:** The Company has constructed a new 248,000-square-foot manufacturing facility to an existing assembly and warehouse operation. New equipment, including plastic injection molding machines, tooling and assembly equipment, has been purchased and installed. The facility will support new customer demand and allow for additional product expansion.
- Results:** Retain 808 existing jobs and create 50 new jobs. The Company has already exceeded its job commitment, having created 163 new jobs.

Grantee Contact: Ed S Pietruniak, VP Finance and Administration
700 Visions Drive
Skaneateles, NY 13152
Phone: (315) 689-2077

ESD Project No.: AA116

Project Team:	Origination	Zachary Becker
	Project Management	Benny DiBiase
	Contractor & Supplier Diversity	Edwina Telemaque
	Finance	Jonevan Hornsby
	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 \$10,000,000 capital grant (\$100,000) 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. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
4. Prior to disbursement, the Company must employ at least the number of Full-time Permanent Employees set forth as the Baseline Employment in the table below. A Full-time Permanent Employee shall mean (a) a full-time, permanent, private-sector employee on the Grantee's payroll, who has worked at the Project Location for a minimum of thirty-five hours per week for not less than four consecutive weeks and who is entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties; or (b) two part-time, permanent, private-sector employees on Grantee's payroll, who have worked at the Project Location for a combined minimum of thirty-five hours per week for not less than four consecutive weeks and who are entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties.
5. Up to \$10,000,000 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$5,000,000) upon documentation of construction, machinery and equipment project costs totaling \$22,500,000, including \$16,000,000 in construction, a certificate of occupancy and

- documentation of the employment of at least 808 Full-time Permanent Employees at the Project Locations, 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 (\$2,500,000) will be disbursed upon documentation of the employment of at least 833 Full-time Permanent Employees at the Project Locations (Employment Increment of 25), provided Grantee is otherwise in compliance with program requirements;
 - c) a Third Disbursement of an amount equal to 25% of the grant (\$2,500,000) will be disbursed upon documentation of the employment of at least 858 Full-time Permanent Employees at the Project Locations (Employment Increment of 25), 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 May 9, 2016, to be considered eligible project costs. All disbursements must be requested by April 1, 2019.

- 6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$10,000,000, 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	808
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A	B
Reporting Date	Employment Goals
February 1, 2018	808+X+Y
February 1, 2019	808+X+Y
February 1, 2020	808+X+Y
February 1, 2021	808+X+Y
February 1, 2022	808+X+Y

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=25, and Employment Goals shall equal [808 + X = 833] 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.

Y = 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. Y=25, and Employment Goals shall equal [808 + X + Y = 858] 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 Y=0.

IV. Statutory Basis

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms.

As a result of this project, the Company will maintain its employment level of 808 including retention of 250 jobs which were at risk of relocation to another state. In addition, the Company will create 50 new jobs.

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

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

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

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 \$15,756,117;
- Fiscal cost to NYS government is estimated at \$10,000,000;
- Project cost to NYS government per direct job is \$42,271;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$18,958;
- Ratio of project fiscal benefits to costs to NYS government is 1.58:1;
- Fiscal benefits to all governments (state and local) are estimated at \$27,503,459;
- Fiscal cost to all governments is \$10,000,000;
- All government cost per direct job is \$42,271;
- All government cost per total job is \$18,958;
- The fiscal benefit to cost ratio for all governments is 2.75:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$209,537,180, or \$397,230 per job (direct and indirect);
- The economic benefit to cost ratio is 20.9:1;
- Project construction cost is \$16,983,740, which is expected to generate 145 direct job years and 85 indirect job years of employment;
- For every permanent direct job generated by this project, an additional 1.24 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is four years.

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

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

V. Environmental Review

ESD staff has determined that, although the funding of this project by ESD may constitute an "action" as defined by the State Environmental Quality Review Act ("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.

VI. 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 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 Minority and Women Business Enterprise ("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

June 29, 2017

Van Buren (Central New York Region – Onondaga County) – Tessy Plastics ADPO Capital – Empire State Economic Development Fund – General Development Financing (Capital Grant) – Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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

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

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Tessy Plastics Corporation a grant for a total amount not to exceed Ten Million Dollars (\$10,000,000) from the Empire State Economic Development Fund, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the

State Division of the Budget; and be it further

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

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

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

* * *

June 29, 2017

Van Buren (Central New York Region – Onondaga County) – Tessy Plastics ADPO Capital
– Empire State Economic Development Fund – General Development Financing (Capital
Grant) – Determination of No Significant Effect on the Environment

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

* * *

**Project Summary
Benefit-Cost Evaluation¹**

Tessy Plastics Corp. – Business Investment

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

Initial Jobs:	808	Construction Job Years (Direct):	145
New Jobs:	50 in two years	Construction Job Years (Indirect):	85

Evaluation Statistics	Project Results NYS Gov't.	NYS Gov't. Benchmarks²	Project Results State & Local Government	State & Local Government Benchmarks
Fiscal Costs³	\$10,000,000	\$794,250	\$10,000,000	\$1,020,500
Fiscal Benefits⁴	\$15,756,117	\$2,085,600	\$27,503,459	\$4,271,980
Fiscal Cost /Direct Job	\$42,271	\$3,000	\$42,271	\$4,110
Fiscal Cost/Total Jobs	\$18,958	\$1,424	\$18,958	\$1,964
Fiscal B/C Ratio	1.58	7.00	2.75	10.60
	Project Results	Benchmarks		
Economic Benefits⁵	\$209,537,180	\$119,468,000		
Econ. Benefits/Total Jobs	\$397,230	\$147,600		
Economic B/C Ratio	20.95	75.00		

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

² The current project evaluation results (both fiscal and economic) are compared to performance measure benchmarks based on results of a sample of ESD non-retail projects. Business Investment project benchmarks are 7.00 (Fiscal) and 75.00 (Economic). Infrastructure Investment (or Economic Growth Investment) project benchmarks are 3.00 (Fiscal) and 30.00 (Economic).

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

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

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

Item II. K.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: East Syracuse (Central New York Region – Onondaga County) – Saab North America 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: Saab North America, Inc. (“Saab” or the “Company”)

ESD Investment: A grant of up to \$10,000,000 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 Locations: 5717 Enterprise Parkway, East Syracuse, Onondaga County
85 Collamer Crossing Parkway, East Syracuse, Onondaga County

Proposed Project: Relocate the North American headquarters of Saab Defense and Security USA to Onondaga County, commence a technology transfer program, building renovations, the purchase and installation of machinery and equipment and furniture, fixtures and equipment

Project Type: Business relocation and expansion involving job retention and creation

Regional Council: The Central New York Regional Economic Development Council has been made aware of this item. The project is consistent with the Central New York Regional Economic Development Council Plan to strengthen targeted industry concentrations, specifically advanced manufacturing, that leverage unique economic assets. This project will also advance Central New York’s Upstate Revitalization Initiative to develop technology

Central New York's Upstate Revitalization Initiative to develop technology required for an Unmanned Traffic Management System.

Employment: Initial employment at time of ESD Incentive Proposal: 456*
 Current employment level: 456
 Minimum employment on January 1, 2022: 714*

*will include employees of Saab and wholly owned subsidiaries, including Saab Defense and Security USA LLC and Saab Sensis Corporation at the Project Locations

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Facility Renovations	\$2,700,000
Facility Equipment	8,800,000
Machinery & Equipment	44,800,000
Furniture, Fixtures & Equipment	1,800,000
Technology Transfer	<u>7,700,000</u>
Total Project Costs	<u>\$65,800,000</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$10,000,000	15%
Company Equity	<u>55,800,000</u>	<u>85%</u>
Total Project Financing	<u>\$65,800,000</u>	<u>100%</u>

III. Project Description

A. Company

Industry: Saab North America, Inc. is a developer and manufacturer of defense solutions and technologies to the U.S. government and aviation industry.

Company History: Saab North America, Inc. was organized in January 1990 as Saab-Scania Holdings U.S., Inc. ("SSHUSI") for the purpose of being the US holding company for Saab Scania AB's operations in the US. During the years, the company's name changed from SSHUSI to Saab Holding U.S., Inc., to Saab Technologies, Inc. to its current name, Saab North America, Inc. in 2009. In August 2011, Saab purchased Sensis Corporation, located in East Syracuse, NY and renamed it Saab Sensis Corporation ("SSC"). Saab determined that SSC operations should split into separate defense and commercial units and in September 2013, created Saab Defense and Security USA LLC ("SDAS") by merging its other defense and security

businesses with the defense business that had been part of SSC. Saab continues today as the holding company for all US operations of Saab AB, its Swedish parent company, and directly owns SSC, headquartered in East Syracuse, NY and SDAS currently headquartered in Ashburn, VA.

- Ownership:** Saab North America, Inc. is a subsidiary of Saab AB, Publicly Held Company
- Size:** Saab has additional locations in Ashburn, VA, Washington, DC, Orlando, FL, Lillington, NC, McLean, VA, and 4 locations in Canada.
- Market:** Saab is a major supplier of defense and air traffic control electronics to the military and aviation sectors. Customers include defense agencies, air traffic control providers and aerospace and defense prime contractors.
- ESD Involvement:** Saab has five locations in the United States and was looking to consolidate operations. The Company considered moving SDAS headquarters and consolidating its back office operations to the Central NY location, home of its subsidiary SSC. Also, Saab was looking to further engineer, develop and manufacture some of its Swedish-developed products allowing them to then be sold in the US. To encourage Saab to proceed with the consolidation and technology transfer, ESD offered a \$10,000,000 grant and up to \$20,000,000 in Excelsior Tax Credits between tax years 2017 and 2026. This project will further anchor Saab to the region and positions Central NY to be the benefactor of future growth and consolidations.
- Competition:** Florida, North Carolina, Virginia and Washington DC
- Past ESD Support:** Saab Sensis Corporation is Empire Zone certified and has received \$883,369 in benefits between tax years 2012-2015.

B. The Project

- Completion:** January 2021
- Activity:** Saab will move the headquarters for SDAS from Virginia and consolidate the back office operations of SDAS businesses to Syracuse. Saab is also embarking on Technology Transfer Programs to retool Swedish-developed products to be manufactured and sold in the US. The project will entail the purchase and installation of manufacturing machinery and equipment, engineering test beds, electronic test equipment and classified and unclassified lab equipment.

Results: Retain 456 existing jobs and create 258 new jobs. The project positions Central NY to be the center for Saab's USA growth.

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 \$53,844,273;
- Fiscal cost to NYS government is estimated at \$10,000,000;
- Project cost to NYS government per direct job is \$21,316;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$8,397;
- Ratio of project fiscal benefits to costs to NYS government is 5.38:1;
- Fiscal benefits to all governments (state and local) are estimated at \$93,707,870;
- Fiscal cost to all governments is \$10,000,000;
- All government cost per direct job is \$21,316;
- All government cost per total job is \$8,397;
- The fiscal benefit to cost ratio for all governments is 9.37:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$656,026,029, or \$550,880 per job (direct and indirect);
- The economic benefit to cost ratio is 65.60:1;
- Project construction cost is \$0 which is expected to generate no indirect job years and seven indirect job years of employment;
- For every permanent direct job generated by this project, an additional 1.54 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is two years.

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

definitions.

Grantee Contact: Mark D. Pugliese, Executive VP, General Counsel and Secretary
20700 Loudoun County Parkway Suite 152
Ashburn, VA 20147
Phone: (703) 406-7227

ESD Project No.: AB323

Project Team:	Origination	James Fayle
	Project Management	Benny DiBiase
	Contractor & Supplier Diversity	Edwina Telemaque
	Finance	Angela Pitto
	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 \$10,000,000 capital grant (\$100,000) 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.
4. Prior to disbursement, the Company must employ at least the number of Full-time Permanent Employees set forth as the Baseline Employment in the table below. A Full-time Permanent Employee shall mean (a) a full-time, permanent, private-sector employee on the Grantee's payroll, who has worked at the Project Location for a minimum of thirty-five hours per week for not less than four consecutive weeks and who is entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties; or (b) two part-time, permanent, private-sector employees on Grantee's payroll, who have worked at the Project Location for a combined minimum of thirty-five hours per week for not less than four consecutive weeks and who are entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties.

5. Up to \$10,000,000 will be disbursed to the Grantee in ten installments as follows:
- a) an Initial Disbursement of an amount equal to 10% of the grant (\$1,000,000) upon documentation of machinery and equipment project costs totaling \$2,000,000, and documentation of the employment of at least 456 Full-time Permanent Employees at the Project Location assuming that all project approvals have been completed and funds are available;
 - b) a Second Disbursement of an amount equal to 10% of the grant (\$1,000,000) will be disbursed upon documentation of machinery and equipment project costs totaling \$4,000,000 cumulatively, and the employment of at least 456 Full-time Permanent Employees at the Project Location, provided Grantee is otherwise in compliance with program requirements;
 - c) a Third Disbursement of an amount equal to 10% of the grant (\$1,000,000) will be disbursed upon documentation of machinery and equipment project costs totaling \$7,500,000 cumulatively, and the employment of at least 456 Full-time Permanent Employees at the Project Location, provided Grantee is otherwise in compliance with program requirements;
 - d) a Fourth Disbursement of an amount equal to 10% of the grant (\$1,000,000) will be disbursed upon documentation of machinery and equipment project costs totaling \$11,500,000 cumulatively, and the employment of at least 456 Full-time Permanent Employees at the Project Location, provided Grantee is otherwise in compliance with program requirements;
 - e) a Fifth Disbursement of an amount equal to 10% of the grant (\$1,000,000) will be disbursed upon documentation of machinery and equipment project costs totaling \$16,000,000 cumulatively, and the employment of at least 461 Full-time Permanent Employees at the Project Location (Employment Increment of 5), provided Grantee is otherwise in compliance with program requirements;
 - f) a Sixth Disbursement of an amount equal to 10% of the grant (\$1,000,000) will be disbursed upon documentation of machinery and equipment project costs totaling \$21,000,000 cumulatively, and the employment of at least 466 Full-time Permanent Employees at the Project Location (Employment Increment of 5), provided Grantee is otherwise in compliance with program requirements;
 - g) a Seventh Disbursement of an amount equal to 10% of the grant (\$1,000,000) will be disbursed upon documentation of machinery and equipment project costs totaling \$26,000,000 cumulatively, and the employment of at least 521 Full-time Permanent Employees at the Project Location (Employment Increment of 55), provided Grantee is otherwise in compliance with program requirements;
 - h) a Eighth Disbursement of an amount equal to 10% of the grant (\$1,000,000) will be disbursed upon documentation of machinery and equipment project costs totaling \$32,000,000 cumulatively, and the employment of at least 581 Full-time Permanent Employees at the Project Location (Employment Increment of 60), provided Grantee is otherwise in compliance with program requirements;
 - i) a Ninth Disbursement of an amount equal to 10% of the grant (\$1,000,000) will be disbursed upon documentation of machinery and equipment project costs totaling \$38,000,000 cumulatively, and the employment of at least 656 Full-time Permanent

Employees at the Project Location (Employment Increment of 75), provided Grantee is otherwise in compliance with program requirements;

- j) a Tenth Disbursement of an amount equal to 10% of the grant (\$1,000,000) will be disbursed upon documentation of completion of the project substantially as described in these materials, as evidenced by a certificate of occupancy or other documentation verifying project completion as ESD may require, machinery and equipment project costs totaling \$44,800,000 cumulatively, and the employment of at least 714 Full-time Permanent Employees at the Project Location (Employment Increment of 58), 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 January 10, 2017, to be considered eligible project costs. All disbursements must be requested by April 1, 2024.

- 6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$10,000,000 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.

Individual Grant funds disbursed for any installment, where 85% of the employment requirement is maintained for five years, are not subject to recapture.

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.

Reporting Date	Employment Goals
February 1, 2018	456+U+V+W+X+Y+Z
February 1, 2019	456+U+V+W+X+Y+Z
February 1, 2020	456+U+V+W+X+Y+Z
February 1, 2021	456+U+V+W+X+Y+Z
February 1, 2022	456+U+V+W+X+Y+Z
February 1, 2023	456+U+V+W+X+Y+Z
February 1, 2024	456+U+V+W+X+Y+Z

U = Grantee's Employment Increment that will be the basis of the Fifth Disbursement of the Grant as described in section C.5 above (i.e. U=5, and Employment Goals shall equal $[456+U = 461]$ if the Fifth Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Fifth Disbursement has not yet been made then U=0.

V = Grantee's Employment Increment that will be the basis of the Sixth Disbursement of the Grant as described in section C.5 above (i.e. V=5, and Employment Goals shall equal $[456+U+V = 466]$ if the Sixth Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Sixth Disbursement has not yet been made then V=0.

W = Grantee's Employment Increment that will be the basis of the Seventh Disbursement of the Grant as described in section C.5 above (i.e. W=55, and Employment Goals shall equal $[456+U+V+W = 521]$ if the Seventh Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Seventh Disbursement has not yet been made then W=0.

X = Grantee's Employment Increment that will be the basis of the Eighth Disbursement of the Grant as described in section C.5 above (i.e. X=60, and Employment Goals shall equal $[456+U+V+W+X = 581]$ if the Eighth Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Eighth Disbursement has not yet been made then X=0.

Y = Grantee's Employment Increment that will be the basis of the Ninth Disbursement of the Grant as described in section C.5 above (i.e. Y=75, and Employment Goals shall equal $[456+U+V+W+X+Y = 656]$ if the Ninth Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Ninth Disbursement has not yet been made then Y=0.

Z = Grantee's Employment Increment that will be the basis of the Tenth Disbursement of the Grant as described in section C.5 above (i.e. Z=58, and Employment Goals shall equal $[456+U+V+W+X+Y+Z = 714]$ if the Tenth Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Tenth Disbursement has not yet been made then Z=0.

IV. Statutory Basis

The funding was authorized in the 2015-2016 New York State budget and reappropriated in the 2016-2017 and 2017-2018 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 ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required in connection with the project.

VI. Non-Discrimination and Contractor & Supplier Diversity

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified Minority-and Women-owned Business Enterprises (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 on 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

June 29, 2017

East Syracuse (Central New York Region – Onondaga County) – Saab North America Capital– Upstate Revitalization Initiative (Capital Grant) – Findings and Determinations Pursuant to Sections 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 Saab North America 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 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 Saab North America, Inc. a grant for a total amount not to exceed Ten Million Dollars (\$10,000,000) 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 of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

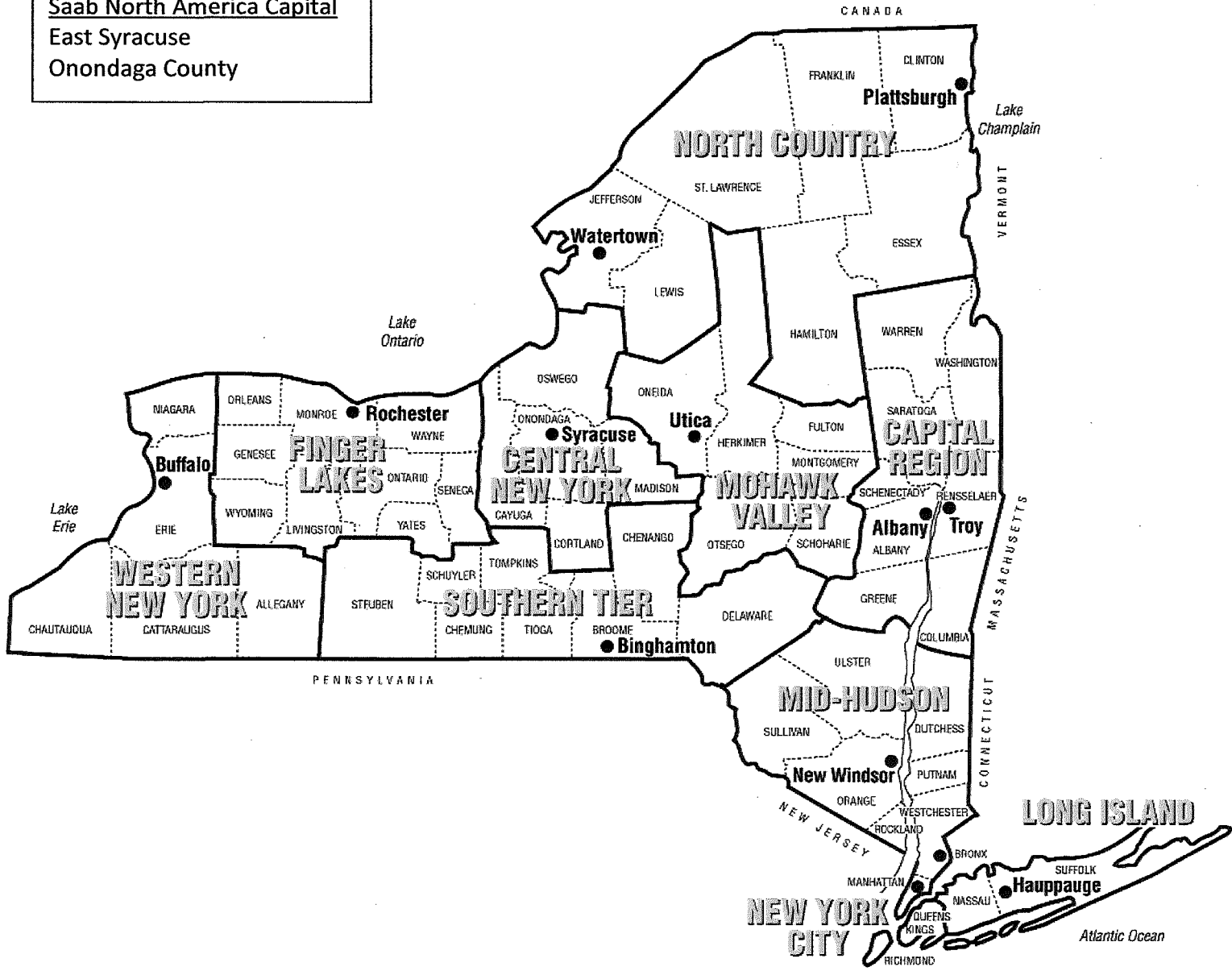
RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

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

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.

* * *

Saab North America Capital
East Syracuse
Onondaga County



Item II. L.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Regional Council Award – Priority Project - Syracuse (Central New York Region – Onondaga County) – Le Moyne College Coyne Building 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: Le Moyne College (“Le Moyne” or the “College”)

ESD* Investment: A grant of up to \$1,500,000 to be used for a portion of the cost of renovation 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: 1419 Salt Springs Road, Syracuse, Onondaga County

Proposed Project: Renovation and equipping of the Coyne Building to upgrade science labs and related academic facilities

Project Type: Construction and renovation of academic buildings to enhance academic programs in the science field

Regional Council: The project is a Priority Project of the Central New York Regional Economic Development Council (“Council”) and is consistent with the Council’s Plan to improve competitiveness and connections to the regional, national, and global economies. Dr. Fred Pestello, the former President of LeMoyne College was a member of the 22-person Council. In conformance with the State’s policy, this

individual has recused himself on votes recommending this project. The Council includes 8 additional, ex-officio members who are elected officials but cannot vote on individual project recommendations.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>	
Building Renovation	\$6,515,000	
Soft Costs	525,000	
Furniture, Fixtures & Equipment	1,225,000	
Demolition and Environmental Remediation	<u>485,000</u>	
Total Project Costs	<u>\$8,750,000</u>	
<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$1,500,000	15%
Grantee Equity	<u>7,250,000</u>	<u>85%</u>
Total Project Financing	<u>\$8,750,000</u>	<u>100%</u>

III. Project Description

A. Grantee

Industry: Educational Institution

Grantee History: Founded by the Society of Jesus in 1946, Le Moyne is the first Jesuit college to be founded as a co-educational institution. The College has over 3,500 undergraduate and graduate students. The College is the second-youngest of the 28 Jesuit colleges and universities in the United States, and is the only comprehensive Catholic college in Central New York.

Ownership: Le Moyne is a private, not-for-profit college.

Size: All facilities located in Syracuse, NY.

ESD Involvement: Le Moyne sought to undertake a project to enhance its academic programs in science. In 2015, Le Moyne submitted a Round 4 Consolidated Funding Application and was awarded a \$1,500,000 grant in March 2015 to assist with the financing of the project. ESD's assistance will facilitate the College's renovation and equipment on two floors of the Coyne Building and other facilities designed to enhance its academic programs. Without this renovation, the College would not be able to

effectively address the needs of the next generation of New York's scientists.

Past ESD Support: Funding for the past five years to the Grantee, totaling \$2,000,000 million, 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	Y353	\$2,000,000	February 17, 2015	June 19, 2016	Capital – Construction and Renovation costs.

B. The Project

Completion: April 2016

Activity: The project involved the renovation and equipping of a portion of the Coyne Science building in Syracuse. The project activities included renovation of two high-tech incubator suites, nine research laboratories, six teaching laboratories, four specialty laboratories/academic facilities, six laboratory preparation/demonstration rooms, nine classrooms and related facilities.

Results: The project will support the expansion and modernization of facilities for the College's programs in the health and business professions.

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: Steven Kulick, Dir. Foundation & Government Relations
1419 Salt Springs Road
Syracuse, NY 13214
Phone: (315) 445-4560

ESD Project No.: Z579

Project Team:

Origination	Ray Lawrence
Project Management	Wilfredo Florentino
Contractor & Supplier Diversity	Edwina Telemaque

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Grantee shall pay a commitment fee of 1% of the \$1,500,000 capital grant (\$15,000) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. The Grantee will be required to contribute a minimum of 10% of the total project cost in the form of equity contributed. Equity is defined as cash injected into the project by the Grantee or by investors, and should be auditable through Grantee financial statements or Grantee accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
4. Up to \$1,500,000 will be disbursed to the Grantee in a lump sum payment upon documentation of project costs totaling \$8,750,000, 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 March 31, 2015, to be considered eligible project costs. All disbursements must be requested by April 1, 2018.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$1,500,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

IV. Statutory Basis – Regional Council Capital Fund

The project was authorized in the 2014-2015 New York State budget and reappropriated in the 2015-2016, 2016-2017 and 2017-2018 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 ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required in connection with the project.

VI. Non-Discrimination and Contractor & Supplier Diversity

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

June 29, 2017

Regional Council Award – Priority Project - Syracuse (Central New York Region – Onondaga County) – Le Moyne College Coyne Building 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 Le Moyne College Capital - Regional Council Capital Fund (Capital Grant) Project (the "Project"), the Corporation hereby determines pursuant to Section 10(g) of the New York State Urban Development Corporation Act of 1968, as amended (the "Act"), that there are no families or individuals to be displaced from the project area; and be it further

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Le Moyne College a grant for a total amount not to exceed One Million Five Hundred 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 of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

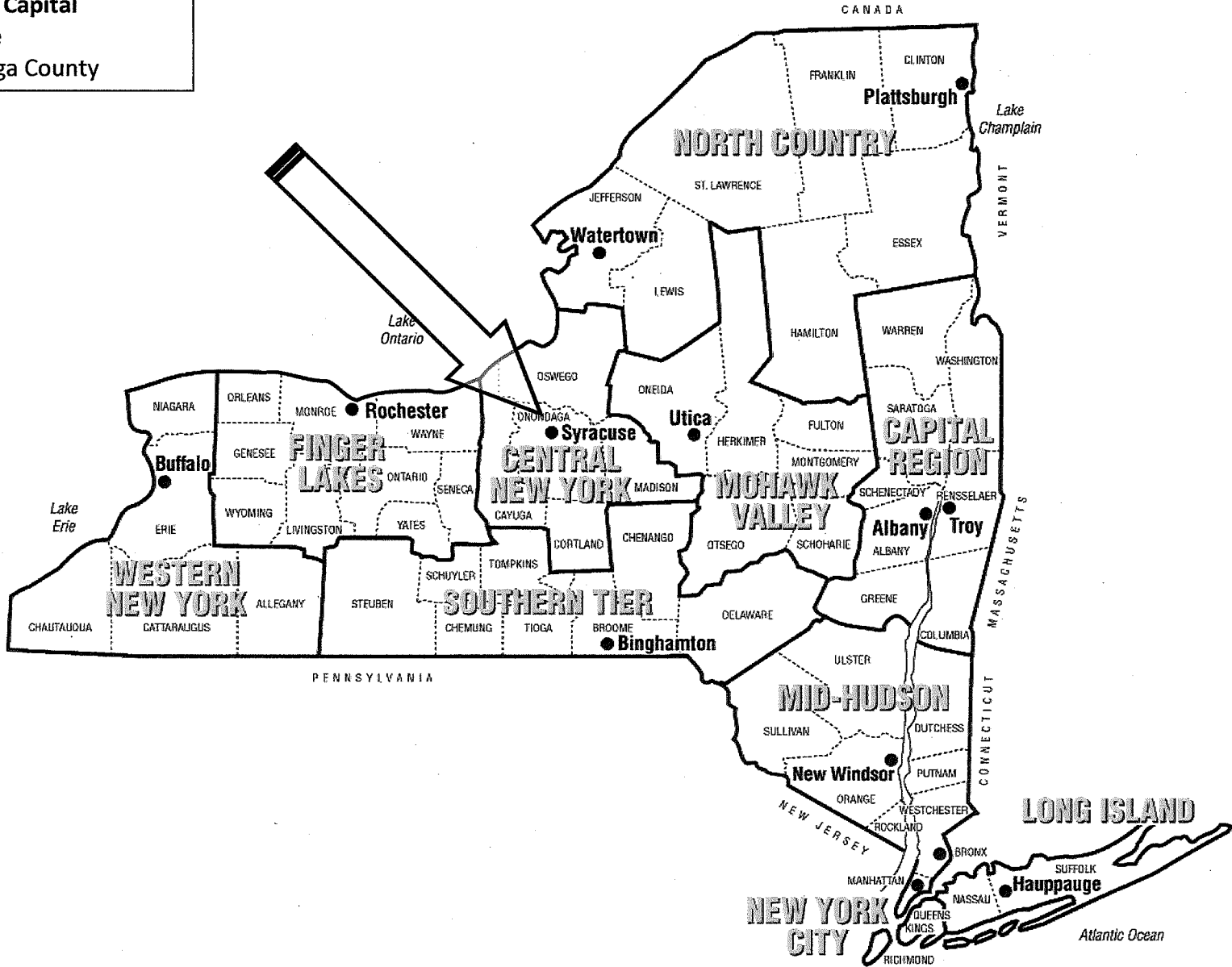
RESOLVED, that the President and Chief Executive Officer or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in the administration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

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

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

* * *

**Le Moyne College Coyne
Building Capital**
Syracuse
Onondaga County



Item II. M.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: East Syracuse (Central NY Region – Onondaga County) – CNY Film Hub Capital – SUNY Polytechnic Strategic Projects Program (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 Take Related Action; Adoption of Findings Pursuant to the State Environmental Quality Review Act

General Project Plan

I. Project Summary

Grantee: Fort Schuyler Management Corporation (“FSMC” or the “Organization”)

ESD* Investment: A grant of up to \$875,611 to be used for a portion of the work performed by subcontractors in the construction of the Central New York Hub for Emerging Nano Industries (“Film Hub”)

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

Project Location: 24 Aspen Park Boulevard, East Syracuse, Onondaga County

Proposed Project: Develop, design and construct a 52,000-square-foot building in the Collamer Crossings Business Park to enable technology innovation for the film industry

Project Type: Capital investment for film production and technology innovation

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction/Renovation	\$13,816,000
Property Acquisition	<u>\$1,184,000</u>
Total Project Costs	<u>\$15,000,000</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$875,611	5.8%
DASNY-Grant (#6560/#AA286) (Property Acquisition)	\$1,184,000	7.9%
DASNY-Grant (#6552/#Z670) <u>(Construction)</u>	<u>\$10,660,000</u>	<u>71%</u>
Total Project Financing	<u>\$12,719,611</u>	<u>84.7%</u>

III. Project Description

A. Company

Industry: Real Estate Development / Hi-tech Film Studio

Organizational

History: FSMC was formed by the State University of New York Research Foundation, in partnership with the State University of New York Polytechnic Institute ("SUNY Poly"). FSMC has implemented a public-private collaboration model that enables open-innovation and leverages a consortium of high-tech industry and advanced manufacturing partnerships to create world-class facilities across upstate New York. FSMC is authorized to purchase, construct, develop and manage facilities co-located with the SUNY Polytechnic educational campus at the SUNY Polytechnic Marcy Technology Complex as well as ground sub-lease the property west of Edic Road constituting the Marcy Nanocenter project to Mohawk Valley Economic Development Growth Enterprises ("EDGE").

Ownership: FSMC is a not-for-profit organization.

Market: Worldwide nanotechnology and semiconductor industries

ESD Involvement: This project involves FSMC and SUNY Poly's initiative to establish the Central New York Hub for Emerging Nano Industries ("Film Hub") in Syracuse. The Film Hub, a high-tech film studio, will be home to new

headquarters, production, post-production and distribution operations of the anchor tenant, FilmHouse – an established film and television company and industry collaborator for the project.

This project was originally conceived as a \$15,000,000 project, and included costs associated with the land acquisition and construction of the Film Hub. In 2014, a grant disbursement agreement was issued by the Dormitory Authority of the State of New York (“DASNY”) totaling \$10,660,000 for construction costs associated with the Film Hub. A second grant disbursement agreement with FSMC was issued by DASNY for \$1,184,000 to be used for property acquisition costs. During the course of the project, COR Development advised FSMC that construction costs increased to \$13,816,000, which was beyond the total amount of the DASNY grant with no additional sources of funding identified.

To date, the DASNY grant of \$10,660,000 has been fully disbursed to FSMC. However, there are multiple subcontractors who completed their respective contractual work on the construction of the Film Hub, but still have outstanding balances.

The purpose of this grant will be to fill the financing gap for construction work related to this project with the specific goal of paying the remaining amounts due to the twenty-five (25) subcontractors, who performed the work, documented their expenses, and have outstanding balances totaling \$875,611. There remains \$3,156,000 in disputed Film Hub costs that must still be resolved.

Past ESD Support: Funding for the past five years to the Grantee, totaling \$410,732,122, is summarized in the following chart:

Program	Project #	Amount	Date Start (ESD Directors' Approval date)	Date End (Project Completion: Contract Expiration)	Purpose
Special Appropriation Capital Projects Fund (Nanotech) - (E)	X772	\$250,000,000	03/27/12	09/11/15	Capital – Supported expenses related to the Semiconductor Transition Program.
Urban and Community Development Program	X228	\$96,700	03/23/11	06/15/13	Working Capital – Developed character-based, University-sponsored micro lending program.

Urban and Community Development Program	X877	\$99,924	07/18/12	08/22/14	Working Capital - Lent and supported entrepreneurs to start and sustain businesses.
Capital Projects Fund	U447	\$75,000,000	12/18/06	09/19/13	Capital – Supported expenses related to the Institute for Nanoelectronics Discovery and Exploration (“INDEX”) facility.
Local Assistance	V174	\$1,415,000	02/15/07	02/14/11	Working Capital - Support commercialization projects in nanomedicine and clean energy technology.
Local Assistance	W875	\$1,179,166	10/21/10	10/31/13	Working Capital - Expansion of Nanofabrication Clean Energy Technologies and Nanomedicine.
Local Assistance	W877	\$1,155,666	10/21/10	01/09/14	Working Capital - Expansion of Nanofabrication Clean Energy Technologies and Nanomedicine.
Local Assistance	W883	\$815,666	10/21/10	01/09/14	Working Capital - Expansion of Nanofabrication Clean Energy Technologies and Nanomedicine.
Local Assistance	W885	\$940,000	04/26/11	01/15/15	Working Capital – Support costs associated with SUNY INDEX.

Local Assistance	W886	\$980,000	04/26/11	01/15/15	Working Capital – Support costs associated with SUNY INDEX.
Local Assistance	AA926	\$4,050,000	6/23/2016	12/31/2019	Capital – for industrial scale research and development facility in Clinton County.
Local Assistance	AB069	\$23,000,000	11/17/16	12/31/2019	Capital – for industrial scale research and development facility in Clinton County
Local Assistance	AB389	\$52,000,000	2/16/17	12/31/2019	Capital – for facility and infrastructure build-out in Clinton County

B. The Project

Completion: Construction of the Project was completed in August of 2015.

Activity: FSMC guided the construction of the Film Hub, which resulted in a 52,000-square-foot building on 7.5 acres in the Collamer Crossings Business Park.

Results: The direct results of this grant will be to pay the outstanding balances of subcontractors for work performed on the construction of the Film Hub. For the project as a whole, the Film Hub will serve as a high-tech film studio, and home to new headquarters, production, post-production and distribution operations for the Film Hub’s anchor tenant, FilmHouse.

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 and may involve no permanent job commitments.

Grantee Contact: Scott Bateman, Assistant Treasurer

257 Fuller Road
Albany, NY 12203
Phone: (518) 437-8689
sbateman@albany.edu

ESD Project No.: AC159

Project Team:	Origination	Lindsey Boylan
	Project Management	Scott Lamkin
	Contractor & Supplier Diversity	Danah Alexander
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Organization will 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. Up to \$875,611 will be disbursed to Grantee in lump sum upon documentation of outstanding balances of subcontractors involved in the construction of the Film Hub totaling \$875,611. 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, 2014, to be considered eligible project costs. All disbursements must be requested by April 1, 2018.
4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$875,611, 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.
5. Grant funds will be subject to recapture if the specified subcontractors with outstanding balances related to the construction of the Film Hub have not been appropriately paid. Furthermore, grant funds will be subject to pro rata recapture if property at the Project Location is sold by FSMC within five years of disbursement of funds without ESD's prior approval. 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 – SUNY Polytechnic Strategic Projects Program

The funding was authorized in the 2017-2018 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

ESD (the "Corporation"), pursuant to the State Environmental Quality Review Act ("SEQRA"), Article 8 of the Environmental Conservation Law, and its implementing regulations (6 NYCRR Part 617), ratifies and makes the following findings based on the Final Environmental Impact Statement ("FEIS") certified as complete on January 26, 2001 by the Town of DeWitt Planning Board, as lead agency for the Collamer Business Park project, which includes the development of the proposed CNY Film Hub Capital project (the "proposed action").

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

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

- The Corporation has given consideration to the DEIS and FEIS;
- The requirements of the SEQRA process, including the implementing regulations of the New York State Department of Environmental Conservation, have been met;
- Consistent with social, economic and other essential considerations from among the reasonable alternatives available, the proposed action is one that avoids or minimizes significant adverse environmental effects to the maximum extent practicable, including the effects disclosed in the relevant environmental impact statement;

- Consistent with social, economic and other essential considerations to the maximum extent practicable, any significant adverse environmental effects revealed in the environmental impact statement process as a result of the proposed action will be avoided or minimized to the maximum extent practicable by incorporating as conditions to the decision those mitigative measures which were identified as practicable;
- The proposed action is in compliance with Section 14.09 of the State Historic Preservation Act.

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

VI. Non-Discrimination and Contractor & Supplier Diversity

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 New York State certified Minority and Women-Owned Business Enterprises (“MWBE”) and Service-Disabled Veteran-Owned Businesses (“SDVOB”), respectively, in the performance of ESD projects. The ESD Office of Contractor and Supplier Diversity have reviewed the project and have determined that there exists no potential for MWBE and SDVOB participation. As such, participation goals will not be established or required for 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
- Exhibit A – State Environmental Quality Review Involved Agency Findings Statement
- Project Finance Memorandum

June 29, 2017

East Syracuse (Central New York Region – Onondaga County) – CNY Film Hub Capital – SUNY Polytechnic Strategic Projects Program (Capital Grant) – Findings and Determinations Pursuant to Sections 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 CNY Film Hub Capital -- SUNY Polytechnic Strategic Projects Program (Capital Grant) Project (the "Project"), the Corporation hereby determines pursuant to Section 10(g) of the New York State Urban Development Corporation Act of 1968, as amended (the "Act"), that there are no families or individuals to be displaced from the project area; and be it further

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Fort Schuyler Management Corporation a grant for a total amount not to exceed Eight Hundred Seventy Five Thousand Six Hundred Eleven Dollars (\$875,611) from the SUNY Polytechnic Strategic Projects Program, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

RESOLVED, that the President and Chief Executive Officer 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.

* * *

June 29, 2017

East Syracuse (Central New York Region – Onandaga County) – CNY Film Hub Capital – SUNY Polytechnic Strategic Projects Program (Capital Grant) – Adoption of Findings Pursuant to the State Environmental Quality Review Act

RESOLVED, that with respect to the CNY Film Hub Capital project (the "Project"), the Corporation hereby makes and adopts pursuant to the State Environmental Quality Review Act ("SEQRA") the following findings and determinations, which findings and determinations are made after full consideration of the Findings Statement attached as Exhibit A hereto, which Exhibit A is hereby adopted by the Corporation and copies of which document are hereby filed with the records of the Corporation.

- The Corporation has given consideration to the Draft and Final Environmental Impact Statement ("DEIS" and "FEIS", respectively) prepared for the Collamer Business Park project, which includes the proposed CNY Film Hub Capital project;
- The requirements of the SEQRA process, including the implementing regulations of the New York State Department of Environmental Conservation, have been met;
- Consistent with social, economic and other essential considerations from among the reasonable alternatives available, the Project is one that avoids or minimizes adverse environmental effects to the maximum extent practicable, including the effects disclosed in the FEIS and the Findings Statement; and
- Consistent with social, economic and other essential considerations, to the maximum extent practicable, adverse environmental effects revealed in the environmental impact statement process will be avoided or minimized to the maximum extent practicable by incorporating as conditions to the decision those mitigation measures described in the FEIS and the Findings Statement; and be it further

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to comply with the requirements of SEQRA in connection with the Project.

* * *

CNY Film Hub Capital
East Syracuse
Onondaga County

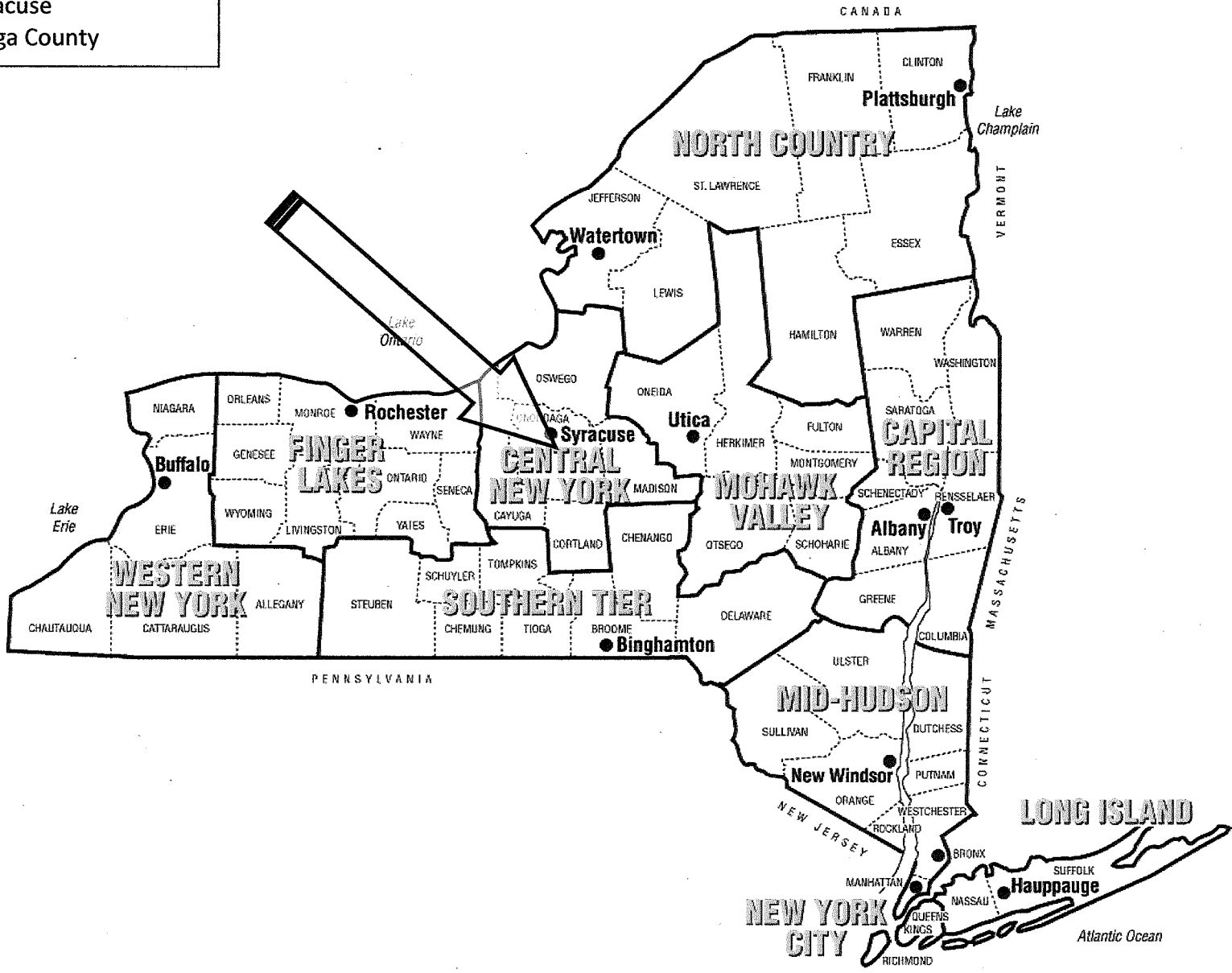


EXHIBIT A

STATE ENVIRONMENTAL QUALITY REVIEW

INVOLVED AGENCY FINDINGS STATEMENT

Pursuant to Article 8 of the Environmental Conservation Law (State Environmental Quality Review Act ["SEQRA"]) and 6 NYCRR Part 617, the New York State Urban Development Corporation ("UDC") d/b/a Empire State Development ("ESD"), as an involved agency under SEQRA, makes the following findings based on the Final Environmental Impact Statement ("FEIS") issued on January 26, 2001 for the Collamer Business Park project.

Name of Action: CNY Film Hub Capital

SEQRA Classification: Type I

Lead Agency: Town of DeWitt Planning Board

Description of Proposed Action and Proposed Project

Empire State Development has received a funding request from the Fort Schuyler Management Corporation under the SUNY Polytechnic Strategic Projects Program. The Proposed Action would consist of ESD's authorization of a grant to be used for a portion of the cost to construct the Central New York Hub for Emerging Nano Industries – Film Hub project at the Collamer Crossings Business Park (the "Proposed Project"). ESD is an involved agency in the SEQRA review of the Proposed Project due to its role in providing grant funding.

The Proposed Project involves the development of a 52,000 square foot building on a 7.5-acre parcel at the Collamer Crossings Business Park. The building would house the Central New York Hub for Emerging Nano Industries – Film Hub, the Syracuse Nano Film School and the Film House, a film production company. Construction of the Proposed Project began in August 2014 and was completed on September 1, 2015.

Project Location

The Proposed Project is located at the Collamer Crossings Business Park at 24 Aspen Park Boulevard in the Town of DeWitt, Onondaga County, New York (the "Project Site").

Facts and Conclusions in the FEIS Relied Upon to Support the Findings:

1. This Findings Statement for the Central New York Hub for Emerging Nano Industries – Film Hub Capital project has been prepared in compliance with the State Environmental Quality Review Act, codified at Article 8 of the New York Environmental Conservation Law (“ECL”), and its implementing regulations, promulgated at Part 617 of Title 6 of the New York Codes, Rules and Regulations (“NYCRR”), which collectively contain the requirements for the State Environmental Quality Review (“SEQR”) process.
2. The Proposed Project will be located at the Collamer Crossings Business Park, formerly known as the Collamer Business Park. The Collamer Business Park, as originally proposed, involves the construction of approximately 797,200 square feet of manufacturing/office development and supporting infrastructure on an approximately 200-acre industrially zoned site.
3. The Town of DeWitt Planning Board, as Lead Agency, made a determination that the project was a Type I action pursuant to 6 NYCRR Part 617 and conducted a SEQR process, issuing a Draft Environmental Impact Statement (“DEIS”) in November 2001 and a Final Environmental Impact Statement on January 26, 2001. The Lead Agency’s Findings Statement was issued on March 22, 2001. ESD was not an involved agency during the Town of DeWitt Planning Board’s SEQR process. However, ESD is currently an involved agency due to its role in providing grant funding under the SUNY Polytechnic Strategic Projects Program.
4. The potential effects of the construction and operation of the Collamer Business Park were adequately analyzed and disclosed in the FEIS. As a component of the project contemplated in the FEIS, the potential effects of the Proposed Project were evaluated in the FEIS. The Proposed Project as currently contemplated would not engender any new significant adverse environmental impacts not previously disclosed in the FEIS.
5. On March 13, 2014, the Town of DeWitt Planning Board passed a motion to approve the Proposed Project (item No. PB-203-14) with the finding that “SEQRA was done on the entire project previously and does not need to be done again,” thus affirming the validity of the 2001 SEQRA review (meeting minutes attached).
6. The Proposed Project was reviewed in conformance with the New York State Historic Preservation Act of 1980 and the implementing regulations of Section 14.09 of the Parks, Recreation and Historic Preservation Law. The project site does not include any historic resources in or eligible for inclusion on the National Register of Historic Places. Phase IA and IB cultural resource surveys were completed and reviewed by the New York State Historic Preservation Office (“SHPO”). SHPO, in a letter dated January 25, 2001, indicated that the project will have no effect upon cultural resources in or eligible for inclusion on the National Register of Historic Places. Therefore, the Proposed Project will have no adverse impact on historic or cultural resources in or eligible for inclusion in the National Register of Historic Places.

CERTIFICATION OF FINDINGS

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

1. The requirements of Article 8 of the New York State Conservation Law and the implementing regulations of the New York State Department of Environmental Conservation, 6 NYCRR Part 617, have been met;
2. Consistent with the social, economic and other essential considerations from among the reasonable alternatives thereto, the proposed action will minimize or avoid, to the maximum extent practicable, the significant adverse environmental effects including the effects disclosed in the FEIS and set forth in this Findings Statement; and
3. Consistent with the social, economic and other essential considerations described above, the significant adverse environmental impacts associated with the development of the Project which were identified in the FEIS and in this Findings Statement will be avoided or minimized to the maximum extent practicable by incorporating as conditions the mitigation measures described in the FEIS and in this Findings Statement.

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

Signature of Responsible Officer: _____

Name/Title of Responsible Officer: Rachel Shatz, Vice President, Planning & Environmental Review

Date: June 29, 2017

Item II. N.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Conklin (Southern Tier Region – Broome County) – Dick’s Merchandising & Supply Chain Inc. Capital – Upstate Revitalization Initiative Round 1 (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 Take Related Actions; Determination of No Significant Effect on the Environment

General Project Plan

I. Project Summary

Grantee: Dick’s Merchandising & Supply Chain, Inc. (“DMSC” or the “Company”)

ESD* Investment: A grant of up to \$5,250,000 to be used for a portion of the cost of acquisition of machinery and equipment purchases

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

Project Location: 100-140 Broome Corporate Parkway, Conklin, Broome County

Proposed Project: Construction of a new approximately 650,000-square-foot regional distribution facility to service approximately 200 of the Company’s retail stores in the Northeast. The facility will be located on an approximately 123-acre site with approximately 62 usable acres in the Broome Corporate Park and involve substantial site work including wetland mitigation, grading/clearing, and extension of utilities.

Project Type: Business expansion involving job creation

Regional Council: The project is consistent with the Southern Tier Regional Economic

Development Council's Plan to support projects that improve key regional infrastructure to help bolster economic growth by attracting outside investment and building a skilled labor force.

Employment:	Initial employment at time of ESD Incentive Proposal:	0
	Current employment level:	0
	Minimum employment on January 1, 2023:	466

*New employees cannot be transferred from other NYS locations

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>	
Construction/Renovation	\$53,000,000	
Machinery and Equipment	\$25,000,000	
Furniture, Fixtures and Equipment	\$5,000,000	
Design/Planning	<u>\$1,000,000</u>	
 Total Project Costs	 <u>\$84,000,000</u>	
<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$5,250,000	6%
HCR*	\$750,000	1%
Company Equity	<u>\$78,000,000</u>	<u>93%</u>
 Total Project Financing	 <u>\$84,000,000</u>	 <u>100%</u>

*New York State Home and Community Renewal – NYS Community Development Block Grant

III. Project Description

A. Company

Industry: Sporting Goods Store Distribution

Company History: Dick's Merchandising & Supply Chain, Inc. is a subsidiary of Dick's Sporting Goods, Inc., a publicly traded company. Founded in 1948, Dick's Sporting Goods, Inc. is a leading omni-channel sporting goods retailer offering an extensive assortment of athletic, high quality sports equipment, apparel, footwear and accessories.

Ownership: Dick's Merchandising & Supply Chain, Inc. is a newly formed, privately held company.

Size: DMSC has facilities in Pennsylvania, Indiana, Georgia and Arizona.

Market: The new facility will be an approximately 650,000-square-foot regional distribution facility to service approximately 200 of Dick's Sporting Goods, Inc.'s retail stores in the Northeast. The facility will be located on approximately 123 acres, with approximately 62 usable acres at the site.

ESD Involvement: The Company approached ESD in an effort to bring a large scale distribution facility to the Southern Tier region. Dick's Merchandising & Supply Chain, Inc. was awarded a \$5,250,000 capital grant from the Upstate Revitalization Initiative and \$6,000,000 in tax credits through the Excelsior Jobs Program to offset the higher cost of creating a more efficient distribution operation in New York State.

Competition: Pennsylvania

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

B. The Project

Completion: January 2018

Activity: The project involved the construction of an approximately 650,000-square-foot regional distribution facility, and the purchase and installation of machinery and equipment. The facility will service approximately 200 retail stores in the Northeast. DMSC, Inc. will establish a more efficient and expansive distribution channel along the northeast.

Results: Create 466 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 \$13,632,509;
- Fiscal cost to NYS government is estimated at \$5,250,000;
- Project cost to NYS government per direct job is \$20,251;
- Project cost to NYS government per job (direct plus indirect) is estimated at \$11,573;
- Ratio of project fiscal benefits to costs to NYS government is 2.60:1;
- Fiscal benefits to all governments (state and local) are estimated at \$23,201,524;
- Fiscal cost to all governments is \$5,250,000;
- All government cost per direct job is \$20,251;
- All government cost per total job is \$11,573;
- The fiscal benefit to cost ratio for all governments is 4.42:1;
- Economic benefits (fiscal plus total net resident disposable income from project employment) are estimated at \$158,024,007, or \$348,359 per job (direct and indirect);
- The economic benefit to cost ratio is 30.10:1;
- Project construction cost is \$54,000,000, which is expected to generate 522 direct job years and 207 indirect job year of employment;
- For every permanent direct job generated by this project, an additional 0.74 indirect jobs are anticipated in the state's economy;
- The payback period for NYS costs is three year.

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

Grantee Contact: Ann Marie Woessner-Collins, Managing Director
45 South Seventh Street, Suite 3051
Minneapolis Minnesota 55402
Phone: (612) 217-5144

ESD Project No.: AA917

Project Team:	Origination	Joseph Roman
	Project Management	Linda Dillon
	Contractor & Supplier Diversity	Edwina Telemaque
	Finance	Angela Pitto
	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 \$5,250,000 capital grant (\$52,500) and reimburse ESD for all direct out-of-pocket, direct expenses incurred in connection with the project. The additional expenses incurred shall not exceed \$10,000.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. Dick's Sporting Goods, Inc. will guarantee the grant repayment obligation of its subsidiary, Dick's Merchandising & Supply Chain, Inc., 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 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. It is agreed that such equity may include the purchase of the land and soft costs required for the project. Equity cannot be borrowed money secured by the assets in the project.
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 \$5,250,000 will be disbursed to the grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 70% of the grant (\$3,675,000) will be disbursed to Grantee upon completion of the project, as evidenced by a certificate of occupancy or other reasonable documentation verifying project completion as ESD may require, and documentation of total project expenditure of \$84,000,000, including the purchase and installation of machinery and equipment project costs totaling \$25,000,000, assuming that all project approvals have been completed and funds are available;

- b) a Second Disbursement of an amount equal to 15% of the grant (\$787,500) will be disbursed upon documentation of the employment of at least 233 Full-time Permanent Employees at the Project Location (Employment Increment of 233), provided Grantee is otherwise in compliance with program requirements;
- c) a Third Disbursement of an amount equal to 15% of the grant (\$787,500) will be disbursed upon documentation of the employment of at least 466 Full-time Permanent Employees at the Project Location (Employment Increment of 233), 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 June 15, 2016, to be considered eligible project costs. All disbursements must be requested by April 1, 2024.

- 7. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$5,250,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total 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	0
A	B
Reporting Date	Employment Goals
February 1, 2018	0+X+Y
February 1, 2019	0+X+Y
February 1, 2020	0+X+Y
February 1, 2021	0+X+Y
February 1, 2022	0+X+Y
February 1, 2023	0+X+Y
February 1, 2024	0+X+Y
February 1, 2025	0+X+Y

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=233, and Employment Goals shall equal $[0 + X = 233]$ 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.

Y = 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. Y=233, and Employment Goals shall equal $[0 + X + Y = 466]$ 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 Y=0.

IV. Statutory Basis – Upstate Revitalization Initiative

The funding was authorized in the 2016-2017 New York State budget and re-appropriated in the 2017-2018 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

The Town Board of the Town of Conklin, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project to be a Type I Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on August 8, 2016. ESD staff reviewed the Negative Declaration and supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

VI. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Contractor & 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%. The overall goal shall include a Minority Business Enterprise Participation Goal of 5% and a Women Business Enterprise Participation Goal of 25% 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

June 29, 2017

Conklin (Southern Tier Region – Broome County) – Dick's Merchandising & Supply Chain Inc. Capital – Upstate Revitalization Initiative Round 1 (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 Dick's Merchandising & Supply Chain Inc. Capital -- Upstate Revitalization Initiative Round 1 (Capital Grant) Project (the "Project"), the Corporation hereby determines pursuant to Section 10(g) of the New York State Urban Development Corporation Act of 1968, as amended (the "Act"), that there are no families or individuals to be displaced from the project area; and be it further

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Dick's Merchandising & Supply Chain Inc. a grant for a total amount not to exceed Five Million Two Hundred Fifty Thousand Dollars (\$5,250,000) from the Upstate Revitalization Initiative Round 1, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

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

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

* * *

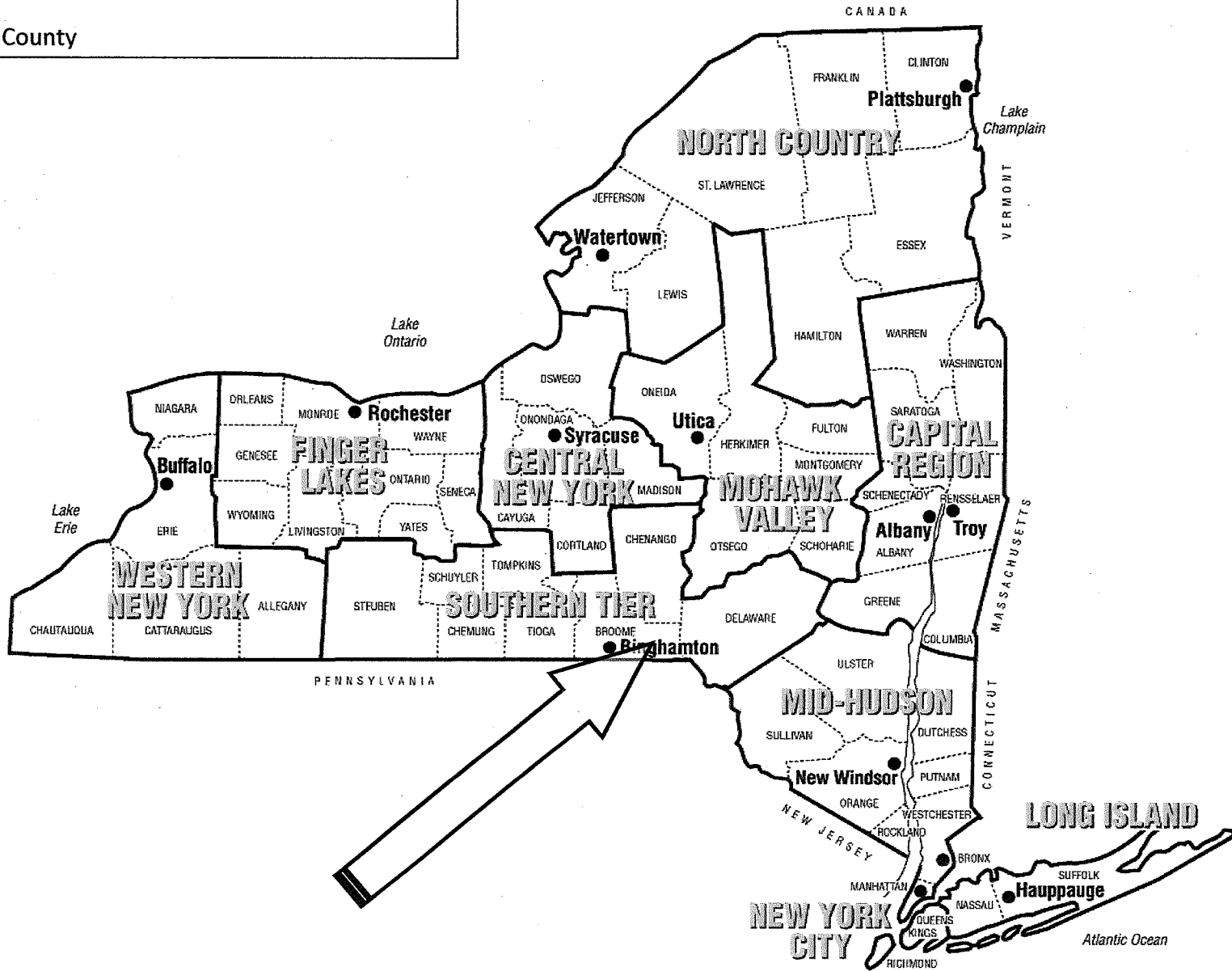
June 29, 2017

Conklin (Southern Tier Region – Broome County) – Dick's Merchandising & Supply Chain Inc. Capital – Upstate Revitalization Initiative Round 1 (Capital Grant) – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Dick's Merchandising & Supply Chain Capital Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

Dick's Merchandising & Supply Chain Inc. Capital
Conklin
Broome County



Item II. O.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Market NY Grant Program – Market New York – Tourism Marketing Competition (Working Capital Grants)

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

I. Project Summary

	Project Name	Proj #	Grantee	Assistance up to
	Market NY Program			
A	Oncenter Convention Center Capital	AB419	County of Onondaga	\$975,000
	TOTAL MARKET NY PROJECTS-1		TOTAL	\$975,000

ESD* Investment: Up to a total of \$975,000 from Market NY Round 6 to be used for a tourism capital project in the Finger Lakes region 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 Schedule A attached

Proposed Projects: See Schedule A 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 Schedule A attached.

III. Project Description

A. Background

Round 6 of the Regional Council Consolidating Funding Application included up to \$13.5 million for *Market NY*, Rounds 4 and 5 included up to \$12 million and Round 3 included up to \$10 million for a program that will support regionally themed New York focused projects. *Market NY* will help to bolster tourism growth by promoting tourism destinations, attractions, and special events. Additionally, Market New York will support capital grant funding for tourism facilities in New York. The Market New York program and each funded proposal will work to support the Regional Council's long term strategic plans for economic growth in the regions, as well as to attract visitors to New York State.

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 Project

ESD will make available a total of \$975,000 from Round 6 to fund one capital project. The grantees have 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 NY Grantee will carry out its Regional Marketing Tourism project as described in the individual project description as set forth in Schedule A attached.

ESD Project No's.: See Table Above

Project Team:	Project Management	See schedule A attached
	Program Director	Kelly Baquerizo
	Contractor & Supplier Diversity	Geraldine Ford
	Environmental	Soo Kang

Financial Terms and Conditions

ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$891,500 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 NY – ESD

The funding was authorized in the 2016-2017 New York State budget and reappropriated in the 2017-2018 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 Schedule A, ESD staff has determined that the projects described in Schedule A 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.

Recommendation

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

Additional Submissions to Directors

Resolutions
Schedule A (A)

June 29, 2017

Statewide – Regional Tourism Marketing Competition – Market New York (Capital Grant) – Findings and Determinations Pursuant to Section 10(g) 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 Market New York 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 Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plan (the "Plan") for the Project submitted to this meeting, together with such changes therein as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, are hereby ordered filed with the records of the Corporation; and be it further

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

RESOLVED, that upon further written finding that no substantive negative testimony or comment has been received at the public hearings held on the Plan, such Plan shall be effective at the conclusion of such hearings, and that upon such written findings being made, staff is authorized to make a grant to the parties and for the amounts listed below from the Empire State Economic Development Fund, for the purposes, and substantially on the terms; and be it further resolved

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	Proj #	Grantee	Assistance up to
	Market NY Program			
A	Oncenter Convention Center Capital	AB419	County of Onondaga	\$975,000

	TOTAL MARKET NY PROJECTS-1		TOTAL	\$975,000
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and be it further

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

* * *

A. Oncenter Convention Center Capital (AB419)

June 29, 2017

General Project Plan

- Grantee:** County of Onondaga (the "County")
- ESD Investment:** A grant of up to \$975,000 to be used for regional tourism marketing funding
- Project Location:** 421 Montgomery Street, Syracuse, Onondaga County
- Proposed Project:** Renovation and upgrades to the Nicholas J. Pirro Convention Center (at the "Oncenter") to motivate visitation, trade shows and events.
- Project Type:** Economic Growth Investment
- Regional Council:** The Central Regional Economic Development Council has been made aware of this project. The Incentive Offer was accepted in June 2017. The project is consistent with the Regional Plan to promote tourism within the Central Region and across New York State.

Background:

Industry - Municipality

Organizational History – Onondaga County was organized in 1794 from Herkimer and Tioga Counties, later apportionments of land creating Cayuga, Cortland and Oswego Counties occurred until 1816, creating the present 781-square-mile Onondaga County, which is now comprised of separate municipalities including the City of Syracuse (the "City"), 19 towns and 15 villages. The development of the County was spurred by the salt industry and the Erie Canal, which contributed to Syracuse's emergence as a significant center of commerce. The County's economy has diversified over the years, with development of a strong service industry, health, manufacturing and educational institutions, including Syracuse University.

Size - The County spans approximately 35 miles in length and 30 miles in width. The 2010 U.S. Census showed a population of 467,026 for Onondaga County, which included a population of 145,170 for the City of Syracuse. The City is situated in the approximate center of the County and serves as the focus for commercial and business activities.

ESD Involvement – A \$975,000 grant from the Market NY Grant Program

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.

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
Special Appropriations	X441	\$2,500,000	October 18, 2012	December 31, 2017	Reconfiguration of Onondaga County Public Library System

The Project:

Completion date – December 31, 2017

Activity – The Oncenter is a three-building convention and entertainment complex in Downtown Syracuse. It is composed of a convention center, sporting arena, and theaters. The County will renovate and make upgrades to the Oncenter to encourage increased visitation, trade shows, and other events to attract visitors. Renovations include replacement of entry doors, installation of new digital marquees, replacement of inefficient high wattage lighting and controlling systems, repairs to mechanical, kitchen, and basement areas, and extension of connections and interface into 24/7 monitoring capabilities at the County's District Heating & Cooling plant.

Results – The grantee will be responsible for reporting to ESD during the course of the project. The County will measure the efficacy of the project through ticket sales at the Nicholas J. Pirro Convention Center at the Oncenter, shows, and events, the number of performances and events, and the number of employees (including part time and full time).

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
Construction/Renovation	\$3,900,000	ESD Grant	\$975,000	25%
		Grantee Equity	2,925,000	75%
Total Project Costs	\$3,900,000	Total Project Financing	\$3,900,000	100%

Grantee Contact- William P. Fisher, Deputy County Executive
 421 Montgomery Street
 Syracuse, NY 13202
 Phone: (315) 435-3516

Project Team

Origination
Project Management
Contractor & Supplier Diversity
Environmental

Kelly Rabideau-Baquerizo
Anna Franzini
Edwina Telemaque
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. Upon execution of the grant disbursement agreement, the Company shall pay a commitment fee of 1% of the \$975,000 capital grant (\$9,750) and reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
3. The Grantee will be required to contribute a minimum of 75% 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.
4. Funds will be disbursed in a lump sum upon project completion, as described in Sections II and III above and as evidenced by attainment of a certificate of occupancy and/or other documentation verifying project completion as ESD may require, and documentation verifying project expenditures of \$3,900,000. Payment will be made upon 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 8, 2016, to be considered eligible project costs. Project must be completed by December 31, 2018. All disbursements require compliance with program requirements and must be requested by no later than April 1, 2020.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$975,000 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 ESD.
6. 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

7. 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.

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 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 Minority and Women Business Enterprise ("MWBE") Participation Goal of 35% related to the total value of ESD's funding.

Labor Peace Agreement:

Public Authorities Law §2879-b does not apply to this project. Although the Convention Center is located in the same district in which the Marriott Syracuse Downtown hotel is located, the Convention Center is a stand-alone facility and this project does not involve a hotel.

Statutory Basis – Market New York Program:

The funding was authorized in the 2016-2017 New York State budget and reappropriated in the 2017-2018 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.

Item II. P.

FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: New NY Broadband Program – Phase 2 Awards, New NY Broadband 2015-16 Capital Fund – Consent Calendar

REQUEST FOR: 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

General Project Plan

I. Project Summary

New NY Broadband Program - 2015-16 Capital Fund

	PTS #	Project Sponsor	Name of Project	Service Area	Region	Assistance Up To
A	AB878	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)	Frontier Phase 2 Capital Region Unserved Broadband Capital	Unserved	Capital Region	\$2,221,685
B	AB883	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)	Frontier Phase 2 Capital Region Underserved Broadband Capital	Underserved	Capital Region	\$416,238
C	AB879	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)	Frontier Phase 2 Central Region Unserved Broadband Capital	Unserved	Central NY and Southern Tier Regions	\$6,285,979

		New York)				
D	AB975	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)	Frontier Phase 2 Finger Lakes Unserved Broadband Capital	Unserved	Finger Lakes and Southern Tier Regions	\$2,907,002
E	AB880	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)	Frontier Phase 2 Mid-Hudson Unserved Broadband Capital	Unserved	Mid-Hudson Region	\$436,504
F	AB881	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)	Frontier Phase 2 Mohawk Valley Unserved Broadband Capital	Unserved	Central NY, Mohawk Valley, and Southern Tier Regions	\$8,109,797
G	AB884	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)	Frontier Phase 2 Mohawk Valley Underserved Broadband Capital	Underserved	Mohawk Valley Region	\$10,069
H	AB882	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)	Frontier Phase 2 North Country Unserved Broadband Capital	Unserved and Underserved	North Country Region	\$7,304,640
I	AB902	Germantown Telephone Company (d/b/a Gtel Teleconnections)	Gtel NYS Broadband Program Phase II Underserved	Underserved	Capital Region	\$4,730,944

			Broadband Capital			
J	AB976	Germantown Telephone Company (d/b/a Gtel Teleconnections)	Gtel NYS Broadband Program Phase II Unserved Broadband Capital	Unserved	Capital and Mid-Hudson Regions	\$528,273
K	AB972	Slic Network Solutions, Inc.	Nicholville Primary Broadband Capital	Unserved	North Country Region	\$2,974,750
					Total	\$35,925,881

II. Program Description

A. Background

In today's economy, broadband is no longer a luxury, it is a necessity. Like electricity and telephone service a century ago, broadband represents a critical foundation for economic growth, job creation, and a better way of life. Across industries, broadband is redefining how we provide education and healthcare, manage energy, ensure public safety, and how we store, access and share information.

Access to broadband is a necessity for the continued economic success of New York State. Yet, despite their urgent need for broadband, approximately 2.5 million Housing Units in New York State have either limited or no access to high-speed internet, creating a digital divide between those communities with the ability to participate in the global economy, and those communities without such access.

It is for this reason that Governor Andrew M. Cuomo, with legislative support, established the \$500 million New NY Broadband Program (the Program), the largest and most ambitious State investment in broadband across the nation. The Program will support broadband deployment to Unserved and Underserved areas of the State, at Internet speeds of at least 100 megabits per second (Mbps) (download) in most places, and 25 Mbps (download) in the most remote parts of the State. Projects funded by the Program must provide "last-mile" broadband access (*i.e.*, projects that provide Internet connections directly to New Yorkers), including middle-mile and other connectivity to deliver last-mile services. The last-mile is the most expensive portion of a broadband network, and often prevents many rural residents from receiving broadband service, even when service is available to nearby homes.

Funding recipients for the Program are selected through a "reverse-auction" methodology, which awards projects to qualifying applicants seeking the lowest amount of State investment on a Unit-served basis.

The Program's initial round of grant awards (Phase 1) was announced in August 2016 – 25 projects representing a total public/private investment of approximately \$75.8 million: \$54.2 million in State funding, and \$21.6 million in private funding. Empire State Development's Broadband Program Office (the "BPO") accepted applications for the Program's second funding round (Phase 2) through the NYS Consolidated Funding Application ("CFA"), beginning October 17, 2016. The CFA closed, with final applications due, on November 30, 2016. On February 28, 2017, the State announced its Phase 2 awards - 54 projects representing a total public/private investment of approximately \$268 million: \$211.8 million in State funding, and \$56.2 million in private funding.

B. The Project

See attached Consent and Directors Affirmation Materials.

III. Statutory Basis

The Program was authorized in the FY 2015-16 New York State enacted budget, and re-appropriated in the 2017-2018 New York State Budget. No residential relocation is required as there are no families or individuals residing on the site.

IV. Environmental Review

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

V. Smart Growth Public Infrastructure Review

Pursuant to the requirements of the State Smart Growth Public Infrastructure Policy Act (the "SG Act"), ESD's Smart Growth Advisory Committee has reviewed a Smart Growth Impact Statement for these New NY Broadband Program Phase 2 projects and determined that the projects are consistent with the State Smart Growth Public Infrastructure Criteria ("Smart Growth Criteria"). The designee of the Chief Executive Officer of the Corporation has attested that the projects, to the extent practicable, meet the relevant Smart Growth Criteria set forth in the SG Act.

VI. Non-Discrimination and Contractor & Supplier Diversity

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

VII. ESD Employment Enforcement Policy

ESD's Employment Enforcement Policy will not apply since the project will not directly create or retain jobs. The purpose of the grants is to extend broadband service meeting the Program's requirements to areas lacking such service. Progress will be measured based on the deployment of service to Census Blocks, households, and other locations.

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

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

IX. Additional Submissions to Directors

Resolutions
Project Summaries

June 29, 2017

New NY Broadband Program – Phase 2 Awards, New NY Broadband 2015-16 Capital Fund - Consent Calendar – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plans; Authorization to Make Grants and to Take Related Actions

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

RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plans (the "Plans") for the Projects submitted to this meeting, together with such changes therein as the President and Chief Executive Officer 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 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 hearings held on the Plan, such Plan shall be effective at the conclusion of such hearings, and that upon such written findings being made, the President and Chief Executive Officer Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make a grant to the party and for the amount listed below from the New NY Broadband 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 grants, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in the administration of the grants; and be it further

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

New NY Broadband Program – 2015-16 Capital Fund

	PTS #	Project Sponsor	Name of Project	Service Area	Region	Assistance Up To
A	AB878	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)	Frontier Phase 2 Capital Region Unserved Broadband Capital	Unserved	Capital Region	\$2,221,685
B	AB883	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)	Frontier Phase 2 Capital Region Underserved Broadband Capital	Underserved	Capital Region	\$416,238
C	AB879	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)	Frontier Phase 2 Central Region Unserved Broadband Capital	Unserved	Central NY and Southern Tier Regions	\$6,285,979
D	AB975	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)	Frontier Phase 2 Finger Lakes Unserved Broadband Capital	Unserved	Finger Lakes and Southern Tier Regions	\$2,907,002
E	AB880	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)	Frontier Phase 2 Mid-Hudson Unserved Broadband Capital	Unserved	Mid-Hudson Region	\$436,504
F	AB881	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)	Frontier Phase 2 Mohawk Valley Unserved Broadband Capital	Unserved	Central NY, Mohawk Valley, and Southern Tier Regions	\$8,109,797

G	AB884	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)	Frontier Phase 2 Mohawk Valley Underserved Broadband Capital	Underserved	Mohawk Valley Region	\$10,069
H	AB882	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)	Frontier Phase 2 North Country Unserved Broadband Capital	Unserved and Underserved	North Country Region	\$7,304,640
I	AB902	Germantown Telephone Company (d/b/a Gtel Teleconnections)	Gtel NYS Broadband Program Phase II Underserved Broadband Capital	Underserved	Capital Region	\$4,730,944
J	AB976	Germantown Telephone Company (d/b/a Gtel Teleconnections)	Gtel NYS Broadband Program Phase II Unserved Broadband Capital	Unserved	Capital and Mid-Hudson Regions	\$528,273
K	AB972	Slic Network Solutions, Inc.	Nicholville Primary Broadband Capital	Unserved	North Country Region	\$2,974,750
					Total	\$35,925,881

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. Frontier Phase 2 Capital Region Unserved Broadband Capital (AB878)

June 29, 2017

General Project Plan

- Grantee:** Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York) ("Frontier" or the "Company")
- ESD Investment:** A grant of up to \$2,221,685 to be used for a portion of the cost to expand broadband coverage to the Unserved communities in the Capital Region of New York State.
- Project Location:** Columbia, Saratoga, and Warren Counties County
Please reference the Project Footprint outlined in Table B
- Proposed Project:** Installation or upgrade of broadband networks to expand broadband access and increase capacity
- Project Type:** Infrastructure Investment Project
- Regional Council:** The Capital District Regional Economic Development Council has been made aware of this item. The Incentive Proposal was accepted in June of 2017. The project is consistent with the Regional Plan to expand high-speed Internet, stimulate local business growth and job creation, and enhance the economic well-being of the region.

Background:

Industry - Internet Service Provider (ISP); Business Corporation

Company History - Frontier Communications is an S&P 500 company, and is included in the Fortune 1,000 list of America's largest corporations. Frontier serves a mix of urban, suburban, and rural areas across the U.S. The Company offers a variety of services to customers over its fiber-optic and copper networks, including video, high-speed Internet, advanced voice and Frontier Secure digital protection solutions. Frontier Business Edge offers communications solutions to small, medium, and enterprise businesses. Frontier Communications was incorporated in 1935 and operates in 29 States.

Ownership - Frontier Communications is a publicly traded company (NASDAQ: FTR)

Size - Frontier has facilities in 29 states across the U.S., and employs a staff of approximately 28,600.

Market - Access to the Internet can be achieved by a number of different technologies. The definition of broadband is determined by the data transmission speeds in both

Frontier Phase 2 Capital Region Unserved Broadband Capital (AB878)

June 29, 2017

directions. "Download speeds" refer to the speeds at which data is received by an Internet user -- *i.e.*, the speeds at which the user can access websites, receive files through email, stream video, or use cloud-based services. Upload speeds refer to the speeds at which data is transmitted by an Internet user to another user, to a website, or cloud-based service. Average consumers typically use broadband for downloading data, making download speeds the standard measure for broadband access.

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

ESD Involvement - In 2015, New York State (the "State") created a \$500 million initiative, the New NY Broadband Program (the "Program"), which is intended to provide every New Yorker with high-speed Internet (broadband) access by the end of 2018. Program funds will be awarded to advance the State's goal of statewide broadband access at speeds of at least 100 Mbps (download) in most places, and 25 Mbps (download) in the most remote parts of the State. The Program provides grant funding to projects expanding broadband access to Unserved and Underserved areas across the State, with priority given to projects addressing Unserved areas, public libraries, and Educational Opportunity Centers. An Unserved area is defined as an area where broadband service is not available from a wireline facilities-based provider at advertised speeds equal to or higher than 25 Mbps (download). An Underserved area is defined as an area where broadband service is available from a wireline facilities-based provider at maximum advertised speeds between 25-99 Mbps (download).

Funding recipients for the Program are selected through a "reverse-auction" methodology, which awards projects to qualifying applicants seeking the lowest amount of State investment on a Unit-served basis.

The Program's initial round of grant awards (Phase 1) was announced in August 2016 – 25 projects representing a total public/private investment of approximately \$75.8 million: \$54.2 million in State funding, and \$21.6 million in private funding. Empire State Development's Broadband Program Office (the "BPO") accepted applications for the Program's second funding round (Phase 2) through the NYS Consolidated Funding Application ("CFA"), beginning October 17, 2016. The CFA closed, with final applications due, on November 30, 2016. On February 28, 2017, the State announced its Phase 2 awards - 54 projects representing a total public/private investment of approximately

Frontier Phase 2 Capital Region Unserved Broadband Capital (AB878)

June 29, 2017

\$268 million: \$211.8 million in State funding, and \$56.2 million in private funding.

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)	Purpose
New NY Broadband 15-16 Capital (Phase 1)	AB146	\$197,104	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB153	\$318,304	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB158	\$1,702,246	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB161	\$924,663	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB165	\$67,592	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB169	\$129,634	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure

Frontier Phase 2 Capital Region Unserved Broadband Capital (AB878)

June 29, 2017

The Project:

Completion: Network Construction: December 31, 2018

Customer Installations: December 31, 2020

Activity – The Project will build out of fiber optic infrastructure (FFTX) to provide broadband services through the use of Gigabit Passive Optical Network (GPON) technology. All units within the new serving area will have access to broadband speeds of at least 100 Mbps (download). Middle-mile transport from the access equipment to the Core Router aggregation point (egress to Internet) will be accomplished through by utilizing existing (or augmenting) Packet Optical ROADM equipment within Frontier Communications' serving footprint.

This grant is one of eight funding awards that will be considered for approval at the June 2017 ESD Board Meeting. The seven other awards involve broadband expansion to Unserved and Underserved areas.

Results – Expand broadband access to 1,101 Housing Units (HUs) and 71 Other Units. (See Table A, which describes all Key Project Indicators.)¹

Financing Uses	Amount	Financing Sources	Amount	Percent
Network & Access Equipment	\$163,016	ESD Grant	\$2,221,685	80%
Outside Plant Costs	\$2,614,091	Company Equity	\$277,711	10%
		Additional Financial Commitment	\$277,711	10%
Total Project Costs	\$2,777,107	Total Project Financing	\$2,777,107	100%

¹ Please note that Indicators stated in Tables A, B, and C reflect the Broadband Program Office's estimates of total Units, Housing Units, Libraries, and other types of Units within each Census Block to be addressed by this Project, according to availability data. Upon completion of the Project, final Unit totals may differ from those stated herein.

A. Frontier Phase 2 Capital Region Unserved Broadband Capital (AB878)

June 29, 2017

Grantee Contact - Kevin Smith, Vice President, Business Development
137 Harrison Street
Gloversville, NY 12078
Phone: (518) 773-3737

<u>Project Team</u> -	Origination	Beverly Bobb
	Project Management	Beverly Bobb
	Contractor & Supplier Diversity	Denise Ross
	Finance	Angela Pitto
	Environmental	Soo Kang

Financial Terms and Conditions:

1. Upon execution of the Grant Disbursement Agreement, the Company shall reimburse ESD for any direct expenses incurred in connection with this project, including costs related to holding a public hearing, attorney fees, appraisals, surveys, title insurance, credit searches, filing fees, and other requirements deemed appropriate by ESD.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to closing.
3. Grantee Co-Investment: The New NY Broadband Program has set a goal of soliciting private sector Matching Funds for 50% of the capital needed across the Program. Consistent with that goal, the Recipient will provide a minimum financial commitment of 20% of eligible project costs. Further, a portion of the Grantee's financial commitment – at least 10% of total Eligible Project Costs – must be equity capital injected into the project by the Grantee, as described below.
4. 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 written acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
5. Up to \$2,221,685 will be disbursed to Grantee as reimbursement for eligible expenses incurred no more frequently than quarterly, during the course of design and/or construction; upon completion of Key Project Indicators and Project Milestones; and in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon meeting all Key Project Indicators and Project Milestones as evidenced by supporting documentation and required reports. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require.

Frontier Phase 2 Capital Region Unserved Broadband Capital (AB878)

June 29, 2017

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

Expenses must be incurred on or after March 8, 2017, the date that ESD notified Grantee of the New NY Broadband Program award, to be considered eligible project costs. Expenditures incurred prior to the date of the Award Letter are not eligible project costs, and cannot be reimbursed by grant funds. All disbursements require compliance with requirements of the New NY Broadband Program, as set forth herein and in the New NY Broadband Program Phase 2 Request for Proposal Guidelines.

6. Design and construction of the Project must be completed no later than December 31, 2018. All disbursements in connection with design and construction of the Project must be requested by no later than December 31, 2019.
7. All disbursements in connection with installation of service on customer premises under the Project must be requested no later than December 31, 2021.
8. Grant Funds are to be used for the following:
 - (i) To fund the construction or improvement of all facilities required to pass all Units located within the Grantee's Service Area with a network capable of providing the specified broadband service
 - i. "Construction or improvement" should also include the cost of all network infrastructure and electronics required to connect Units to the network in order to provide service to end-users located within the Service Area that are expected to subscribe to service upon completion of the project (i.e., the cost to "run drops" to anticipated customers), where such connections are within standard drop lengths, require standard electronics, and do not require the placement poles on the end-user's premises (Special Construction). Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.
 - ii. "Construction and improvement" also includes costs associated with end-users located within the Service Area that are not expected to subscribe to service upon project completion. Grantees must provide service, in a reasonable timeframe and at no additional cost (outside the standard monthly recurring cost for service), to the locations of these potential customers where such connections are within standard drop lengths,

Frontier Phase 2 Capital Region Unserved Broadband Capital (AB878)

June 29, 2017

require standard electronics, and do not require Special Construction. Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.

- iii. Systems shall be designed and constructed so that customers not within a standard drop length only require installation of a longer drop, and, only in very extreme instances, additional amplification for that customer.
- (ii) For the upfront investment associated with installing and/or upgrading existing broadband facilities on a one-time, capital improvement basis, in order to expand broadband access and increase capacity
- (iii) Where proposed construction or equipment or other items (leases, expenses, indirect costs) may serve both the proposed areas and other areas (dual use), the Grantee shall calculate the percentage of passings in the proposed area or areas relative to the total number of passings, and only that percentage of the cost of dual use construction or equipment shall be eligible
- (iv) To fund the cost of long-term leases, defined as leases for a duration longer than 1 year, of facilities required to provide broadband service
- (v) To fund reasonable make-ready expenses incurred as a result of providing broadband service
- (vi) To fund reasonable indirect costs associated with the implementation of the grant efforts and consistent with the principles outlined in the New NY Broadband RFP Grant Guidelines, excluding maintenance and operating expenses, customer operations, general and administrative costs, efforts associated with bidding on and obtaining the grants, and any efforts not associated with the actual deployment of the network
 - i. A Grantee may not seek indirect costs in an amount constituting more than 15% of the Grantee's total eligible expenses.
 - ii. Such costs must be identified as line-items in the application to be eligible for reimbursement. Costs that appear excessive and/or without justification and costs not considered eligible will not be reimbursed. When seeking reimbursement, Grantees must submit such indirect costs as line-items and provide justification for the expense.

9. Eligible Expense Categories include but are not limited to the following:

- (i) Network & Access Equipment Costs: Includes optical equipment, digital line concentrators, digital subscriber line access multiplexers, radio equipment, transport multiplexors, routers and Ethernet switches, distribution frames and panels, power equipment, and associated software costs chargeable to capital.
- (ii) Outside Plant Costs: Includes cable (aerial, buried, underground, and submarine), fiber, conduit systems, poles, cross-connect cabinets and splitters, fiber service terminals and enclosures, pedestals, standard drops, network interface devices,

Frontier Phase 2 Capital Region Unserved Broadband Capital (AB878)

June 29, 2017

optical network terminals and reasonable make-ready costs.

- (iii) Tower Costs: Includes the construction of new towers (where required infrastructure does not exist) and costs involved with structural changes to existing towers.
- (iv) Building and Land Costs: Includes the cost of constructing new buildings and renovating existing buildings, as well as any site preparation costs directly related to providing broadband service to the funded Service Area.
- (v) Customer Premises Equipment: Funding only covers up to the network demarcation point (e.g., NID or ONT).
- (vi) Professional Services: Includes site engineering, project management, and consultant services costs involved in designing and constructing the proposed project.
- (vii) Testing: Includes items such as testing network and IT systems, user devices, servers, lab furnishing and test generators.
- (viii) Other Upfront Costs: Includes any other upfront costs not covered in other categories, such as site preparation, permits, required licenses, sales tax applicable to new equipment purchases, shipping and warehousing expenses, and miscellaneous minor material.

10. Ineligible Expenses included but are not limited to the following:

- (i) Only Standard Drop Lengths will be eligible for funding. Drops requiring Special Construction will be the responsibility of the consumer.
- (ii) Equipment owned or leased by the customer, including routers and modems, and any other costs beyond the network interface point.
- (iii) Operating expenses of the Grantee will not be funded.
- (iv) Expenses incurred prior to the date of the grant award announcement will not be eligible for funding.

11. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$2,221,685, 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.

12. The Recapture Amount - if the property is sold within 5-years of disbursement, or if Grantee fails to complete Key Project Indicators and Milestones – is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred, and/or failure to complete Indicators and Milestones.

- (i) The Recapture Amount – if the failure to complete Key Project Indicators and Milestones occurs – shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:

Frontier Phase 2 Capital Region Unserved Broadband Capital (AB878)

June 29, 2017

- i. 100% of the disbursed amount if 0% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- ii. 90% of the disbursed amount if 1% to 10% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- iii. 80% of the disbursed amount if 11% to 20% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- iv. 70% of the disbursed amount if 21% to 30% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- v. 60% of the disbursed amount if 31% to 40% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- vi. 50% of the disbursed amount if 41% to 50% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- vii. 40% of the disbursed amount if 51% to 60% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- viii. 30% of the disbursed amount if 61% to 70% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- ix. 20% of the disbursed amount if 71% to 80% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- x. 10% of the disbursed amount if 81% to 90% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- xi. 5% of the disbursed amount if 91% to 99% of the Milestones and Indicators are completed by the time of submitting final reporting requirements

13. Compliance with National Electrical Safety Code (NESC): All pole attachments shall comply with the NESC requirements. New NY Broadband grant recipients shall ensure that the attachment of fiber and equipment is designed, constructed, operated, and maintained in accordance with all applicable provisions of the most current and accepted criteria of the NESC, and all applicable and current electrical and safety requirements of any State or local governmental entity.

14. Broadband Mapping Program Compliance: Recipients shall provide to the NYS

Frontier Phase 2 Capital Region Unserved Broadband Capital (AB878)

June 29, 2017

Broadband Program Office (or designated agent) address-level broadband build-out data that indicates the location of new broadband services within the recipient's entire service area.

15. In the event Reports, Updates, Mapping, and/or Milestone Reports are not received in the form and time periods as indicated in Section 2, ESD shall not be obligated to make any further Grant disbursements. In the event such Reports, Updates, Mapping, and/or Milestone Reports are not received within 45 days in the form and time periods as indicated in Section 2, Grantee will be in default. However, no default shall be deemed to have occurred if Grantee cures such default within ten (10) days of notice of default from ESD.

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.

Statutory Basis – New NY Broadband Program:

The funding was authorized in the FY 2015-2016 New York State enacted budget, and re-appropriated in the 2017-2018 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

Additional Submissions to Directors:

Table A – Key Project Indicators

Table B – Project Footprint

Table C – Project Milestones

Table A: Key Project Indicators

The following table lists the key indicators, which must be met upon completion of this project. Indicators will be required to be reported on a monthly basis.

KEY PROJECT INDICATORS	
Key Project Indicators: In consideration for the making of the Grant, Grantee has agreed to achieve the Key Project Indicators set forth below:	
Basic Project Information	
Project Name	Frontier Phase 2 Capital Region Unserved Broadband Capital
Project ID Number	AB878
Contact Name	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)
Contact Number	(518) 773-3737
Website	https://frontier.com/
Email	kevin.r.smith@ftr.com
Company	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)
REDC(s)	Capital Region
County(ies)	Columbia, Saratoga, and Warren Counties
NYS Assembly District #s	106, 114
NYS Senate District #s	43, 45, 49
U.S. Congressional District #s	19, 21
Total Census Blocks to be passed by project	78
Total Units to be passed by project	1,172
Total Project Cost (state + private)	\$2,777,107
Total Applicant Private Match	\$555,422
Total Grant Amount (\$)	\$2,221,685
Max speeds offered (download/upload)	100 Mbps Download / 15 Mbps Upload
Required pricing tier offered?	Yes
Technology Type	Fiber-to-the-Home (FTTH)
Type of Service Area: Unserved vs. Underserved	Unserved
Monthly Project Questions	
Is your Project On Time? (Yes/No*)	To be answered during project progress

Is your Project On Budget? (Yes/No*)	To be answered during project progress
Have there been any project changes? (Yes**/No)	To be answered during project progress
Have you communicated with any State agency, authority or commission? (Yes**/No)	To be answered during project progress
Have there been changes in approval or permitting timeframes? (Yes**/No)	To be answered during project progress

Indicator - Project Service Area	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
Housing Units Passed	1,101
Other Units Passed	71
TOTAL Units Passed	1,172
Census Blocks Passed***	78
Indicator - Customer Connections	# Proposed for Project (Column Will Not Change Without GDA Amendment)
(If Known) Average Revenue Per User (ARPU) per Unit Connected (\$)	N/A
(If Known) Average Bandwidth Delivered per Month per Connected Unit (Mbps)	N/A
Indicator - Network Infrastructure Deployed	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
New Network Miles Deployed	0
Existing Network Miles Upgraded	37 Miles
Number of Miles of New Fiber	86 Miles
Number of Towers Connected	0
Number of New Interconnection Points	0
Number of Wireless Hotspots	0
Indicator - Project Expenditures	Proposed for Project \$
MWBE expenditures	\$666,505.50
Eligible Project Expenditures (\$) Made	\$2,221,685
Private Match (\$)	\$555,422

Speed Tiers & Pricing [Write N/A if No Speed Tiers Currently Offered]	Max Download Speed Offered
Type - Residential, Commercial, or Other [Please Specify]	x
-Preliminary Residential	30 Mbps – \$39.99 50 Mbps - \$64.99 75 Mbps – \$74.99

100 Mbps – \$84.99

Network Construction Completion Date:	December 31, 2018
Customer Installations Completion Date:	December 31, 2020

*If project is not on time or on budget, Grantee will be asked to upload documentation explaining reason for delay/issue

**If yes, please explain and provide any necessary documentation

***Grantee must pass all Units in a Census Block, except where authorized by the ESD Broadband Program Office to pass a Census Block in part.

Table B: Project Footprint

Frontier Communications of New York AB878

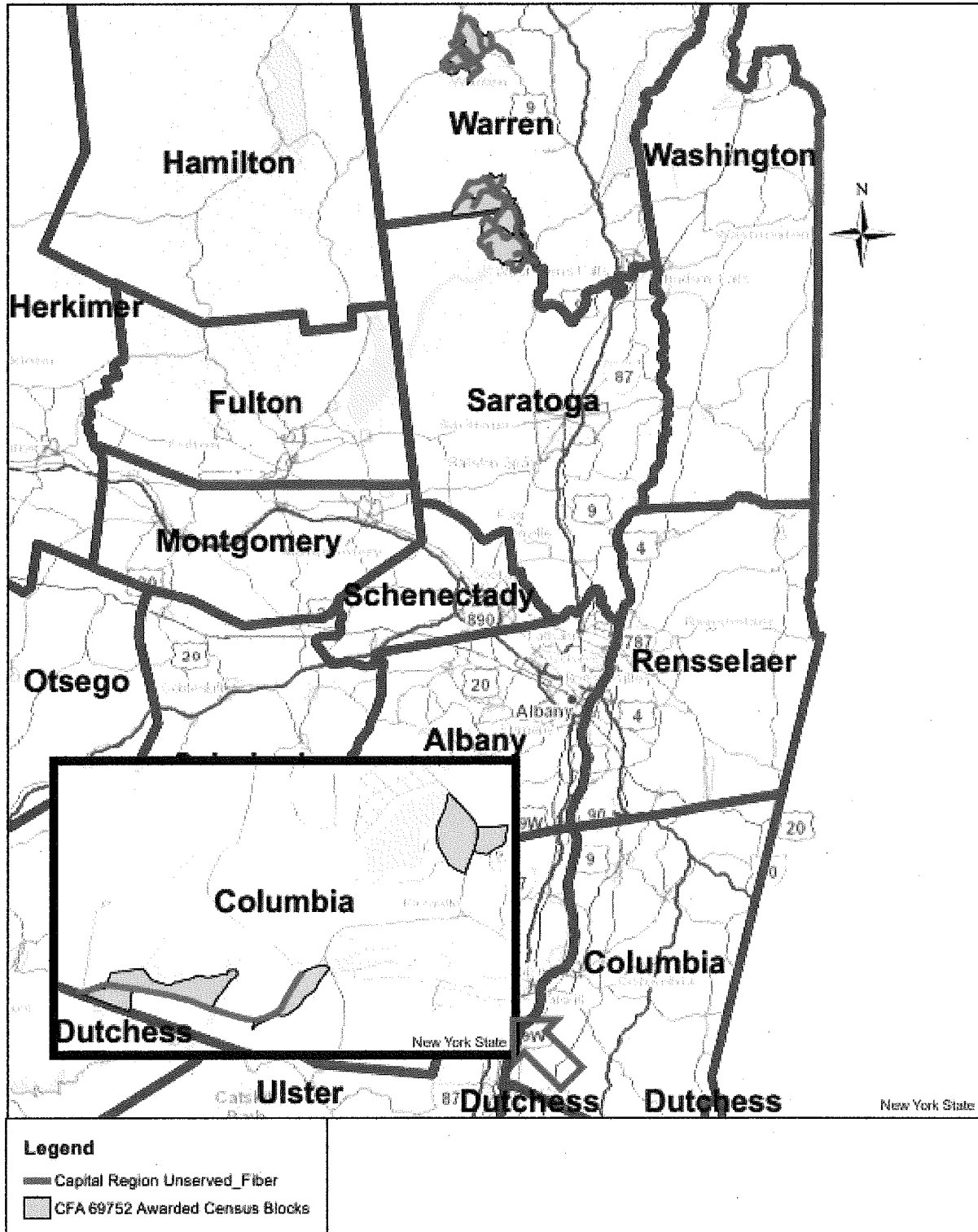


Table C: Project Milestones

Project Milestones
The following table lists the major network build-out phase and milestones that can demonstrate the entire project will be substantially completed by December 31, 2018 . The table considers project areas such as a) network design, b) securing all relevant licenses and agreements, c) site preparation, d) inside plant deployment, e) outside plant deployment, f) deployment of business and operational support systems, g) network testing, h) network operational
Project Start Date: Q3 2017 Projected Completion Date: December 31, 2018 Projected # of Milestone Reports _____

Time Period	Quarter	Milestones	Narrative Explanation (If Any)
Year 1	Qtr. 1		
	Qtr. 2		
	Qtr. 3	Network Design (OSP & Transport)	
	Qtr. 4	Network Design (OSP & Transport) Make-ready, Permits and Licenses	
Year 2	Qtr. 1	Materials Delivery ISP and OSP Construction	
	Qtr. 2	ISP and OSP Construction	
	Qtr. 3	ISP and OSP Construction	
	Qtr. 4	Network Testing Network Operational	

B. Frontier Phase 2 Capital Region Underserved Broadband Capital (AB883)

June 29, 2017

General Project Plan

- Grantee:** Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York) ("Frontier" or the "Company")
- ESD Investment:** A grant of up to \$416,238 to be used for a portion of the cost to expand broadband coverage to the Underserved communities in the Capital Region of New York State.
- Project Location:** Columbia County
Please reference the Project Footprint outlined in Table B
- Proposed Project:** Installation or upgrade of broadband networks to expand broadband access and increase capacity
- Project Type:** Infrastructure Investment Project
- Regional Council:** The Capital District Regional Economic Development Council has been made aware of this item. The Incentive Proposal was accepted in June of 2017. The project is consistent with the Regional Plan to expand high-speed Internet, stimulate local business growth and job creation, and enhance the economic well-being of the region.

Background:

Industry - Internet Service Provider (ISP); Business Corporation

Company History - Frontier Communications is an S&P 500 company, and is included in the Fortune 1,000 list of America's largest corporations. Frontier serves a mix of urban, suburban, and rural areas across the U.S. The Company offers a variety of services to customers over its fiber-optic and copper networks, including video, high-speed Internet, advanced voice and Frontier Secure digital protection solutions. Frontier Business Edge offers communications solutions to small, medium, and enterprise businesses. Frontier Communications was incorporated in 1935 and operates in 29 States.

Ownership - Frontier Communications is a publicly traded company (NASDAQ: FTR)

Size - Frontier has facilities in 29 states across the U.S., and employs a staff of approximately 28,600.

Market - Access to the Internet can be achieved by a number of different technologies. The definition of broadband is determined by the data transmission speeds in both

Frontier Phase 2 Capital Region Underserved Broadband Capital (AB883)

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directions. "Download speeds" refer to the speeds at which data is received by an Internet user -- *i.e.*, the speeds at which the user can access websites, receive files through email, stream video, or use cloud-based services. Upload speeds refer to the speeds at which data is transmitted by an Internet user to another user, to a website, or cloud-based service. Average consumers typically use broadband for downloading data, making download speeds the standard measure for broadband access.

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

ESD Involvement - In 2015, New York State (the "State") created a \$500 million initiative, the New NY Broadband Program (the "Program"), which is intended to provide every New Yorker with high-speed Internet (broadband) access by the end of 2018. Program funds will be awarded to advance the State's goal of statewide broadband access at speeds of at least 100 Mbps (download) in most places, and 25 Mbps (download) in the most remote parts of the State. The Program provides grant funding to projects expanding broadband access to Unserved and Underserved areas across the State, with priority given to projects addressing Unserved areas, public libraries, and Educational Opportunity Centers. An Unserved area is defined as an area where broadband service is not available from a wireline facilities-based provider at advertised speeds equal to or higher than 25 Mbps (download). An Underserved area is defined as an area where broadband service is available from a wireline facilities-based provider at maximum advertised speeds between 25-99 Mbps (download).

Funding recipients for the Program are selected through a "reverse-auction" methodology, which awards projects to qualifying applicants seeking the lowest amount of State investment on a Unit-served basis.

The Program's initial round of grant awards (Phase 1) was announced in August 2016 -- 25 projects representing a total public/private investment of approximately \$75.8 million: \$54.2 million in State funding, and \$21.6 million in private funding. Empire State Development's Broadband Program Office (the "BPO") accepted applications for the Program's second funding round (Phase 2) through the NYS Consolidated Funding Application ("CFA"), beginning October 17, 2016. The CFA closed, with final applications due, on November 30, 2016. On February 28, 2017, the State announced its Phase 2 awards - 54 projects representing a total public/private investment of approximately

Frontier Phase 2 Capital Region Underserved Broadband Capital (AB883)

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\$268 million: \$211.8 million in State funding, and \$56.2 million in private funding.

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)	Purpose
New NY Broadband 15-16 Capital (Phase 1)	AB146	\$197,104	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB153	\$318,304	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB158	\$1,702,246	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB161	\$924,663	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB165	\$67,592	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB169	\$129,634	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure

Frontier Phase 2 Capital Region Underserved Broadband Capital (AB883)

June 29, 2017

The Project:

Completion: Network Construction: December 31, 2018

Customer Installations: December 31, 2020

Activity – The Project will build out of fiber optic infrastructure (FTTX) to provide broadband services through the use of Gigabit Passive Optical Network (GPON) technology. All units within the new serving area will have access to broadband speeds of at least 100 Mbps (download). Middle-mile transport from the access equipment to the Core Router aggregation point (egress to Internet) will be accomplished through by utilizing existing (or augmenting) Packet Optical ROADM equipment within Frontier Communications' serving footprint.

This grant is one of eight funding awards that will be considered for approval at the June 2017 ESD Board Meeting. The seven other awards involve broadband expansion to Unserved and Underserved areas.

Results – Expand broadband access to 407 Housing Units (HUs) and 28 Other Units. (See Table A, which describes all Key Project Indicators.)²

Financing Uses	Amount	Financing Sources	Amount	Percent
Network & Access Equipment	\$126,641	ESD Grant	\$416,238	80%
Outside Plant Costs	\$393,657	Company Equity	\$52,030	10%
		Additional Financial Commitment	\$52,030	10%
Total Project Costs	\$520,298	Total Project Financing	\$520,298	100%

² Please note that Indicators stated in Tables A, B, and C reflect the Broadband Program Office's estimates of total Units, Housing Units, Libraries, and other types of Units within each Census Block to be addressed by this Project, according to availability data. Upon completion of the Project, final Unit totals may differ from those stated herein.

B. Frontier Phase 2 Capital Region Underserved Broadband Capital (AB883)

June 29, 2017

Grantee Contact - Kevin Smith, Vice President, Business Development
137 Harrison Street
Gloversville, NY 12078
Phone: (518) 773-3737

<u>Project Team</u> -	Origination	Beverly Bobb
	Project Management	Beverly Bobb
	Contractor & Supplier Diversity	Denise Ross
	Finance	Angela Pitto
	Environmental	Soo Kang

Financial Terms and Conditions:

1. Upon execution of the Grant Disbursement Agreement, the Company shall reimburse ESD for any direct expenses incurred in connection with this project, including costs related to holding a public hearing, attorney fees, appraisals, surveys, title insurance, credit searches, filing fees, and other requirements deemed appropriate by ESD.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to closing.
3. Grantee Co-Investment: The New NY Broadband Program has set a goal of soliciting private sector Matching Funds for 50% of the capital needed across the Program. Consistent with that goal, the Recipient will provide a minimum financial commitment of 20% of eligible project costs. Further, a portion of the Grantee's financial commitment – at least 10% of total Eligible Project Costs – must be equity capital injected into the project by the Grantee, as described below.
4. 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 written acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
5. Up to \$416,238 will be disbursed to Grantee as reimbursement for eligible expenses incurred no more frequently than quarterly, during the course of design and/or construction; upon completion of Key Project Indicators and Project Milestones; and in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon meeting all Key Project Indicators and Project Milestones as evidenced by supporting documentation and required reports. Payment will be made upon presentation to ESD

Frontier Phase 2 Capital Region Underserved Broadband Capital (AB883)

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of an invoice and such other documentation as ESD may reasonably require.

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

Expenses must be incurred on or after March 8, 2017, the date that ESD notified Grantee of the New NY Broadband Program award, to be considered eligible project costs. Expenditures incurred prior to the date of the Award Letter are not eligible project costs, and cannot be reimbursed by grant funds. All disbursements require compliance with requirements of the New NY Broadband Program, as set forth herein and in the New NY Broadband Program Phase 2 Request for Proposal Guidelines.

6. Design and construction of the Project must be completed no later than December 31, 2018. All disbursements in connection with design and construction of the Project must be requested by no later than December 31, 2019.
7. All disbursements in connection with installation of service on customer premises under the Project must be requested no later than December 31, 2021.
8. Grant Funds are to be used for the following:
 - a. To fund the construction or improvement of all facilities required to pass all Units located within the Grantee's Service Area with a network capable of providing the specified broadband service
 - i. "Construction or improvement" should also include the cost of all network infrastructure and electronics required to connect Units to the network in order to provide service to end-users located within the Service Area that are expected to subscribe to service upon completion of the project (i.e., the cost to "run drops" to anticipated customers), where such connections are within standard drop lengths, require standard electronics, and do not require the placement poles on the end-user's premises (Special Construction). Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.
 - ii. "Construction and improvement" also includes costs associated with end-users located within the Service Area that are not expected to subscribe to service upon project completion. Grantees must provide service, in a reasonable timeframe and at no additional cost (outside the standard monthly recurring cost for service), to the locations of these potential

Frontier Phase 2 Capital Region Underserved Broadband Capital (AB883)

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customers where such connections are within standard drop lengths, require standard electronics, and do not require Special Construction. Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.

- iii. Systems shall be designed and constructed so that customers not within a standard drop length only require installation of a longer drop, and, only in very extreme instances, additional amplification for that customer.
 - b. For the upfront investment associated with installing and/or upgrading existing broadband facilities on a one-time, capital improvement basis, in order to expand broadband access and increase capacity
 - c. Where proposed construction or equipment or other items (leases, expenses, indirect costs) may serve both the proposed areas and other areas (dual use), the Grantee shall calculate the percentage of passings in the proposed area or areas relative to the total number of passings, and only that percentage of the cost of dual use construction or equipment shall be eligible
 - d. To fund the cost of long-term leases, defined as leases for a duration longer than 1 year, of facilities required to provide broadband service
 - e. To fund reasonable make-ready expenses incurred as a result of providing broadband service
 - f. To fund reasonable indirect costs associated with the implementation of the grant efforts and consistent with the principles outlined in the New NY Broadband RFP Grant Guidelines, excluding maintenance and operating expenses, customer operations, general and administrative costs, efforts associated with bidding on and obtaining the grants, and any efforts not associated with the actual deployment of the network
 - i. A Grantee may not seek indirect costs in an amount constituting more than 15% of the Grantee's total eligible expenses.
 - ii. Such costs must be identified as line-items in the application to be eligible for reimbursement. Costs that appear excessive and/or without justification and costs not considered eligible will not be reimbursed. When seeking reimbursement, Grantees must submit such indirect costs as line-items and provide justification for the expense.
9. Eligible Expense Categories include but are not limited to the following:
- a. Network & Access Equipment Costs: Includes optical equipment, digital line concentrators, digital subscriber line access multiplexers, radio equipment, transport multiplexors, routers and Ethernet switches, distribution frames and panels, power equipment, and associated software costs chargeable to capital.
 - b. Outside Plant Costs: Includes cable (aerial, buried, underground, and submarine), fiber, conduit systems, poles, cross-connect cabinets and splitters, fiber service

Frontier Phase 2 Capital Region Underserved Broadband Capital (AB883)

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- terminals and enclosures, pedestals, standard drops, network interface devices, optical network terminals and reasonable make-ready costs.
- c. Tower Costs: Includes the construction of new towers (where required infrastructure does not exist) and costs involved with structural changes to existing towers.
 - d. Building and Land Costs: Includes the cost of constructing new buildings and renovating existing buildings, as well as any site preparation costs directly related to providing broadband service to the funded Service Area.
 - e. Customer Premises Equipment: Funding only covers up to the network demarcation point (e.g., NID or ONT).
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Frontier Phase 2 Capital Region Underserved Broadband Capital (AB883)

June 29, 2017

each disbursement of the Grant, which in each instance shall be equal to:

- i. 100% of the disbursed amount if 0% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
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Frontier Phase 2 Capital Region Underserved Broadband Capital (AB883)

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15. In the event Reports, Updates, Mapping, and/or Milestone Reports are not received in the form and time periods as indicated in Section 2, ESD shall not be obligated to make any further Grant disbursements. In the event such Reports, Updates, Mapping, and/or Milestone Reports are not received within 45 days in the form and time periods as indicated in Section 2, Grantee will be in default. However, no default shall be deemed to have occurred if Grantee cures such default within ten (10) days of notice of default from ESD.

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Additional Submissions to Directors:

Table A – Key Project Indicators

Table B – Project Footprint

Table C – Project Milestones

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The following table lists the key indicators, which must be met upon completion of this project. Indicators will be required to be reported on a monthly basis.

KEY PROJECT INDICATORS	
Key Project Indicators: In consideration for the making of the Grant, Grantee has agreed to achieve the Key Project Indicators set forth below:	
Basic Project Information	
Project Name	Frontier Phase 2 Capital Region Underserved Broadband Capital
Project ID Number	AB883
Contact Name	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)
Contact Number	(518) 773-3737
Website	https://frontier.com/
Email	kevin.r.smith@ftr.com
Company	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)
REDC(s)	Capital Region
County(ies)	Columbia County
NYS Assembly District #s	106
NYS Senate District #s	43
U.S. Congressional District #s	19
Total Census Blocks to be passed by project	27
Total Units to be passed by project	435
Total Project Cost (state + private)	\$520,298
Total Applicant Private Match	\$104,060
Total Grant Amount (\$)	\$416,238
Max speeds offered (download/upload)	100 Mbps Download / 15 Mbps Upload
Required pricing tier offered?	Yes
Technology Type	Fiber-to-the-Home (FTTH)
Type of Service Area: Unserved vs. Underserved	Underserved
Monthly Project Questions	
Is your Project On Time? (Yes/No*)	To be answered during project progress

Is your Project On Budget? (Yes/No*)	To be answered during project progress
Have there been any project changes? (Yes**/No)	To be answered during project progress
Have you communicated with any State agency, authority or commission? (Yes**/No)	To be answered during project progress
Have there been changes in approval or permitting timeframes? (Yes**/No)	To be answered during project progress

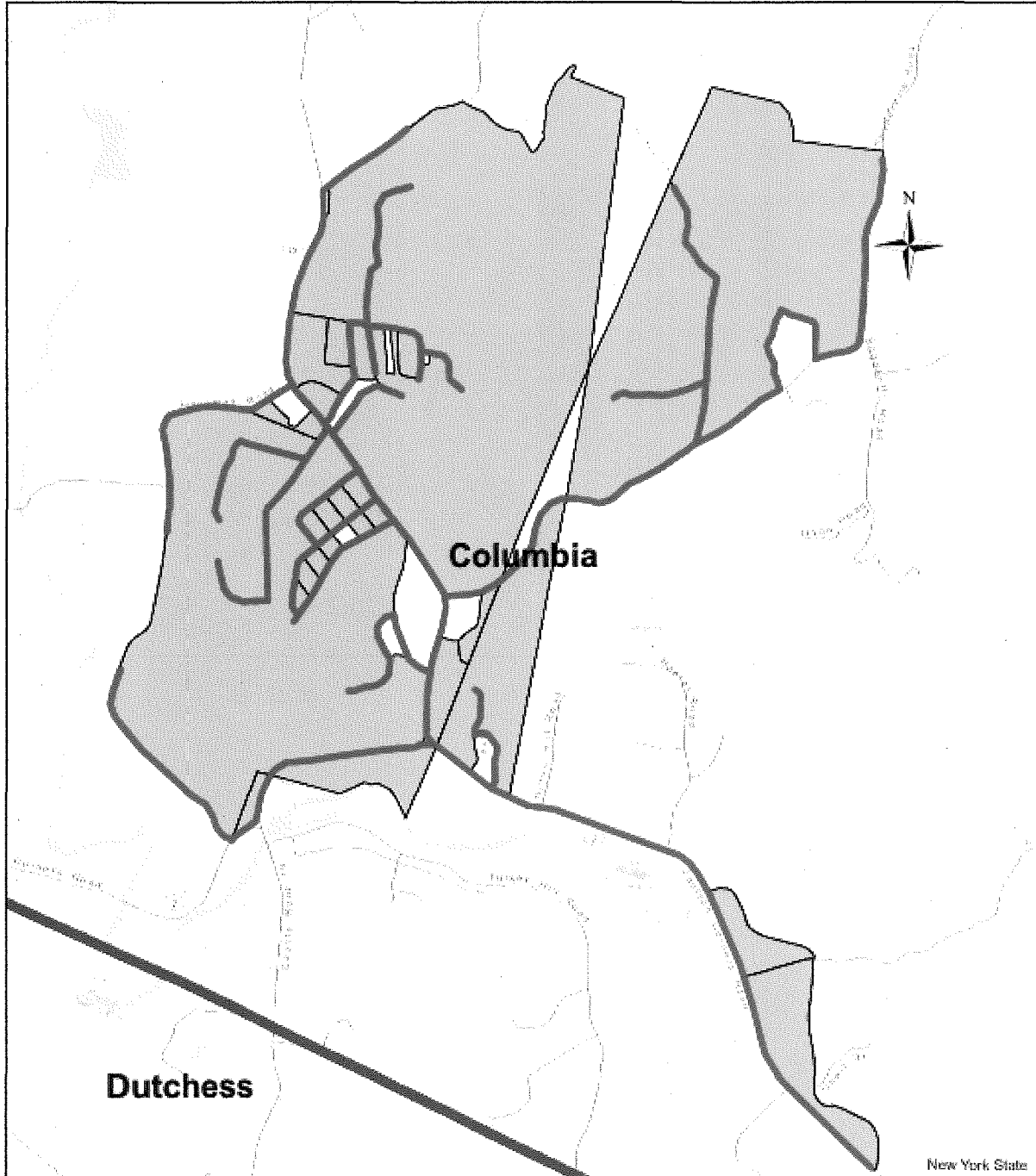
Indicator - Project Service Area	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
Housing Units Passed	407
Other Units Passed	28
TOTAL Units Passed	435
Census Blocks Passed***	27
Indicator - Customer Connections	# Proposed for Project (Column Will Not Change Without GDA Amendment)
(If Known) Average Revenue Per User (ARPU) per Unit Connected (\$)	N/A
(If Known) Average Bandwidth Delivered per Month per Connected Unit (Mbps)	N/A
Indicator - Network Infrastructure Deployed	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
New Network Miles Deployed	N/A
Existing Network Miles Upgraded	7 Miles
Number of Miles of New Fiber	12 Miles
Number of Towers Connected	N/A
Number of New Interconnection Points	N/A
Number of Wireless Hotspots	N/A
Indicator - Project Expenditures	Proposed for Project \$
MWBE expenditures	\$124,871.40
Eligible Project Expenditures (\$) Made	\$416,238.00
Private Match (\$)	\$104,060.00

Speed Tiers & Pricing [Write N/A if No Speed Tiers Currently Offered]	Max Download Speed Offered
Type - Residential, Commercial, or Other [Please Specify]	x
Preliminary Residential	30 Mbps – \$39.99 50 Mbps – \$64.99 75 Mbps – \$74.99 100 Mbps – \$84.99

Network Construction Completion Date:	December 31, 2018
Customer Installations Completion Date:	December 31, 2020
*If project is not on time or on budget, Grantee will be asked to upload documentation explaining reason for delay/issue	
**If yes, please explain and provide any necessary documentation	
***Grantee must pass all Units in a Census Block, except where authorized by the ESD Broadband Program Office to pass a Census Block in part.	

Table B: Project Footprint

Frontier Communications of New York AB883



Legend

- Capital Region Underserved Fiber
- CFA 69943 Awarded Census Blocks

Table C: Project Milestones

Project Milestones
The following table lists the major network build-out phase and milestones that can demonstrate the entire project will be substantially completed by December 31, 2018 . The table considers project areas such as a) network design, b) securing all relevant licenses and agreements, c) site preparation, d) inside plant deployment, e) outside plant deployment, f) deployment of business and operational support systems, g) network testing, h) network operational
Project Start Date: Q3 2017 Projected Completion Date: December 31, 2017 Projected # of Milestone Reports _____

Time Period	Quarter	Milestones	Narrative Explanation (If Any)
Year 1	Qtr. 1		
	Qtr. 2		
	Qtr. 3	Network Design (OSP & Transport)	
	Qtr. 4	Network Design (OSP & Transport) Make-ready, Permits and Licenses	
Year 2	Qtr. 1	Materials Delivery ISP and OSP Construction	
	Qtr. 2	ISP and OSP Construction	
	Qtr. 3	ISP and OSP Construction	
	Qtr. 4	Network Testing Network Operational	

C. Frontier Phase 2 Central Region Unserved Broadband Capital (AB879)

June 29, 2017

General Project Plan

- Grantee:** Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York) ("Frontier" or the "Company")
- ESD Investment:** A grant of up to \$6,285,979 to be used for a portion of the cost to expand broadband coverage to the Unserved communities in the Central NY and Southern Tier Regions of New York State
- Project Location:** Cayuga, Cortland, Madison, Oswego, and Chenango Counties
Please reference the Project Footprint outlined in Table B
- Proposed Project:** Installation or upgrade of broadband networks to expand broadband access and increase capacity
- Project Type:** Infrastructure Investment Project
- Regional Council:** The Central NY and Southern Tier Regional Economic Development Councils have been made aware of this item. The Incentive Proposal was accepted in June of 2017. The project is consistent with the Regional Plans to expand high-speed Internet, stimulate local business growth and job creation, and enhance the economic well-being of the regions.

Background:

Industry - Internet Service Provider (ISP); Business Corporation

Company History - Frontier Communications is an S&P 500 company, and is included in the Fortune 1,000 list of America's largest corporations. Frontier serves a mix of urban, suburban, and rural areas across the U.S. The Company offers a variety of services to customers over its fiber-optic and copper networks, including video, high-speed Internet, advanced voice and Frontier Secure digital protection solutions. Frontier Business Edge offers communications solutions to small, medium, and enterprise businesses. Frontier Communications was incorporated in 1935 and operates in 29 States.

Ownership - Frontier Communications is a publicly traded company (NASDAQ: FTR)

Size - Frontier has facilities in 29 states across the U.S., and employs a staff of approximately 28,600.

Market - Access to the Internet can be achieved by a number of different technologies.

Frontier Phase 2 Central Region Unserved Broadband Capital (AB879)

June 29, 2017

The definition of broadband is determined by the data transmission speeds in both directions. "Download speeds" refer to the speeds at which data is received by an Internet user -- *i.e.*, the speeds at which the user can access websites, receive files through email, stream video, or use cloud-based services. Upload speeds refer to the speeds at which data is transmitted by an Internet user to another user, to a website, or cloud-based service. Average consumers typically use broadband for downloading data, making download speeds the standard measure for broadband access.

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

ESD Involvement - In 2015, New York State (the "State") created a \$500 million initiative, the New NY Broadband Program (the "Program"), which is intended to provide every New Yorker with high-speed Internet (broadband) access by the end of 2018. Program funds will be awarded to advance the State's goal of statewide broadband access at speeds of at least 100 Mbps (download) in most places, and 25 Mbps (download) in the most remote parts of the State. The Program provides grant funding to projects expanding broadband access to Unserved and Underserved areas across the State, with priority given to projects addressing Unserved areas, public libraries, and Educational Opportunity Centers. An Unserved area is defined as an area where broadband service is not available from a wireline facilities-based provider at advertised speeds equal to or higher than 25 Mbps (download). An Underserved area is defined as an area where broadband service is available from a wireline facilities-based provider at maximum advertised speeds between 25-99 Mbps (download).

Funding recipients for the Program are selected through a "reverse-auction" methodology, which awards projects to qualifying applicants seeking the lowest amount of State investment on a Unit-served basis.

The Program's initial round of grant awards (Phase 1) was announced in August 2016 – 25 projects representing a total public/private investment of approximately \$75.8 million: \$54.2 million in State funding, and \$21.6 million in private funding. Empire State Development's Broadband Program Office (the "BPO") accepted applications for the Program's second funding round (Phase 2) through the NYS Consolidated Funding Application ("CFA"), beginning October 17, 2016. The CFA closed, with final applications due, on November 30, 2016. On February 28, 2017, the State announced its Phase 2

Frontier Phase 2 Central Region Unserved Broadband Capital (AB879)

June 29, 2017

awards - 54 projects representing a total public/private investment of approximately \$268 million: \$211.8 million in State funding, and \$56.2 million in private funding.

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)	Purpose
New NY Broadband 15-16 Capital (Phase 1)	AB146	\$197,104	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB153	\$318,304	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB158	\$1,702,246	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB161	\$924,663	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB165	\$67,592	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB169	\$129,634	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure

Frontier Phase 2 Central Region Unserved Broadband Capital (AB879)

June 29, 2017

The Project:

Completion: Network Construction: December 31, 2018

Customer Installations: December 31, 2020

Activity - The Project will build out of fiber optic infrastructure (FFTX) to provide broadband services through the use of Gigabit Passive Optical Network (GPON) technology. All units within the new serving area will have access to broadband speeds of at least 100 Mbps (download). Middle-mile transport from the access equipment to the Core Router aggregation point (egress to Internet) will be accomplished through by utilizing existing (or augmenting) Packet Optical ROADM equipment within Frontier Communications' serving footprint.

This grant is one of eight funding awards that will be considered for approval at the June 2017 ESD Board Meeting. The seven other awards involve broadband expansion to Unserved and Underserved areas.

Results – Expand broadband access to 1,594 Housing Units (HUs) and 55 Other Units. (See Table A, which describes all Key Project Indicators.)³

Financing Uses	Amount	Financing Sources	Amount	Percent
Network & Access Equipment	\$623,884	ESD Grant	\$6,285,979	80%
Outside Plant Costs	\$7,233,592	Company Equity	\$785,748	10%
		Additional Financial Commitment	\$785,749	10%
Total Project Costs	\$7,857,476	Total Project Financing	\$7,857,476	100%

³ Please note that Indicators stated in Tables A, B, and C reflect the Broadband Program Office's estimates of total Units, Housing Units, Libraries, and other types of Units within each Census Block to be addressed by this Project, according to availability data. Upon completion of the Project, final Unit totals may differ from those stated herein.

C. Frontier Phase 2 Central Region Unserved Broadband Capital (AB879)

June 29, 2017

Grantee Contact - Kevin Smith, Vice President, Business Development
137 Harrison Street
Gloversville, NY 12078
Phone: (518) 773-3737

<u>Project Team</u> -	Origination	Beverly Bobb
	Project Management	Beverly Bobb
	Contractor & Supplier Diversity	Edwina Telemaque
	Finance	Angela Pitto
	Environmental	Soo Kang

Financial Terms and Conditions:

1. Upon execution of the Grant Disbursement Agreement, the Company shall reimburse ESD for any direct expenses incurred in connection with this project, including costs related to holding a public hearing, attorney fees, appraisals, surveys, title insurance, credit searches, filing fees, and other requirements deemed appropriate by ESD.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to closing.
3. Grantee Co-Investment: The New NY Broadband Program has set a goal of soliciting private sector Matching Funds for 50% of the capital needed across the Program. Consistent with that goal, the Recipient will provide a minimum financial commitment of 20% of eligible project costs. Further, a portion of the Grantee's financial commitment – at least 10% of total Eligible Project Costs – must be equity capital injected into the project by the Grantee, as described below.
4. 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 written acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
5. Up to \$6,285,979 will be disbursed to Grantee as reimbursement for eligible expenses incurred no more frequently than quarterly, during the course of design and/or construction; upon completion of Key Project Indicators and Project Milestones; and in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon meeting all Key Project Indicators and Project Milestones as evidenced by supporting documentation and required reports. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require.

Frontier Phase 2 Central Region Unserved Broadband Capital (AB879)

June 29, 2017

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

Expenses must be incurred on or after March 8, 2017, the date that ESD notified Grantee of the New NY Broadband Program award, to be considered eligible project costs. Expenditures incurred prior to the date of the Award Letter are not eligible project costs, and cannot be reimbursed by grant funds. All disbursements require compliance with requirements of the New NY Broadband Program, as set forth herein and in the New NY Broadband Program Phase 2 Request for Proposal Guidelines.

6. Design and construction of the Project must be completed no later than December 31, 2018. All disbursements in connection with design and construction of the Project must be requested by no later than December 31, 2019.
7. All disbursements in connection with installation of service on customer premises under the Project must be requested no later than December 31, 2021.
8. Grant Funds are to be used for the following:
 - a. To fund the construction or improvement of all facilities required to pass all Units located within the Grantee's Service Area with a network capable of providing the specified broadband service
 - i. "Construction or improvement" should also include the cost of all network infrastructure and electronics required to connect Units to the network in order to provide service to end-users located within the Service Area that are expected to subscribe to service upon completion of the project (i.e., the cost to "run drops" to anticipated customers), where such connections are within standard drop lengths, require standard electronics, and do not require the placement poles on the end-user's premises (Special Construction). Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.
 - ii. "Construction and improvement" also includes costs associated with end-users located within the Service Area that are not expected to subscribe to service upon project completion. Grantees must provide service, in a reasonable timeframe and at no additional cost (outside the standard monthly recurring cost for service), to the locations of these potential customers where such connections are within standard drop lengths,

Frontier Phase 2 Central Region Unserved Broadband Capital (AB879)

June 29, 2017

require standard electronics, and do not require Special Construction. Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.

- iii. Systems shall be designed and constructed so that customers not within a standard drop length only require installation of a longer drop, and, only in very extreme instances, additional amplification for that customer.
 - b. For the upfront investment associated with installing and/or upgrading existing broadband facilities on a one-time, capital improvement basis, in order to expand broadband access and increase capacity
 - c. Where proposed construction or equipment or other items (leases, expenses, indirect costs) may serve both the proposed areas and other areas (dual use), the Grantee shall calculate the percentage of passings in the proposed area or areas relative to the total number of passings, and only that percentage of the cost of dual use construction or equipment shall be eligible
 - d. To fund the cost of long-term leases, defined as leases for a duration longer than 1 year, of facilities required to provide broadband service
 - e. To fund reasonable make-ready expenses incurred as a result of providing broadband service
 - f. To fund reasonable indirect costs associated with the implementation of the grant efforts and consistent with the principles outlined in the New NY Broadband RFP Grant Guidelines, excluding maintenance and operating expenses, customer operations, general and administrative costs, efforts associated with bidding on and obtaining the grants, and any efforts not associated with the actual deployment of the network
 - i. A Grantee may not seek indirect costs in an amount constituting more than 15% of the Grantee's total eligible expenses.
 - ii. Such costs must be identified as line-items in the application to be eligible for reimbursement. Costs that appear excessive and/or without justification and costs not considered eligible will not be reimbursed. When seeking reimbursement, Grantees must submit such indirect costs as line-items and provide justification for the expense.
9. Eligible Expense Categories include but are not limited to the following:
- a. Network & Access Equipment Costs: Includes optical equipment, digital line concentrators, digital subscriber line access multiplexers, radio equipment, transport multiplexors, routers and Ethernet switches, distribution frames and panels, power equipment, and associated software costs chargeable to capital.
 - b. Outside Plant Costs: Includes cable (aerial, buried, underground, and submarine), fiber, conduit systems, poles, cross-connect cabinets and splitters, fiber service terminals and enclosures, pedestals, standard drops, network interface devices,

Frontier Phase 2 Central Region Unserved Broadband Capital (AB879)

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- optical network terminals and reasonable make-ready costs.
- c. Tower Costs: Includes the construction of new towers (where required infrastructure does not exist) and costs involved with structural changes to existing towers.
 - d. Building and Land Costs: Includes the cost of constructing new buildings and renovating existing buildings, as well as any site preparation costs directly related to providing broadband service to the funded Service Area.
 - e. Customer Premises Equipment: Funding only covers up to the network demarcation point (e.g., NID or ONT).
 - f. Professional Services: Includes site engineering, project management, and consultant services costs involved in designing and constructing the proposed project.
 - g. Testing: Includes items such as testing network and IT systems, user devices, servers, lab furnishing and test generators.
 - h. Other Upfront Costs: Includes any other upfront costs not covered in other categories, such as site preparation, permits, required licenses, sales tax applicable to new equipment purchases, shipping and warehousing expenses, and miscellaneous minor material.
10. Ineligible Expenses included but are not limited to the following:
- a. Only Standard Drop Lengths will be eligible for funding. Drops requiring Special Construction will be the responsibility of the consumer.
 - b. Equipment owned or leased by the customer, including routers and modems, and any other costs beyond the network interface point.
 - c. Operating expenses of the Grantee will not be funded.
 - d. Expenses incurred prior to the date of the grant award announcement will not be eligible for funding.
11. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$6,285,979, 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.
12. The Recapture Amount - if the property is sold within 5-years of disbursement, or if Grantee fails to complete Key Project Indicators and Milestones – is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred, and/or failure to complete Indicators and Milestones.
- a. The Recapture Amount – if the failure to complete Key Project Indicators and Milestones occurs – shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:

Frontier Phase 2 Central Region Unserved Broadband Capital (AB879)

June 29, 2017

- i. 100% of the disbursed amount if 0% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- ii. 90% of the disbursed amount if 1% to 10% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- iii. 80% of the disbursed amount if 11% to 20% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- iv. 70% of the disbursed amount if 21% to 30% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- v. 60% of the disbursed amount if 31% to 40% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- vi. 50% of the disbursed amount if 41% to 50% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- vii. 40% of the disbursed amount if 51% to 60% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- viii. 30% of the disbursed amount if 61% to 70% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- ix. 20% of the disbursed amount if 71% to 80% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- x. 10% of the disbursed amount if 81% to 90% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- xi. 5% of the disbursed amount if 91% to 99% of the Milestones and Indicators are completed by the time of submitting final reporting requirements

13. Compliance with National Electrical Safety Code (NESC): All pole attachments shall comply with the NESC requirements. New NY Broadband grant recipients shall ensure that the attachment of fiber and equipment is designed, constructed, operated, and maintained in accordance with all applicable provisions of the most current and accepted criteria of the NESC, and all applicable and current electrical and safety requirements of any State or local governmental entity.

14. Broadband Mapping Program Compliance: Recipients shall provide to the NYS

Frontier Phase 2 Central Region Unserved Broadband Capital (AB879)

June 29, 2017

Broadband Program Office (or designated agent) address-level broadband build-out data that indicates the location of new broadband services within the recipient's entire service area.

15. In the event Reports, Updates, Mapping, and/or Milestone Reports are not received in the form and time periods as indicated in Section 2, ESD shall not be obligated to make any further Grant disbursements. In the event such Reports, Updates, Mapping, and/or Milestone Reports are not received within 45 days in the form and time periods as indicated in Section 2, Grantee will be in default. However, no default shall be deemed to have occurred if Grantee cures such default within ten (10) days of notice of default from ESD.

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.

Statutory Basis – New NY Broadband Program:

The funding was authorized in the FY 2015-2016 New York State enacted budget, and re-appropriated in the 2017-2018 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

Additional Submissions to Directors:

Table A – Key Project Indicators

Table B – Project Footprint

Table C – Project Milestones

Table A: Key Project Indicators

The following table lists the key indicators, which must be met upon completion of this project. Indicators will be required to be reported on a monthly basis.

KEY PROJECT INDICATORS	
Key Project Indicators: In consideration for the making of the Grant, Grantee has agreed to achieve the Key Project Indicators set forth below:	
Basic Project Information	
Project Name	Frontier Phase 2 Central Region Unserved Broadband Capital
Project ID Number	AB879
Contact Name	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)
Contact Number	(518) 773-3737
Website	https://frontier.com/
Email	kevin.r.smith@ftr.com
Company	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)
REDC(s)	Central NY and Southern Tier Regions
County(ies)	Cayuga, Cortland, Madison, Oswego, and Chenango Counties
NYS Assembly District #s	120, 121, 122, 125, 126, 130
NYS Senate District #s	48, 50, 51, 52, 53, 54
U.S. Congressional District #s	22, 24
Total Census Blocks to be passed by project	239
Total Units to be passed by project	1,649
Total Project Cost (state + private)	\$7,857,476
Total Applicant Private Match	\$1,571,497
Total Grant Amount (\$)	\$6,285,979
Max speeds offered (download/upload)	100 Mbps Download / 15 Mbps Upload
Required pricing tier offered?	Yes
Technology Type	Fiber-to-the-Home (FTTH)
Type of Service Area: Unserved vs. Underserved	Unserved

Monthly Project Questions	
Is your Project On Time? (Yes/No*)	To be answered during project progress
Is your Project On Budget? (Yes/No*)	To be answered during project progress
Have there been any project changes? (Yes**/No)	To be answered during project progress
Have you communicated with any State agency, authority or commission? (Yes**/No)	To be answered during project progress
Have there been changes in approval or permitting timeframes? (Yes**/No)	To be answered during project progress

Indicator - Project Service Area	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
Housing Units Passed	1,594
Other Units Passed	55
TOTAL Units Passed	1,649
Census Blocks Passed***	239
Indicator - Customer Connections	# Proposed for Project (Column Will Not Change Without GDA Amendment)
(If Known) Average Revenue Per User (ARPU) per Unit Connected (\$)	N/A
(If Known) Average Bandwidth Delivered per Month per Connected Unit (Mbps)	N/A
Indicator - Network Infrastructure Deployed	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
New Network Miles Deployed	N/A
Existing Network Miles Upgraded	97 Miles
Number of Miles of New Fiber	265 Miles
Number of Towers Connected	N/A
Number of New Interconnection Points	N/A
Number of Wireless Hotspots	N/A
Indicator - Project Expenditures	Proposed for Project \$
MWBE expenditures	\$1,885,793.70
Eligible Project Expenditures (\$) Made	\$6,285,979
Private Match (\$)	\$1,571,497

Speed Tiers & Pricing [Write N/A if No Speed Tiers Currently Offered]	Max Download Speed Offered
Type - Residential, Commercial, or Other [Please Specify]	x
Preliminary Residential	30 Mbps – \$39.99 50 Mbps – \$64.99

	75 Mbps – \$74.99 100 Mbps – \$84.99
--	---

Network Construction Completion Date:	December 31, 2018
Customer Installations Completion Date:	December 31, 2020

*If project is not on time or on budget, Grantee will be asked to upload documentation explaining reason for delay/issue
**If yes, please explain and provide any necessary documentation
***Grantee must pass all Units in a Census Block, except where authorized by the ESD Broadband Program Office to pass a Census Block in part.

Table B: Project Footprint

Frontier Communications of New York AB879

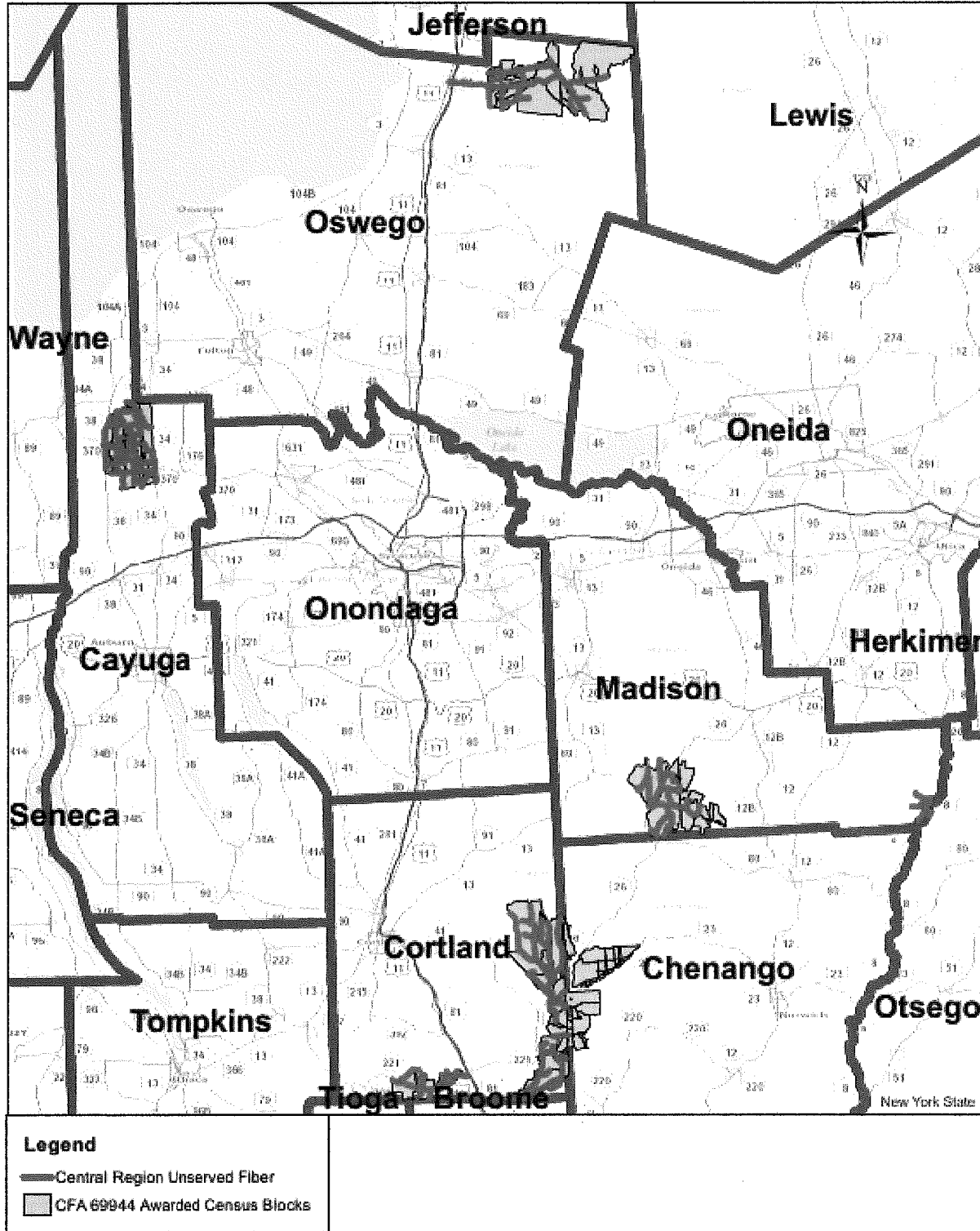


Table C: Project Milestones

Project Milestones		
The following table lists the major network build-out phase and milestones that can demonstrate the entire project will be substantially completed by December 31, 2018 . The table considers project areas such as a) network design, b) securing all relevant licenses and agreements, c) site preparation, d) inside plant deployment, e) outside plant deployment, f) deployment of business and operational support systems, g) network testing, h) network operational		
Project Start Date: Q3 2017	Projected Completion Date: December 31, 2018	Projected # of Milestone Reports _____

Time Period	Quarter	Milestones	Narrative Explanation (If Any)
Year 1	Qtr. 1		
	Qtr. 2		
	Qtr. 3	Network Design (OSP & Transport)	
	Qtr. 4	Network Design (OSP & Transport) Make-ready, Permits and Licenses	
Year 2	Qtr. 1	Materials Delivery ISP and OSP Construction	
	Qtr. 2	ISP and OSP Construction	
	Qtr. 3	ISP and OSP Construction	
	Qtr. 4	Network Testing Network Operational	

D. Frontier Phase 2 Finger Lakes Unserved Broadband Capital (AB975)

June 29, 2017

General Project Plan

- Grantee:** Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York) ("Frontier" or the "Company")
- ESD Investment:** A grant of up to \$2,907,002 to be used for a portion of the cost to expand broadband coverage to the Unserved communities in the Finger Lakes and Southern Tier Regions of New York State
- Project Location:** Wyoming, Yates, and Schuyler Counties
Please reference the Project Footprint outlined in Table B
- Proposed Project:** Installation or upgrade of broadband networks to expand broadband access and increase capacity
- Project Type:** Infrastructure Investment Project
- Regional Council:** The Finger Lakes and Southern Tier Regional Economic Development Councils have been made aware of this item. The Incentive Proposal was accepted in June of 2017. The project is consistent with the Regional Plans to expand high-speed Internet, stimulate local business growth and job creation, and enhance the economic well-being of the regions.

Background:

Industry - Internet Service Provider ("ISP"); Business Corporation

Company History - Frontier Communications is an S&P 500 company, and is included in the Fortune 1,000 list of America's largest corporations. Frontier serves a mix of urban, suburban, and rural areas across the U.S. The Company offers a variety of services to customers over its fiber-optic and copper networks, including video, high-speed Internet, advanced voice and Frontier Secure digital protection solutions. Frontier Business Edge offers communications solutions to small, medium, and enterprise businesses. Frontier Communications was incorporated in 1935 and operates in 29 States.

Ownership - Frontier Communications is a publicly traded company (NASDAQ: FTR)

Size - Frontier has facilities in 29 states across the U.S., and employs a staff of approximately 28,600.

Market - Access to the Internet can be achieved by a number of different technologies.

Frontier Phase 2 Finger Lakes Unserved Broadband Capital (AB975)

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The definition of broadband is determined by the data transmission speeds in both directions. "Download speeds" refer to the speeds at which data is received by an Internet user -- *i.e.*, the speeds at which the user can access websites, receive files through email, stream video, or use cloud-based services. Upload speeds refer to the speeds at which data is transmitted by an Internet user to another user, to a website, or cloud-based service. Average consumers typically use broadband for downloading data, making download speeds the standard measure for broadband access.

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

ESD Involvement - In 2015, New York State (the "State") created a \$500 million initiative, the New NY Broadband Program (the "Program"), which is intended to provide every New Yorker with high-speed Internet (broadband) access by the end of 2018. Program funds will be awarded to advance the State's goal of statewide broadband access at speeds of at least 100 Mbps (download) in most places, and 25 Mbps (download) in the most remote parts of the State. The Program provides grant funding to projects expanding broadband access to Unserved and Underserved areas across the State, with priority given to projects addressing Unserved areas, public libraries, and Educational Opportunity Centers. An Unserved area is defined as an area where broadband service is not available from a wireline facilities-based provider at advertised speeds equal to or higher than 25 Mbps (download). An Underserved area is defined as an area where broadband service is available from a wireline facilities-based provider at maximum advertised speeds between 25-99 Mbps (download).

Funding recipients for the Program are selected through a "reverse-auction" methodology, which awards projects to qualifying applicants seeking the lowest amount of State investment on a Unit-served basis.

The Program's initial round of grant awards (Phase 1) was announced in August 2016 – 25 projects representing a total public/private investment of approximately \$75.8 million: \$54.2 million in State funding, and \$21.6 million in private funding. Empire State Development's Broadband Program Office (the "BPO") accepted applications for the Program's second funding round (Phase 2) through the NYS Consolidated Funding Application ("CFA"), beginning October 17, 2016. The CFA closed, with final applications due, on November 30, 2016. On February 28, 2017, the State announced its Phase 2

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awards - 54 projects representing a total public/private investment of approximately \$268 million: \$211.8 million in State funding, and \$56.2 million in private funding.

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)	Purpose
New NY Broadband 15-16 Capital (Phase 1)	AB146	\$197,104	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB153	\$318,304	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
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The Project:

Completion: Network Construction: December 31, 2018
Customer Installations: December 31, 2020

Activity - The Project will build out of fiber optic infrastructure (FFTX) to provide broadband services through the use of Gigabit Passive Optical Network (GPON) technology. All units within the new serving area will have access to broadband speeds of at least 100 Mbps (download). Middle-mile transport from the access equipment to the Core Router aggregation point (egress to Internet) will be accomplished through by utilizing existing (or augmenting) Packet Optical ROADM equipment within Frontier Communications' serving footprint.

This grant is one of eight funding awards that will be considered for approval at the June 2017 ESD Board Meeting. The seven other awards involve broadband expansion to Unserved and Underserved areas.

Results – Expand broadband access to 675 Housing Units (HUs) and 41 Other Units. (See Table A, which describes all Key Project Indicators.)⁴

Financing Uses	Amount	Financing Sources	Amount	Percent
Network & Access Equipment	\$396,079	ESD Grant	\$2,907,002	80%
Outside Plant Costs	\$3,237,676	Company Equity	\$363,376	10%
		Additional Financial Commitment	\$363,377	10%
Total Project Costs	\$3,633,755	Total Project Financing	\$3,633,755	100%

⁴ Please note that Indicators stated in Tables A, B, and C reflect the Broadband Program Office's estimates of total Units, Housing Units, Libraries, and other types of Units within each Census Block to be addressed by this Project, according to availability data. Upon completion of the Project, final Unit totals may differ from those stated herein.

Frontier Phase 2 Finger Lakes Unserved Broadband Capital (AB975)

June 29, 2017

Grantee Contact - Kevin Smith, Vice President, Business Development
137 Harrison Street
Gloversville, NY 12078
Phone: (518) 773-3737

<u>Project Team</u> -	Origination	Beverly Bobb
	Project Management	Beverly Bobb
	Contractor & Supplier Diversity	Geraldine Ford
	Finance	Angela Pitto
	Environmental	Soo Kang

Financial Terms and Conditions:

1. Upon execution of the Grant Disbursement Agreement, the Company shall reimburse ESD for any direct expenses incurred in connection with this project, including costs related to holding a public hearing, attorney fees, appraisals, surveys, title insurance, credit searches, filing fees, and other requirements deemed appropriate by ESD.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to closing.
3. Grantee Co-Investment: The New NY Broadband Program has set a goal of soliciting private sector Matching Funds for 50% of the capital needed across the Program. Consistent with that goal, the Recipient will provide a minimum financial commitment of 20% of eligible project costs. Further, a portion of the Grantee's financial commitment – at least 10% of total Eligible Project Costs – must be equity capital injected into the project by the Grantee, as described below.
4. 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 written acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
5. Up to \$2,907,002 will be disbursed to Grantee as reimbursement for eligible expenses incurred no more frequently than quarterly, during the course of design and/or construction; upon completion of Key Project Indicators and Project Milestones; and in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon meeting all Key Project Indicators and Project Milestones as evidenced by supporting documentation and required reports. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require.

Frontier Phase 2 Finger Lakes Unserved Broadband Capital (AB975)

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

Expenses must be incurred on or after March 8, 2017, the date that ESD notified Grantee of the New NY Broadband Program award, to be considered eligible project costs. Expenditures incurred prior to the date of the Award Letter are not eligible project costs, and cannot be reimbursed by grant funds. All disbursements require compliance with requirements of the New NY Broadband Program, as set forth herein and in the New NY Broadband Program Phase 2 Request for Proposal Guidelines.

6. Design and construction of the Project must be completed no later than December 31, 2018. All disbursements in connection with design and construction of the Project must be requested by no later than December 31, 2019.
7. All disbursements in connection with installation of service on customer premises under the Project must be requested no later than December 31, 2021.
8. Grant Funds are to be used for the following:
 - a. To fund the construction or improvement of all facilities required to pass all Units located within the Grantee's Service Area with a network capable of providing the specified broadband service
 - i. "Construction or improvement" should also include the cost of all network infrastructure and electronics required to connect Units to the network in order to provide service to end-users located within the Service Area that are expected to subscribe to service upon completion of the project (i.e., the cost to "run drops" to anticipated customers), where such connections are within standard drop lengths, require standard electronics, and do not require the placement poles on the end-user's premises (Special Construction). Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.
 - ii. "Construction and improvement" also includes costs associated with end-users located within the Service Area that are not expected to subscribe to service upon project completion. Grantees must provide service, in a reasonable timeframe and at no additional cost (outside the standard monthly recurring cost for service), to the locations of these potential customers where such connections are within standard drop lengths,

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June 29, 2017

require standard electronics, and do not require Special Construction. Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.

- iii. Systems shall be designed and constructed so that customers not within a standard drop length only require installation of a longer drop, and, only in very extreme instances, additional amplification for that customer.
 - b. For the upfront investment associated with installing and/or upgrading existing broadband facilities on a one-time, capital improvement basis, in order to expand broadband access and increase capacity
 - c. Where proposed construction or equipment or other items (leases, expenses, indirect costs) may serve both the proposed areas and other areas (dual use), the Grantee shall calculate the percentage of passings in the proposed area or areas relative to the total number of passings, and only that percentage of the cost of dual use construction or equipment shall be eligible
 - d. To fund the cost of long-term leases, defined as leases for a duration longer than 1 year, of facilities required to provide broadband service
 - e. To fund reasonable make-ready expenses incurred as a result of providing broadband service
 - f. To fund reasonable indirect costs associated with the implementation of the grant efforts and consistent with the principles outlined in the New NY Broadband RFP Grant Guidelines, excluding maintenance and operating expenses, customer operations, general and administrative costs, efforts associated with bidding on and obtaining the grants, and any efforts not associated with the actual deployment of the network
 - i. A Grantee may not seek indirect costs in an amount constituting more than 15% of the Grantee's total eligible expenses.
 - ii. Such costs must be identified as line-items in the application to be eligible for reimbursement. Costs that appear excessive and/or without justification and costs not considered eligible will not be reimbursed. When seeking reimbursement, Grantees must submit such indirect costs as line-items and provide justification for the expense.
9. Eligible Expense Categories include but are not limited to the following:
- a. Network & Access Equipment Costs: Includes optical equipment, digital line concentrators, digital subscriber line access multiplexers, radio equipment, transport multiplexors, routers and Ethernet switches, distribution frames and panels, power equipment, and associated software costs chargeable to capital.
 - b. Outside Plant Costs: Includes cable (aerial, buried, underground, and submarine), fiber, conduit systems, poles, cross-connect cabinets and splitters, fiber service terminals and enclosures, pedestals, standard drops, network interface devices,

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- optical network terminals and reasonable make-ready costs.
 - c. Tower Costs: Includes the construction of new towers (where required infrastructure does not exist) and costs involved with structural changes to existing towers.
 - d. Building and Land Costs: Includes the cost of constructing new buildings and renovating existing buildings, as well as any site preparation costs directly related to providing broadband service to the funded Service Area.
 - e. Customer Premises Equipment: Funding only covers up to the network demarcation point (e.g., NID or ONT).
 - f. Professional Services: Includes site engineering, project management, and consultant services costs involved in designing and constructing the proposed project.
 - g. Testing: Includes items such as testing network and IT systems, user devices, servers, lab furnishing and test generators.
 - h. Other Upfront Costs: Includes any other upfront costs not covered in other categories, such as site preparation, permits, required licenses, sales tax applicable to new equipment purchases, shipping and warehousing expenses, and miscellaneous minor material.
10. Ineligible Expenses included but are not limited to the following:
- a. Only Standard Drop Lengths will be eligible for funding. Drops requiring Special Construction will be the responsibility of the consumer.
 - b. Equipment owned or leased by the customer, including routers and modems, and any other costs beyond the network interface point.
 - c. Operating expenses of the Grantee will not be funded.
 - d. Expenses incurred prior to the date of the grant award announcement will not be eligible for funding.
11. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$2,907,002, 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.
12. The Recapture Amount - if the property is sold within 5-years of disbursement, or if Grantee fails to complete Key Project Indicators and Milestones – is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred, and/or failure to complete Indicators and Milestones.
- a. The Recapture Amount – if the failure to complete Key Project Indicators and Milestones occurs – shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:

Frontier Phase 2 Finger Lakes Unserved Broadband Capital (AB975)

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- i. 100% of the disbursed amount if 0% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- ii. 90% of the disbursed amount if 1% to 10% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- iii. 80% of the disbursed amount if 11% to 20% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- iv. 70% of the disbursed amount if 21% to 30% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- v. 60% of the disbursed amount if 31% to 40% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- vi. 50% of the disbursed amount if 41% to 50% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- vii. 40% of the disbursed amount if 51% to 60% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- viii. 30% of the disbursed amount if 61% to 70% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- ix. 20% of the disbursed amount if 71% to 80% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- x. 10% of the disbursed amount if 81% to 90% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- xi. 5% of the disbursed amount if 91% to 99% of the Milestones and Indicators are completed by the time of submitting final reporting requirements

13. Compliance with National Electrical Safety Code (NESC): All pole attachments shall comply with the NESC requirements. New NY Broadband grant recipients shall ensure that the attachment of fiber and equipment is designed, constructed, operated, and maintained in accordance with all applicable provisions of the most current and accepted criteria of the NESC, and all applicable and current electrical and safety requirements of any State or local governmental entity.

14. Broadband Mapping Program Compliance: Recipients shall provide to the NYS

Frontier Phase 2 Finger Lakes Unserved Broadband Capital (AB975)

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Broadband Program Office (or designated agent) address-level broadband build-out data that indicates the location of new broadband services within the recipient's entire service area.

15. In the event Reports, Updates, Mapping, and/or Milestone Reports are not received in the form and time periods as indicated in Section 2, ESD shall not be obligated to make any further Grant disbursements. In the event such Reports, Updates, Mapping, and/or Milestone Reports are not received within 45 days in the form and time periods as indicated in Section 2, Grantee will be in default. However, no default shall be deemed to have occurred if Grantee cures such default within ten (10) days of notice of default from ESD.

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.

Statutory Basis – New NY Broadband Program:

The funding was authorized in the FY 2015-2016 New York State enacted budget, and re-appropriated in the 2017-2018 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

Additional Submissions to Directors:

Table A – Key Project Indicators

Table B – Project Footprint

Table C – Project Milestones

Table A: Key Project Indicators

The following table lists the key indicators, which must be met upon completion of this project. Indicators will be required to be reported on a monthly basis.

KEY PROJECT INDICATORS	
Key Project Indicators: In consideration for the making of the Grant, Grantee has agreed to achieve the Key Project Indicators set forth below:	
Basic Project Information	
Project Name	Frontier Phase 2 Finger Lakes Unserved Broadband Capital
Project ID Number	AB975
Contact Name	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)
Contact Number	(518) 773-3737
Website	https://frontier.com/
Email	kevin.r.smith@ftr.com
Company	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)
REDC(s)	Finger Lakes and Southern Tier Regions
County(ies)	Wyoming, Yates, and Schuyler Counties
NYS Assembly District #s	132, 147
NYS Senate District #s	58, 59
U.S. Congressional District #s	23, 27
Total Census Blocks to be passed by project	94
Total Units to be passed by project	716
Total Project Cost (state + private)	\$3,633,755
Total Applicant Private Match	\$726,753
Total Grant Amount (\$)	\$2,907,002
Max speeds offered (download/upload)	100 Mbps Download / 15 Mbps Upload
Required pricing tier offered?	Yes
Technology Type	Fiber-to-the-Home (FTTH)
Type of Service Area: Unserved vs. Underserved	Unserved
Monthly Project Questions	
Is your Project On Time? (Yes/No*)	To be answered during project progress

Is your Project On Budget? (Yes/No*)	To be answered during project progress
Have there been any project changes? (Yes**/No)	To be answered during project progress
Have you communicated with any State agency, authority or commission? (Yes**/No)	To be answered during project progress
Have there been changes in approval or permitting timeframes? (Yes**/No)	To be answered during project progress

Indicator - Project Service Area	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
Housing Units Passed	675
Other Units Passed	41
TOTAL Units Passed	716
Census Blocks Passed***	94
Indicator - Customer Connections	# Proposed for Project (Column Will Not Change Without GDA Amendment)
(If Known) Average Revenue Per User (ARPU) per Unit Connected (\$)	N/A
(If Known) Average Bandwidth Delivered per Month per Connected Unit (Mbps)	N/A
Indicator - Network Infrastructure Deployed	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
New Network Miles Deployed	N/A
Existing Network Miles Upgraded	53 Miles
Number of Miles of New Fiber	106 Miles
Number of Towers Connected	N/A
Number of New Interconnection Points	N/A
Number of Wireless Hotspots	N/A
Indicator - Project Expenditures	Proposed for Project \$
MWBE expenditures	\$872,100.60
Eligible Project Expenditures (\$) Made	\$2,907,002
Private Match (\$)	\$726,753

Speed Tiers & Pricing [Write N/A if No Speed Tiers Currently Offered]	Max Download Speed Offered
Type - Residential, Commercial, or Other [Please Specify]	x
Preliminary Residential	30 Mbps – \$39.99 50 Mbps – \$64.99 75 Mbps – \$74.99 100 Mbps – \$84.99

Network Construction Completion Date:	December 31, 2018
Customer Installations Completion Date:	December 31, 2020
*If project is not on time or on budget, Grantee will be asked to upload documentation explaining reason for delay/issue	
**If yes, please explain and provide any necessary documentation	
***Grantee must pass all Units in a Census Block, except where authorized by the ESD Broadband Program Office to pass a Census Block in part.	

Table B: Project Footprint

Frontier Communications of New York AB975



Table C: Project Milestones

Project Milestones
The following table lists the major network build-out phase and milestones that can demonstrate the entire project will be substantially completed by December 31, 2018 . The table considers project areas such as a) network design, b) securing all relevant licenses and agreements, c) site preparation, d) inside plant deployment, e) outside plant deployment, f) deployment of business and operational support systems, g) network testing, h) network operational
Project Start Date: Q3 2017 Projected Completion Date: December 31, 2018 Projected # of Milestone Reports _____

Time Period	Quarter	Milestones	Narrative Explanation (If Any)
Year 1	Qtr. 1		
	Qtr. 2		
	Qtr. 3	Network Design (OSP & Transport)	
	Qtr. 4	Network Design (OSP & Transport) Make-ready, Permits and Licenses	
Year 2	Qtr. 1	Materials Delivery ISP and OSP Construction	
	Qtr. 2	ISP and OSP Construction	
	Qtr. 3	ISP and OSP Construction	
	Qtr. 4	Network Testing Network Operational	

E. Frontier Phase 2 Mid-Hudson Unserved Broadband Capital (AB880)

June 29, 2017

General Project Plan

- Grantee:** Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York) ("Frontier" or the "Company")
- ESD Investment:** A grant of up to \$436,504 to be used for a portion of the cost to expand broadband coverage to the Unserved communities in the Mid-Hudson Region of New York State.
- Project Location:** Sullivan County
Please reference the Project Footprint outlined in Table B
- Proposed Project:** Installation or upgrade of broadband networks to expand broadband access and increase capacity
- Project Type:** Infrastructure Investment Project
- Regional Council:** The Mid-Hudson Regional Economic Development Council has been made aware of this item. The Incentive Proposal was accepted in June of 2017. The project is consistent with the Regional Plan to expand high-speed Internet, stimulate local business growth and job creation, and enhance the economic well-being of the region.

Background:

Industry - Internet Service Provider (ISP); Business Corporation

Company History - Frontier Communications is an S&P 500 company, and is included in the Fortune 1,000 list of America's largest corporations. Frontier serves a mix of urban, suburban, and rural areas across the U.S. The Company offers a variety of services to customers over its fiber-optic and copper networks, including video, high-speed Internet, advanced voice and Frontier Secure digital protection solutions. Frontier Business Edge offers communications solutions to small, medium, and enterprise businesses. Frontier Communications was incorporated in 1935 and operates in 29 States.

Ownership - Frontier Communications is a publicly traded company (NASDAQ: FTR)

Size - Frontier has facilities in 29 states across the U.S., and employs a staff of approximately 28,600.

Market - Access to the Internet can be achieved by a number of different technologies. The definition of broadband is determined by the data transmission speeds in both

Frontier Phase 2 Mid-Hudson Unserved Broadband Capital (AB880)

June 29, 2017

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Frontier Phase 2 Mid-Hudson Unserved Broadband Capital (AB880)

June 29, 2017

\$268 million: \$211.8 million in State funding, and \$56.2 million in private funding.

Past ESD Support - Funding for the past five years to the Grantee is summarized in the following chart:

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Frontier Phase 2 Mid-Hudson Unserved Broadband Capital (AB880)

June 29, 2017

The Project:

Completion: Network Construction: December 31, 2018

Customer Installations: December 31, 2020

Activity - The Project will build out of fiber optic infrastructure (FFTX) to provide broadband services through the use of Gigabit Passive Optical Network (GPON) technology. All units within the new serving area will have access to broadband speeds of at least 100 Mbps (download). Middle-mile transport from the access equipment to the Core Router aggregation point (egress to Internet) will be accomplished through by utilizing existing (or augmenting) Packet Optical ROADM equipment within Frontier Communications' serving footprint.

This grant is one of eight funding awards that will be considered for approval at the June 2017 ESD Board Meeting. The seven other awards involve broadband expansion to Unserved and Underserved areas.

Results – Expand broadband access to 85 Housing Units (HUs) and 2 Other Units. (See Table A, which describes all Key Project Indicators.)⁵

Financing Uses	Amount	Financing Sources	Amount	Percent
Network & Access Equipment	\$24,390	ESD Grant	\$436,504	80%
Outside Plant Costs	\$521,240	Company Equity	\$54,563	10%
		Additional Financial Commitment	\$54,563	10%
Total Project Costs	\$545,630	Total Project Financing	\$545,630	100%

⁵ Please note that Indicators stated in Tables A, B, and C reflect the Broadband Program Office's estimates of total Units, Housing Units, Libraries, and other types of Units within each Census Block to be addressed by this Project, according to availability data. Upon completion of the Project, final Unit totals may differ from those stated herein.

E. Frontier Phase 2 Mid-Hudson Unserved Broadband Capital (AB880)

June 29, 2017

Grantee Contact - Kevin Smith, Vice President, Business Development
137 Harrison Street
Gloversville, NY 12078
Phone: (518) 773-3737

<u>Project Team</u> -	Origination	Beverly Bobb
	Project Management	Beverly Bobb
	Contractor & Supplier Diversity	Denise Ross
	Finance	Angela Pitto
	Environmental	Soo Kang

Financial Terms and Conditions:

1. Upon execution of the Grant Disbursement Agreement, the Company shall reimburse ESD for any direct expenses incurred in connection with this project, including costs related to holding a public hearing, attorney fees, appraisals, surveys, title insurance, credit searches, filing fees, and other requirements deemed appropriate by ESD.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to closing.
3. Grantee Co-Investment: The New NY Broadband Program has set a goal of soliciting private sector Matching Funds for 50% of the capital needed across the Program. Consistent with that goal, the Recipient will provide a minimum financial commitment of 20% of eligible project costs. Further, a portion of the Grantee's financial commitment – at least 10% of total Eligible Project Costs – must be equity capital injected into the project by the Grantee, as described below.
4. 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 written acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
5. Up to \$436,504 will be disbursed to Grantee as reimbursement for eligible expenses incurred no more frequently than quarterly, during the course of design and/or construction; upon completion of Key Project Indicators and Project Milestones; and in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon meeting all Key Project Indicators and Project Milestones as evidenced by supporting documentation and required reports. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require.

Frontier Phase 2 Mid-Hudson Unserved Broadband Capital (AB880)

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

Expenses must be incurred on or after March 8, 2017, the date that ESD notified Grantee of the New NY Broadband Program award, to be considered eligible project costs. Expenditures incurred prior to the date of the Award Letter are not eligible project costs, and cannot be reimbursed by grant funds. All disbursements require compliance with requirements of the New NY Broadband Program, as set forth herein and in the New NY Broadband Program Phase 2 Request for Proposal Guidelines.

6. Design and construction of the Project must be completed no later than December 31, 2018. All disbursements in connection with design and construction of the Project must be requested by no later than December 31, 2019.
7. All disbursements in connection with installation of service on customer premises under the Project must be requested no later than December 31, 2021.
8. Grant Funds are to be used for the following:
 - a. To fund the construction or improvement of all facilities required to pass all Units located within the Grantee's Service Area with a network capable of providing the specified broadband service
 - i. "Construction or improvement" should also include the cost of all network infrastructure and electronics required to connect Units to the network in order to provide service to end-users located within the Service Area that are expected to subscribe to service upon completion of the project (i.e., the cost to "run drops" to anticipated customers), where such connections are within standard drop lengths, require standard electronics, and do not require the placement poles on the end-user's premises (Special Construction). Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.
 - ii. "Construction and improvement" also includes costs associated with end-users located within the Service Area that are not expected to subscribe to service upon project completion. Grantees must provide service, in a reasonable timeframe and at no additional cost (outside the standard monthly recurring cost for service), to the locations of these potential customers where such connections are within standard drop lengths,

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require standard electronics, and do not require Special Construction. Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.

- iii. Systems shall be designed and constructed so that customers not within a standard drop length only require installation of a longer drop, and, only in very extreme instances, additional amplification for that customer.
 - b. For the upfront investment associated with installing and/or upgrading existing broadband facilities on a one-time, capital improvement basis, in order to expand broadband access and increase capacity
 - c. Where proposed construction or equipment or other items (leases, expenses, indirect costs) may serve both the proposed areas and other areas (dual use), the Grantee shall calculate the percentage of passings in the proposed area or areas relative to the total number of passings, and only that percentage of the cost of dual use construction or equipment shall be eligible
 - d. To fund the cost of long-term leases, defined as leases for a duration longer than 1 year, of facilities required to provide broadband service
 - e. To fund reasonable make-ready expenses incurred as a result of providing broadband service
 - f. To fund reasonable indirect costs associated with the implementation of the grant efforts and consistent with the principles outlined in the New NY Broadband RFP Grant Guidelines, excluding maintenance and operating expenses, customer operations, general and administrative costs, efforts associated with bidding on and obtaining the grants, and any efforts not associated with the actual deployment of the network
 - i. A Grantee may not seek indirect costs in an amount constituting more than 15% of the Grantee's total eligible expenses.
 - ii. Such costs must be identified as line-items in the application to be eligible for reimbursement. Costs that appear excessive and/or without justification and costs not considered eligible will not be reimbursed. When seeking reimbursement, Grantees must submit such indirect costs as line-items and provide justification for the expense.
9. Eligible Expense Categories include but are not limited to the following:
- a. Network & Access Equipment Costs: Includes optical equipment, digital line concentrators, digital subscriber line access multiplexers, radio equipment, transport multiplexors, routers and Ethernet switches, distribution frames and panels, power equipment, and associated software costs chargeable to capital.
 - b. Outside Plant Costs: Includes cable (aerial, buried, underground, and submarine), fiber, conduit systems, poles, cross-connect cabinets and splitters, fiber service terminals and enclosures, pedestals, standard drops, network interface devices,

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- optical network terminals and reasonable make-ready costs.
 - c. Tower Costs: Includes the construction of new towers (where required infrastructure does not exist) and costs involved with structural changes to existing towers.
 - d. Building and Land Costs: Includes the cost of constructing new buildings and renovating existing buildings, as well as any site preparation costs directly related to providing broadband service to the funded Service Area.
 - e. Customer Premises Equipment: Funding only covers up to the network demarcation point (e.g., NID or ONT).
 - f. Professional Services: Includes site engineering, project management, and consultant services costs involved in designing and constructing the proposed project.
 - g. Testing: Includes items such as testing network and IT systems, user devices, servers, lab furnishing and test generators.
 - h. Other Upfront Costs: Includes any other upfront costs not covered in other categories, such as site preparation, permits, required licenses, sales tax applicable to new equipment purchases, shipping and warehousing expenses, and miscellaneous minor material.
10. Ineligible Expenses included but are not limited to the following:
- a. Only Standard Drop Lengths will be eligible for funding. Drops requiring Special Construction will be the responsibility of the consumer.
 - b. Equipment owned or leased by the customer, including routers and modems, and any other costs beyond the network interface point.
 - c. Operating expenses of the Grantee will not be funded.
 - d. Expenses incurred prior to the date of the grant award announcement will not be eligible for funding.
11. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$436,504, 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.
12. The Recapture Amount - if the property is sold within 5-years of disbursement, or if Grantee fails to complete Key Project Indicators and Milestones – is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred, and/or failure to complete Indicators and Milestones.
- a. The Recapture Amount – if the failure to complete Key Project Indicators and Milestones occurs – shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:

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- i. 100% of the disbursed amount if 0% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- ii. 90% of the disbursed amount if 1% to 10% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- iii. 80% of the disbursed amount if 11% to 20% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- iv. 70% of the disbursed amount if 21% to 30% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- v. 60% of the disbursed amount if 31% to 40% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- vi. 50% of the disbursed amount if 41% to 50% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- vii. 40% of the disbursed amount if 51% to 60% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- viii. 30% of the disbursed amount if 61% to 70% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- ix. 20% of the disbursed amount if 71% to 80% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- x. 10% of the disbursed amount if 81% to 90% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- xi. 5% of the disbursed amount if 91% to 99% of the Milestones and Indicators are completed by the time of submitting final reporting requirements

13. Compliance with National Electrical Safety Code (NESC): All pole attachments shall comply with the NESC requirements. New NY Broadband grant recipients shall ensure that the attachment of fiber and equipment is designed, constructed, operated, and maintained in accordance with all applicable provisions of the most current and accepted criteria of the NESC, and all applicable and current electrical and safety requirements of any State or local governmental entity.

14. Broadband Mapping Program Compliance: Recipients shall provide to the NYS

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Broadband Program Office (or designated agent) address-level broadband build-out data that indicates the location of new broadband services within the recipient's entire service area.

15. In the event Reports, Updates, Mapping, and/or Milestone Reports are not received in the form and time periods as indicated in Section 2, ESD shall not be obligated to make any further Grant disbursements. In the event such Reports, Updates, Mapping, and/or Milestone Reports are not received within 45 days in the form and time periods as indicated in Section 2, Grantee will be in default. However, no default shall be deemed to have occurred if Grantee cures such default within ten (10) days of notice of default from ESD.

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.

Statutory Basis – New NY Broadband Program:

The funding was authorized in the FY 2015-2016 New York State enacted budget, and re-appropriated in the 2017-2018 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

Additional Submissions to Directors:

Table A – Key Project Indicators

Table B – Project Footprint

Table C – Project Milestones

Table A: Key Project Indicators

The following table lists the key indicators, which must be met upon completion of this project. Indicators will be required to be reported on a monthly basis.

KEY PROJECT INDICATORS	
Key Project Indicators: In consideration for the making of the Grant, Grantee has agreed to achieve the Key Project Indicators set forth below:	
Basic Project Information	
Project Name	Frontier Phase 2 Mid-Hudson Unserved Broadband Capital
Project ID Number	AB880
Contact Name	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)
Contact Number	(518) 773-3737
Website	https://frontier.com/
Email	kevin.r.smith@ftr.com
Company	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)
REDC(s)	Mid-Hudson Region
County(ies)	Sullivan County
NYS Assembly District #s	100
NYS Senate District #s	42
U.S. Congressional District #s	19
Total Census Blocks to be passed by project	12
Total Units to be passed by project	87
Total Project Cost (state + private)	\$545,630
Total Applicant Private Match	\$109,126
Total Grant Amount (\$)	\$436,504
Max speeds offered (download/upload)	100 Mbps Download / 15 Mbps Upload
Required pricing tier offered?	Yes
Technology Type	Fiber-to-the-Home (FTTH)
Type of Service Area: Unserved vs. Underserved	Unserved
Monthly Project Questions	
Is your Project On Time? (Yes/No*)	To be answered during project progress

Is your Project On Budget? (Yes/No*)	To be answered during project progress
Have there been any project changes? (Yes**/No)	To be answered during project progress
Have you communicated with any State agency, authority or commission? (Yes**/No)	To be answered during project progress
Have there been changes in approval or permitting timeframes? (Yes**/No)	To be answered during project progress

Indicator - Project Service Area	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
Housing Units Passed	85
Other Units Passed	2
TOTAL Units Passed	87
Census Blocks Passed***	12
Indicator - Customer Connections	# Proposed for Project (Column Will Not Change Without GDA Amendment)
(If Known) Average Revenue Per User (ARPU) per Unit Connected (\$)	N/A
(If Known) Average Bandwidth Delivered per Month per Connected Unit (Mbps)	N/A
Indicator - Network Infrastructure Deployed	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
New Network Miles Deployed	N/A
Existing Network Miles Upgraded	18 Miles
Number of Miles of New Fiber	18 Miles
Number of Towers Connected	N/A
Number of New Interconnection Points	N/A
Number of Wireless Hotspots	N/A
Indicator - Project Expenditures	Proposed for Project \$
MWBE expenditures	\$130,951.20
Eligible Project Expenditures (\$) Made	\$436,504
Private Match (\$)	\$109,126

Speed Tiers & Pricing [Write N/A if No Speed Tiers Currently Offered]	Max Download Speed Offered
Type - Residential, Commercial, or Other [Please Specify]	x
Preliminary Residential	30 Mbps – \$39.99 50 Mbps – \$64.99 75 Mbps – \$74.99 100 Mbps – \$84.99

Network Construction Completion Date:	December 31, 2018
Customer Installations Completion Date:	December 31, 2020
*If project is not on time or on budget, Grantee will be asked to upload documentation explaining reason for delay/issue	
**If yes, please explain and provide any necessary documentation	
***Grantee must pass all Units in a Census Block, except where authorized by the ESD Broadband Program Office to pass a Census Block in part.	

Table B: Project Footprint

Frontier Communications of New York AB880

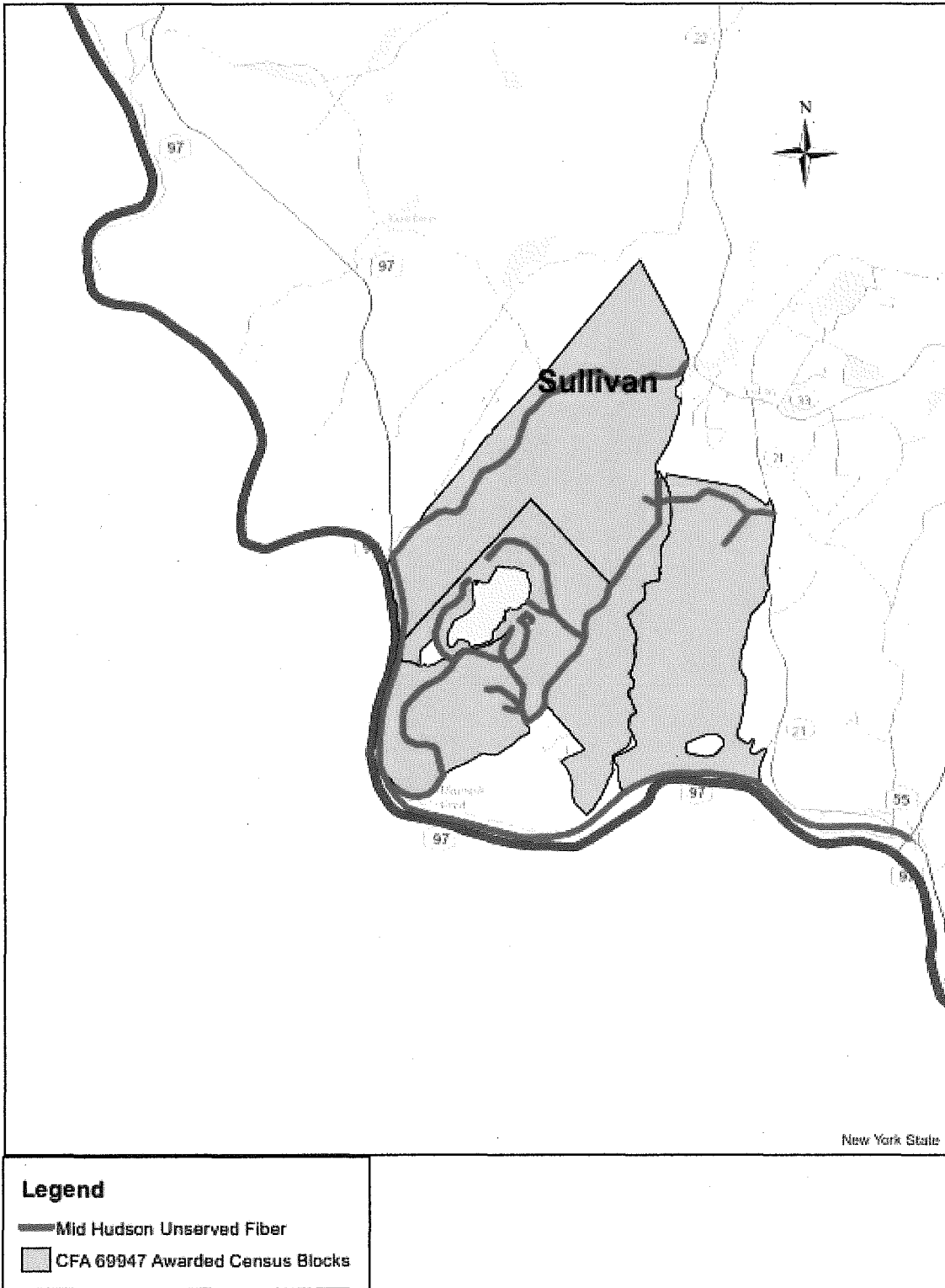


Table C: Project Milestones

Project Milestones
The following table lists the major network build-out phase and milestones that can demonstrate the entire project will be substantially completed by December 31, 2018 . The table considers project areas such as a) network design, b) securing all relevant licenses and agreements, c) site preparation, d) inside plant deployment, e) outside plant deployment, f) deployment of business and operational support systems, g) network testing, h) network operational
Project Start Date: Q3 2017 Projected Completion Date: December 31, 2018 Projected # of Milestone Reports_____

Time Period	Quarter	Milestones	Narrative Explanation (If Any)
Year 1	Qtr. 1		
	Qtr. 2		
	Qtr. 3	Network Design (OSP & Transport)	
	Qtr. 4	Network Design (OSP & Transport) Make-ready, Permits and Licenses	
Year 2	Qtr. 1	Materials Delivery ISP and OSP Construction	
	Qtr. 2	ISP and OSP Construction	
	Qtr. 3	ISP and OSP Construction	
	Qtr. 4	Network Testing Network Operational	

F. Frontier Phase 2 Mohawk Valley Unserved Broadband Capital (AB881)

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General Project Plan

- Grantee:** Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York) ("Frontier") or (the "Company")
- ESD Investment:** A grant of up to \$8,109,797 to be used for a portion of the cost to expand broadband coverage to the Unserved communities in the Central NY, Mohawk Valley, and Southern Tier Regions of New York State.
- Project Location:** Madison, Fulton, Herkimer, Montgomery, Oneida, Otsego, and Chenango Counties
Please reference the Project Footprint outlined in Table B
- Proposed Project:** Installation of broadband networks to expand broadband access and increase capacity
- Project Type:** Infrastructure Investment Project
- Regional Council:** The Central NY, Mohawk Valley, and Southern Tier Regional Economic Development Councils have been made aware of this item. The Incentive Proposal was accepted in June of 2017. The project is consistent with the Regional Plans to expand high-speed Internet, stimulate local business growth and job creation, and enhance the economic well-being of the regions.

Background:

Industry - Telephone, Cable and Internet Service Provider

Company History - Frontier Communications is an S&P 500 company, and is included in the Fortune 1,000 list of America's largest corporations. Frontier serves a mix of urban, suburban, and rural areas across the U.S. The Company offers a variety of services to customers over its fiber-optic and copper networks, including video, high-speed Internet, advanced voice and Frontier Secure digital protection solutions. Frontier Business Edge offers communications solutions to small, medium, and enterprise businesses. Frontier Communications was incorporated in 1935 and operates in 29 States.

Ownership – Frontier Communications is a publicly traded company.

Size – Frontier has facilities in 29 states across the U.S., and employs a staff of approximately 28,600.

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Market – Access to the Internet can be achieved by a number of different technologies. The definition of broadband is determined by the data transmission speeds in both directions. “Download speeds” refer to the speeds at which data is received by an Internet user -- *i.e.*, the speeds at which the user can access websites, receive files through email, stream video, or use cloud-based services. Upload speeds refer to the speeds at which data is transmitted by an Internet user to another user, to a website, or cloud-based service. Average consumers typically use broadband for downloading data, making download speeds the standard measure for broadband access.

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

ESD Involvement - In 2015, New York State (the “State”) created a \$500 million initiative, the New NY Broadband Program (the “Program”), which is intended to provide every New Yorker with high-speed Internet (broadband) access by the end of 2018. Program funds will be awarded to advance the State’s goal of statewide broadband access at speeds of at least 100 Mbps (download) in most places, and 25 Mbps (download) in the most remote parts of the State. The Program provides grant funding to projects expanding broadband access to Unserved and Underserved areas across the State, with priority given to projects addressing Unserved areas, public libraries, and Educational Opportunity Centers. An Unserved area is defined as an area where broadband service is not available from a wireline facilities-based provider at advertised speeds equal to or higher than 25 Mbps (download). An Underserved area is defined as an area where broadband service is available from a wireline facilities-based provider at maximum advertised speeds between 25-99 Mbps (download).

Funding recipients for the Program are selected through a “reverse-auction” methodology, which awards projects to qualifying applicants seeking the lowest amount of State investment on a Unit-served basis.

The Program’s initial round of grant awards (Phase 1) was announced in August 2016 – 25 projects representing a total public/private investment of approximately \$75.8 million: \$54.2 million in State funding, and \$21.6 million in private funding. Empire State Development’s Broadband Program Office (the “BPO”) accepted applications for the Program’s second funding round (Phase 2) through the NYS Consolidated Funding

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Application ("CFA"), beginning October 17, 2016. The CFA closed, with final applications due, on November 30, 2016. On February 28, 2017, the State announced its Phase 2 awards - 54 projects representing a total public/private investment of approximately \$268 million: \$211.8 million in State funding, and \$56.2 million in private funding.

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)	Purpose
New NY Broadband 15-16 Capital (Phase 1)	AB146	\$197,104	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB153	\$318,304	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB158	\$1,702,246	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB161	\$924,663	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB165	\$67,592	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure

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New NY Broadband 15-16 Capital (Phase 1)	AB169	\$129,634	November 17, 2016	December 31, 2018	Capital Grant – Installation of high- speed broadband infrastructure
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The Project:

Completion: Network Construction: December 31, 2018

Customer Installations: December 31, 2020

Activity - The Project will build out of fiber optic infrastructure (FFTX) to provide broadband services through the use of Gigabit Passive Optical Network (GPON) technology. All units within the new serving area will have access to broadband speeds of at least 100 Mbps (download). Middle-mile transport from the access equipment to the Core Router aggregation point (egress to Internet) will be accomplished through by utilizing existing (or augmenting) Packet Optical ROADM equipment within Frontier Communications' serving footprint.

This grant is one of eight funding awards that will be considered for approval at the June 2017 ESD Board Meeting. The seven other awards involve broadband expansion to Unserved and Underserved areas.

Results – Expand broadband access to 2,199 Housing Units (HUs) and 93 Other Units. (See Table A, which describes all Key Project Indicators.)⁶

Financing Uses	Amount	Financing Sources	Amount	Percent
Network & Access Equipment	\$966,080	ESD Grant	\$8,109,797	80%
Outside Plant Costs	\$9,171,070	Company Equity	\$1,013,725	10%
		Additional Financial Commitment	\$1,013,728	10%
Total Project Costs	\$10,137,250	Total Project Financing	\$10,137,250	100%

⁶ Please note that Indicators stated in Tables A, B, and C reflect the Broadband Program Office's estimates of total Units, Housing Units, Libraries, and other types of Units within each Census Block to be addressed by this Project, according to availability data. Upon completion of the Project, final Unit totals may differ from those stated herein.

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Grantee Contact - Kevin Smith, Vice President, Business Development
137 Harrison Street
Gloversville, NY 12078
Phone: (518) 773-3737

<u>Project Team</u> -	Origination	Beverly Bobb
	Project Management	Beverly Bobb
	Contractor & Supplier Diversity	Danah Alexander
	Finance	Angela Pitto
	Environmental	Soo Kang

Financial Terms and Conditions:

1. Upon execution of the Grant Disbursement Agreement, the Company shall reimburse ESD for any direct expenses incurred in connection with this project, including costs related to holding a public hearing, attorney fees, appraisals, surveys, title insurance, credit searches, filing fees, and other requirements deemed appropriate by ESD.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to closing.
3. Grantee Co-Investment: The New NY Broadband Program has set a goal of soliciting private sector Matching Funds for 50% of the capital needed across the Program. Consistent with that goal, the Recipient will provide a minimum financial commitment of 20% of eligible project costs. Further, a portion of the Grantee's financial commitment – at least 10% of total Eligible Project Costs – must be equity capital injected into the project by the Grantee, as described below.
4. 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 written acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
5. Up to \$8,109,797 will be disbursed to Grantee as reimbursement for eligible expenses incurred no more frequently than quarterly, during the course of design and/or construction; upon completion of Key Project Indicators and Project Milestones; and in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon

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meeting all Key Project Indicators and Project Milestones as evidenced by supporting documentation and required reports. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require.

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

Expenses must be incurred on or after March 8, 2017, the date that ESD notified Grantee of the New NY Broadband Program award, to be considered eligible project costs. Expenditures incurred prior to the date of the Award Letter are not eligible project costs, and cannot be reimbursed by grant funds. All disbursements require compliance with requirements of the New NY Broadband Program, as set forth herein and in the New NY Broadband Program Phase 2 Request for Proposal Guidelines.

6. Design and construction of the Project must be completed no later than December 31, 2018. All disbursements in connection with design and construction of the Project must be requested by no later than December 31, 2019.
7. All disbursements in connection with installation of service on customer premises under the Project must be requested no later than December 31, 2021.
8. Grant Funds are to be used for the following:
 - a. To fund the construction or improvement of all facilities required to pass all Units located within the Grantee's Service Area with a network capable of providing the specified broadband service
 - i. "Construction or improvement" should also include the cost of all network infrastructure and electronics required to connect Units to the network in order to provide service to end-users located within the Service Area that are expected to subscribe to service upon completion of the project (i.e., the cost to "run drops" to anticipated customers), where such connections are within standard drop lengths, require standard electronics, and do not require the placement poles on the end-user's premises (Special Construction). Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.
 - ii. "Construction and improvement" also includes costs associated with end-users located within the Service Area that are not expected to subscribe to service upon project completion. Grantees must provide service, in a

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reasonable timeframe and at no additional cost (outside the standard monthly recurring cost for service), to the locations of these potential customers where such connections are within standard drop lengths, require standard electronics, and do not require Special Construction. Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.

- iii. Systems shall be designed and constructed so that customers not within a standard drop length only require installation of a longer drop, and, only in very extreme instances, additional amplification for that customer.
 - b. For the upfront investment associated with installing and/or upgrading existing broadband facilities on a one-time, capital improvement basis, in order to expand broadband access and increase capacity
 - c. Where proposed construction or equipment or other items (leases, expenses, indirect costs) may serve both the proposed areas and other areas (dual use), the Grantee shall calculate the percentage of passings in the proposed area or areas relative to the total number of passings, and only that percentage of the cost of dual use construction or equipment shall be eligible
 - d. To fund the cost of long-term leases, defined as leases for a duration longer than 1 year, of facilities required to provide broadband service
 - e. To fund reasonable make-ready expenses incurred as a result of providing broadband service
 - f. To fund reasonable indirect costs associated with the implementation of the grant efforts and consistent with the principles outlined in the New NY Broadband RFP Grant Guidelines, excluding maintenance and operating expenses, customer operations, general and administrative costs, efforts associated with bidding on and obtaining the grants, and any efforts not associated with the actual deployment of the network
 - i. A Grantee may not seek indirect costs in an amount constituting more than 15% of the Grantee's total eligible expenses.
 - ii. Such costs must be identified as line-items in the application to be eligible for reimbursement. Costs that appear excessive and/or without justification and costs not considered eligible will not be reimbursed. When seeking reimbursement, Grantees must submit such indirect costs as line-items and provide justification for the expense.
9. Eligible Expense Categories include but are not limited to the following:
- a. Network & Access Equipment Costs: Includes optical equipment, digital line concentrators, digital subscriber line access multiplexers, radio equipment, transport multiplexors, routers and Ethernet switches, distribution frames and panels, power equipment, and associated software costs chargeable to capital.

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- b. **Outside Plant Costs:** Includes cable (aerial, buried, underground, and submarine), fiber, conduit systems, poles, cross-connect cabinets and splitters, fiber service terminals and enclosures, pedestals, standard drops, network interface devices, optical network terminals and reasonable make-ready costs.
 - c. **Tower Costs:** Includes the construction of new towers (where required infrastructure does not exist) and costs involved with structural changes to existing towers.
 - d. **Building and Land Costs:** Includes the cost of constructing new buildings and renovating existing buildings, as well as any site preparation costs directly related to providing broadband service to the funded Service Area.
 - e. **Customer Premises Equipment:** Funding only covers up to the network demarcation point (e.g., NID or ONT).
 - f. **Professional Services:** Includes site engineering, project management, and consultant services costs involved in designing and constructing the proposed project.
 - g. **Testing:** Includes items such as testing network and IT systems, user devices, servers, lab furnishing and test generators.
 - h. **Other Upfront Costs:** Includes any other upfront costs not covered in other categories, such as site preparation, permits, required licenses, sales tax applicable to new equipment purchases, shipping and warehousing expenses, and miscellaneous minor material.
10. **Ineligible Expenses included but are not limited to the following:**
- a. **Only Standard Drop Lengths** will be eligible for funding. Drops requiring Special Construction will be the responsibility of the consumer.
 - b. **Equipment owned or leased by the customer**, including routers and modems, and any other costs beyond the network interface point.
 - c. **Operating expenses of the Grantee** will not be funded.
 - d. **Expenses incurred prior to the date of the grant award announcement** will not be eligible for funding.
11. **ESD may reallocate the project funds to another form of assistance**, at an amount no greater than \$8,109,797, 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.
12. **The Recapture Amount** - if the property is sold within 5-years of disbursement, or if Grantee fails to complete Key Project Indicators and Milestones – is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred, and/or failure to complete Indicators and Milestones.

Frontier Phase 2 Mohawk Valley Unserved Broadband Capital (AB881)

June 29, 2017

- a. The Recapture Amount – if the failure to complete Key Project Indicators and Milestones occurs – 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 0% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - ii. 90% of the disbursed amount if 1% to 10% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - iii. 80% of the disbursed amount if 11% to 20% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - iv. 70% of the disbursed amount if 21% to 30% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - v. 60% of the disbursed amount if 31% to 40% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - vi. 50% of the disbursed amount if 41% to 50% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - vii. 40% of the disbursed amount if 51% to 60% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - viii. 30% of the disbursed amount if 61% to 70% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - ix. 20% of the disbursed amount if 71% to 80% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - x. 10% of the disbursed amount if 81% to 90% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - xi. 5% of the disbursed amount if 91% to 99% of the Milestones and Indicators are completed by the time of submitting final reporting requirements

13. Compliance with National Electrical Safety Code (NESC): All pole attachments shall comply with the NESC requirements. New NY Broadband grant recipients shall ensure that the attachment of fiber and equipment is designed, constructed, operated, and maintained in accordance with all applicable provisions of the most current and accepted criteria of the NESC, and all applicable and current electrical and safety

Frontier Phase 2 Mohawk Valley Unserved Broadband Capital (AB881)

June 29, 2017

requirements of any State or local governmental entity.

14. Broadband Mapping Program Compliance: Recipients shall provide to the NYS Broadband Program Office (or designated agent) address-level broadband build-out data that indicates the location of new broadband services within the recipient's entire service area.
15. In the event Reports, Updates, Mapping, and/or Milestone Reports are not received in the form and time periods as indicated in Section 2, ESD shall not be obligated to make any further Grant disbursements. In the event such Reports, Updates, Mapping, and/or Milestone Reports are not received within 45 days in the form and time periods as indicated in Section 2, Grantee will be in default. However, no default shall be deemed to have occurred if Grantee cures such default within ten (10) days of notice of default from ESD.

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.

Statutory Basis – New NY Broadband Program:

The funding was authorized in the FY 2015-2016 New York State enacted budget, and re-appropriated in the 2017-2018 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

Additional Submissions to Directors:

Table A – Key Project Indicators

Table B – Project Footprint

Table C – Project Milestones

Table A: Key Project Indicators

The following table lists the key indicators, which must be met upon completion of this project. Indicators will be required to be reported on a monthly basis.

KEY PROJECT INDICATORS	
Key Project Indicators: In consideration for the making of the Grant, Grantee has agreed to achieve the Key Project Indicators set forth below:	
Basic Project Information	
Project Name	Frontier Phase 2 Mohawk Valley Unserved Broadband Capital
Project ID Number	AB881
Contact Name	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)
Contact Number	(518) 773-3737
Website	https://frontier.com/
Email	kevin.r.smith@ftr.com
Company	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)
REDC(s)	Central NY, Mohawk Valley, and Southern Tier Regions
County(ies)	Madison, Fulton, Herkimer, Montgomery, Oneida, Otsego, and Chenango Counties
NYS Assembly District #s	111, 117, 118, 121, 122
NYS Senate District #s	46, 47, 49, 51, 52, 53
U.S. Congressional District #s	19, 20, 21, 22
Total Census Blocks to be passed by project	338
Total Units to be passed by project	2,292
Total Project Cost (state + private)	\$10,137,250
Total Applicant Private Match	\$2,027,453
Total Grant Amount (\$)	\$8,109,797
Max speeds offered (download/upload)	100 Mbps Download / 15 Mbps Upload
Required pricing tier offered?	Yes
Technology Type	Fiber-to-the-Home (FTTH)
Type of Service Area: Unserved vs. Underserved	Unserved

Monthly Project Questions	
Is your Project On Time? (Yes/No*)	To be answered during project progress
Is your Project On Budget? (Yes/No*)	To be answered during project progress
Have there been any project changes? (Yes**/No)	To be answered during project progress
Have you communicated with any State agency, authority or commission? (Yes**/No)	To be answered during project progress
Have there been changes in approval or permitting timeframes? (Yes**/No)	To be answered during project progress

Indicator - Project Service Area	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
Housing Units Passed	2,199
Other Units Passed	93
TOTAL Units Passed	2,292
ENTIRE Census Blocks Passed***	338
Indicator - Customer Connections	# Proposed for Project (Column Will Not Change Without GDA Amendment)
(If Known) Average Revenue Per User (ARPU) per Unit Connected (\$)	N/A
(If Known) Average Bandwidth Delivered per Month per Connected Unit (Mbps)	N/A
Indicator - Network Infrastructure Deployed	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
New Network Miles Deployed	N/A
Existing Network Miles Upgraded	72 Miles
Number of Miles of New Fiber	305 Miles
Number of Towers Connected	N/A
Number of New Interconnection Points	N/A
Number of Wireless Hotspots	N/A
Indicator - Project Expenditures	Proposed for Project \$
MWBE expenditures	\$2,432,939
Eligible Project Expenditures (\$) Made	\$8,109,797
Private Match (\$)	\$2,027,453

Speed Tiers & Pricing [Write N/A if No Speed Tiers Currently Offered]	Max Download Speed Offered
Type - Residential, Commercial, or Other [Please Specify]	x
Preliminary Residential	30 Mbps – \$39.99

	50 Mbps - \$64.99 75 Mbps – \$74.99 100 Mbps – \$84.99
--	--

Network Construction Completion Date:	December 31, 2018
Customer Installations Completion Date:	December 31, 2020

*If project is not on time or on budget, Grantee will be asked to upload documentation explaining reason for delay/issue
**If yes, please explain and provide any necessary documentation
***Grantee must pass all Units in a Census Block, except where authorized by the ESD Broadband Program Office to pass a Census Block in part.

Table B: Project Footprint

Frontier Communications of New York AB881

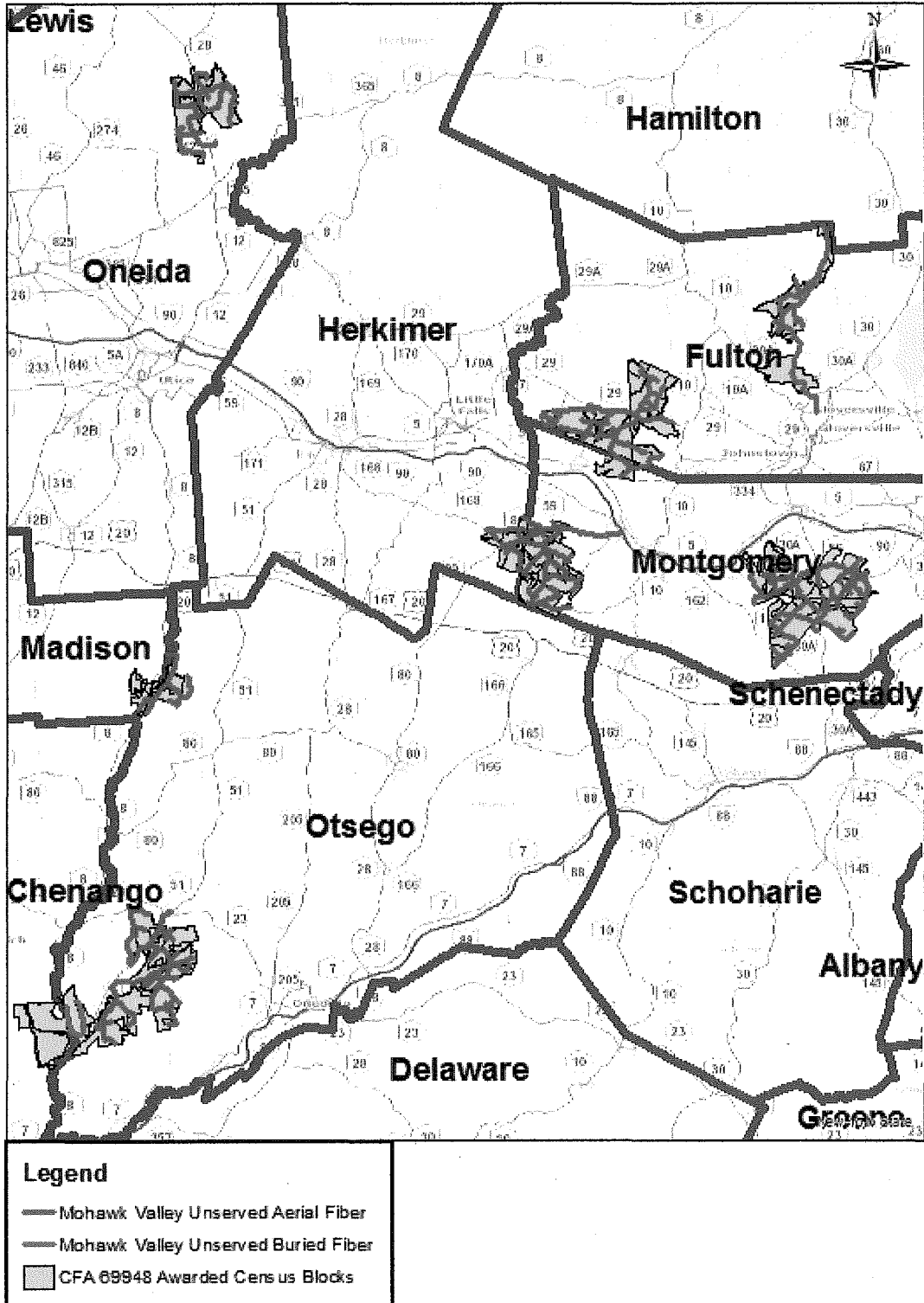


Table C: Project Milestones

Project Milestones
The following table lists the major network build-out phase and milestones that can demonstrate the entire project will be substantially completed by December 31, 2018 . The table considers project areas such as a) network design b) securing all relevant licenses and agreements c) site preparation d) inside plant deployment e) outside plant deployment f) deployment of business and operational support systems g) network testing h) network operational
Project Start Date <u>TBD</u> Projected Completion Date <u>December 31, 2018</u> Projected # of Milestone Reports <u>6</u>

Time Period	Quarter	Milestones	Narrative Explanation (If Any)
Year 1	Qtr. 1		
	Qtr. 2		
	Qtr. 3	Network Design (OSP & Transport)	
	Qtr. 4	Network Design (OSP & Transport) Make-ready, Permits and Licenses	
Year 2	Qtr. 1	Materials Delivery ISP and OSP Construction	
	Qtr. 2	ISP and OSP Construction	
	Qtr. 3	ISP and OSP Construction	
	Qtr. 4	Network Testing Network Operational	

G. Frontier Phase 2 Mohawk Valley Underserved Broadband Capital (AB884)

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General Project Plan

- Grantee:** Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York) ("Frontier" or the "Company")
- ESD Investment:** A grant of up to \$10,069 to be used for a portion of the cost to expand broadband coverage to the Underserved communities in the Mohawk Valley Region of New York State.
- Project Location:** Fulton and Oneida Counties
Please reference the Project Footprint outlined in Table B
- Proposed Project:** Installation of broadband networks to expand broadband access and increase capacity
- Project Type:** Infrastructure Investment Project
- Regional Council:** The Mohawk Valley Region Regional Economic Development Council has been made aware of this item. The Incentive Proposal was accepted in June of 2017. The project is consistent with the Regional Plan[s] to expand high-speed Internet, stimulate local business growth and job creation, and enhance the economic well-being of the region[s].

Background:

Industry - Telephone, Cable and Internet Service Provider

Company History - Frontier Communications is an S&P 500 company, and is included in the Fortune 1,000 list of America's largest corporations. Frontier serves a mix of urban, suburban, and rural areas across the U.S. The Company offers a variety of services to customers over its fiber-optic and copper networks, including video, high-speed Internet, advanced voice and Frontier Secure digital protection solutions. Frontier Business Edge offers communications solutions to small, medium, and enterprise businesses. Frontier Communications was incorporated in 1935 and operates in 29 States.

Ownership – Frontier Communications is a publicly traded company.

Size – Frontier has facilities in 29 states across the U.S., and employs a staff of approximately 28,600.

Market – Access to the Internet can be achieved by a number of different technologies.

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The definition of broadband is determined by the data transmission speeds in both directions. "Download speeds" refer to the speeds at which data is received by an Internet user -- *i.e.*, the speeds at which the user can access websites, receive files through email, stream video, or use cloud-based services. Upload speeds refer to the speeds at which data is transmitted by an Internet user to another user, to a website, or cloud-based service. Average consumers typically use broadband for downloading data, making download speeds the standard measure for broadband access.

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

ESD Involvement - In 2015, New York State (the "State") created a \$500 million initiative, the New NY Broadband Program (the "Program"), which is intended to provide every New Yorker with high-speed Internet (broadband) access by the end of 2018. Program funds will be awarded to advance the State's goal of statewide broadband access at speeds of at least 100 Mbps (download) in most places, and 25 Mbps (download) in the most remote parts of the State. The Program provides grant funding to projects expanding broadband access to Unserved and Underserved areas across the State, with priority given to projects addressing Unserved areas, public libraries, and Educational Opportunity Centers. An Unserved area is defined as an area where broadband service is not available from a wireline facilities-based provider at advertised speeds equal to or higher than 25 Mbps (download). An Underserved area is defined as an area where broadband service is available from a wireline facilities-based provider at maximum advertised speeds between 25-99 Mbps (download).

Funding recipients for the Program are selected through a "reverse-auction" methodology, which awards projects to qualifying applicants seeking the lowest amount of State investment on a Unit-served basis.

The Program's initial round of grant awards (Phase 1) was announced in August 2016 – 25 projects representing a total public/private investment of approximately \$75.8 million: \$54.2 million in State funding, and \$21.6 million in private funding. Empire State Development's Broadband Program Office (the "BPO") accepted applications for the Program's second funding round (Phase 2) through the NYS Consolidated Funding Application ("CFA"), beginning October 17, 2016. The CFA closed, with final applications due, on November 30, 2016. On February 28, 2017, the State announced its Phase 2

Frontier Phase 2 Mohawk Valley Underserved Broadband Capital (AB884)

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awards - 54 projects representing a total public/private investment of approximately \$268 million: \$211.8 million in State funding, and \$56.2 million in private funding.

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)	Purpose
New NY Broadband 15-16 Capital (Phase 1)	AB146	\$197,104	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB153	\$318,304	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB158	\$1,702,246	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB161	\$924,663	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB165	\$67,592	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB169	\$129,634	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure

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The Project:

Completion: Network Construction: December 31, 2018

Customer Installations: December 31, 2020

Activity - The Project will build out of fiber optic infrastructure (FFTX) to provide broadband services through the use of Gigabit Passive Optical Network (GPON) technology. All units within the new serving area will have access to broadband speeds of at least 100 Mbps (download). Middle-mile transport from the access equipment to the Core Router aggregation point (egress to Internet) will be accomplished through by utilizing existing (or augmenting) Packet Optical ROADM equipment within Frontier Communications' serving footprint.

This grant is one of eight funding awards that will be considered for approval at the June 2017 ESD Board Meeting. The seven other awards involve broadband expansion to Unserved and Underserved areas.

Results – Expand broadband access to 31 Housing Units (HUs) and 15 Other Units. (See Table A, which describes all Key Project Indicators.)⁷

Financing Uses	Amount	Financing Sources	Amount	Percent
Network & Access Equipment	\$11,551	ESD Grant	\$10,069	80%
Outside Plant Costs	\$1,036	Company Equity	\$1,258.70	10%
		Additional Financial Commitment	\$1,259.30	10%
Total Project Costs	\$12,587	Total Project Financing	\$12,587	100%

Grantee Contact - Kevin Smith, Vice President, Business Development
137 Harrison Street
Gloversville, NY 12078
Phone: (518) 773-3737

Project Team -

Origination	Beverly Bobb
Project Management	Beverly Bobb
Contractor & Supplier Diversity	Danah Alexander
Finance	Angela Pitto

⁷ Please note that Indicators stated in Tables A, B, and C reflect the Broadband Program Office's estimates of total Units, Housing Units, Libraries, and other types of Units within each Census Block to be addressed by this Project, according to availability data. Upon completion of the Project, final Unit totals may differ from those stated herein.

CFA #69949

Frontier Phase 2 Mohawk Valley Underserved Broadband Capital (AB884)

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Environmental

Soo Kang

Financial Terms and Conditions:

1. Upon execution of the Grant Disbursement Agreement, the Company shall reimburse ESD for any direct expenses incurred in connection with this project, including costs related to holding a public hearing, attorney fees, appraisals, surveys, title insurance, credit searches, filing fees, and other requirements deemed appropriate by ESD.
2. The Company will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
3. Grantee Co-Investment: The New NY Broadband Program has set a goal of soliciting private sector Matching Funds for 50% of the capital needed across the Program. Consistent with that goal, the Recipient will provide a minimum financial commitment of 20% of eligible project costs. Further, a portion of the Grantee's financial commitment – at least 10% of total Eligible Project Costs – must be equity capital injected into the project by the Grantee, as described below.
4. 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 written acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
5. Up to \$10,069 will be disbursed to Grantee as reimbursement for eligible expenses incurred no more frequently than quarterly, during the course of design and/or construction; upon completion of Key Project Indicators and Project Milestones; and in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon meeting all Key Project Indicators and Project Milestones as evidenced by supporting documentation and required reports. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require.

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

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Expenses must be incurred on or after March 8, 2017, the date that ESD notified Grantee of the New NY Broadband Program award, to be considered eligible project costs. Expenditures incurred prior to the date of the Award Letter are not eligible project costs, and cannot be reimbursed by grant funds. All disbursements require compliance with requirements of the New NY Broadband Program, as set forth herein and in the New NY Broadband Program Phase 2 Request for Proposal Guidelines.

6. Design and construction of the Project must be completed no later than December 31, 2018. All disbursements in connection with design and construction of the Project must be requested by no later than December 31, 2019.
7. All disbursements in connection with installation of service on customer premises under the Project must be requested no later than December 31, 2021.
8. Grant Funds are to be used for the following:
 - a. To fund the construction or improvement of all facilities required to pass all Units located within the Grantee's Service Area with a network capable of providing the specified broadband service
 - i. "Construction or improvement" should also include the cost of all network infrastructure and electronics required to connect Units to the network in order to provide service to end-users located within the Service Area that are expected to subscribe to service upon completion of the project (i.e., the cost to "run drops" to anticipated customers), where such connections are within standard drop lengths, require standard electronics, and do not require the placement poles on the end-user's premises (Special Construction). Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.
 - ii. "Construction and improvement" also includes costs associated with end-users located within the Service Area that are not expected to subscribe to service upon project completion. Grantees must provide service, in a reasonable timeframe and at no additional cost (outside the standard monthly recurring cost for service), to the locations of these potential customers where such connections are within standard drop lengths, require standard electronics, and do not require Special Construction. Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.
 - iii. Systems shall be designed and constructed so that customers not within a standard drop length only require installation of a longer drop, and, only

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in very extreme instances, additional amplification for that customer.

- b. For the upfront investment associated with installing and/or upgrading existing broadband facilities on a one-time, capital improvement basis, in order to expand broadband access and increase capacity
 - c. Where proposed construction or equipment or other items (leases, expenses, indirect costs) may serve both the proposed areas and other areas (dual use), the Grantee shall calculate the percentage of passings in the proposed area or areas relative to the total number of passings, and only that percentage of the cost of dual use construction or equipment shall be eligible
 - d. To fund the cost of long-term leases, defined as leases for a duration longer than 1 year, of facilities required to provide broadband service
 - e. To fund reasonable make-ready expenses incurred as a result of providing broadband service
 - f. To fund reasonable indirect costs associated with the implementation of the grant efforts and consistent with the principles outlined in the New NY Broadband RFP Grant Guidelines, excluding maintenance and operating expenses, customer operations, general and administrative costs, efforts associated with bidding on and obtaining the grants, and any efforts not associated with the actual deployment of the network
 - i. A Grantee may not seek indirect costs in an amount constituting more than 15% of the Grantee's total eligible expenses.
 - ii. Such costs must be identified as line-items in the application to be eligible for reimbursement. Costs that appear excessive and/or without justification and costs not considered eligible will not be reimbursed. When seeking reimbursement, Grantees must submit such indirect costs as line-items and provide justification for the expense.
9. Eligible Expense Categories include but are not limited to the following:
- a. Network & Access Equipment Costs: Includes optical equipment, digital line concentrators, digital subscriber line access multiplexers, radio equipment, transport multiplexors, routers and Ethernet switches, distribution frames and panels, power equipment, and associated software costs chargeable to capital.
 - b. Outside Plant Costs: Includes cable (aerial, buried, underground, and submarine), fiber, conduit systems, poles, cross-connect cabinets and splitters, fiber service terminals and enclosures, pedestals, standard drops, network interface devices, optical network terminals and reasonable make-ready costs.
 - c. Tower Costs: Includes the construction of new towers (where required infrastructure does not exist) and costs involved with structural changes to existing towers.
 - d. Building and Land Costs: Includes the cost of constructing new buildings and renovating existing buildings, as well as any site preparation costs directly

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related to providing broadband service to the funded Service Area.

- e. Customer Premises Equipment: Funding only covers up to the network demarcation point (e.g., NID or ONT).
 - f. Professional Services: Includes site engineering, project management, and consultant services costs involved in designing and constructing the proposed project.
 - g. Testing: Includes items such as testing network and IT systems, user devices, servers, lab furnishing and test generators.
 - h. Other Upfront Costs: Includes any other upfront costs not covered in other categories, such as site preparation, permits, required licenses, sales tax applicable to new equipment purchases, shipping and warehousing expenses, and miscellaneous minor material.
10. Ineligible Expenses included but are not limited to the following:
- a. Only Standard Drop Lengths will be eligible for funding. Drops requiring Special Construction will be the responsibility of the consumer.
 - b. Equipment owned or leased by the customer, including routers and modems, and any other costs beyond the network interface point.
 - c. Operating expenses of the Grantee will not be funded.
 - d. Expenses incurred prior to the date of the grant award announcement will not be eligible for funding.
11. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$10,069, 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.
12. The Recapture Amount - if the property is sold within 5-years of disbursement, or if Grantee fails to complete Key Project Indicators and Milestones – is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred, and/or failure to complete Indicators and Milestones.
- a. The Recapture Amount – if the failure to complete Key Project Indicators and Milestones occurs – 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 0% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - ii. 90% of the disbursed amount if 1% to 10% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - iii. 80% of the disbursed amount if 11% to 20% of the Milestones and

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Indicators are completed by the time of submitting final reporting requirements;

- iv. 70% of the disbursed amount if 21% to 30% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- v. 60% of the disbursed amount if 31% to 40% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- vi. 50% of the disbursed amount if 41% to 50% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- vii. 40% of the disbursed amount if 51% to 60% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- viii. 30% of the disbursed amount if 61% to 70% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- ix. 20% of the disbursed amount if 71% to 80% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- x. 10% of the disbursed amount if 81% to 90% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- xi. 5% of the disbursed amount if 91% to 99% of the Milestones and Indicators are completed by the time of submitting final reporting requirements

13. Compliance with National Electrical Safety Code (NESC): All pole attachments shall comply with the NESC requirements. New NY Broadband grant recipients shall ensure that the attachment of fiber and equipment is designed, constructed, operated, and maintained in accordance with all applicable provisions of the most current and accepted criteria of the NESC, and all applicable and current electrical and safety requirements of any State or local governmental entity.

14. Broadband Mapping Program Compliance: Recipients shall provide to the NYS Broadband Program Office (or designated agent) address-level broadband build-out data that indicates the location of new broadband services within the recipient's entire service area.

15. In the event Reports, Updates, Mapping, and/or Milestone Reports are not received in the form and time periods as indicated in Section 2, ESD shall not be obligated to make

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any further Grant disbursements. In the event such Reports, Updates, Mapping, and/or Milestone Reports are not received within 45 days in the form and time periods as indicated in Section 2, Grantee will be in default. However, no default shall be deemed to have occurred if Grantee cures such default within ten (10) days of notice of default from ESD.

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.

Statutory Basis – New NY Broadband Program:

The funding was authorized in the FY 2015-2016 New York State enacted budget, and re-appropriated in the 2017-2018 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

Additional Submissions to Directors:

Table A – Key Project Indicators

Table B – Project Footprint

Table C – Project Milestones

Table A: Key Project Indicators

The following table lists the key indicators, which must be met upon completion of this project. Indicators will be required to be reported on a monthly basis.

KEY PROJECT INDICATORS	
Key Project Indicators: In consideration for the making of the Grant, Grantee has agreed to achieve the Key Project Indicators set forth below:	
Basic Project Information	
Project Name	Frontier Phase 2 Mohawk Valley Underserved Broadband Capital
Project ID Number	AB884
Contact Name	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)
Contact Number	(518) 773-3737
Website	https://frontier.com/
Email	kevin.r.smith@ftr.com
Company	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)
REDC(s)	Mohawk Valley Region
County(ies)	Fulton and Oneida Counties
NYS Assembly District #s	118
NYS Senate District #s	47, 49
U.S. Congressional District #s	21,22
Total Census Blocks to be passed by project	2
Total Units to be passed by project	46
Total Project Cost (state + private)	\$12,587
Total Applicant Private Match	\$2,518
Total Grant Amount (\$)	\$10,069
Max speeds offered (download/upload)	100 Mbps Download / 15 Mbps Upload
Required pricing tier offered?	Yes
Technology Type	Fiber-to-the-Home (FTTH)
Type of Service Area: Unserved vs. Underserved	Underserved
Monthly Project Questions	
Is your Project On Time? (Yes/No*)	To be answered during project progress

Is your Project On Budget? (Yes/No*)	To be answered during project progress
Have there been any project changes? (Yes**/No)	To be answered during project progress
Have you communicated with any State agency, authority or commission? (Yes**/No)	To be answered during project progress
Have there been changes in approval or permitting timeframes? (Yes**/No)	To be answered during project progress

Indicator - Project Service Area	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
Housing Units Passed	31
Other Units Passed	15
TOTAL Units Passed	46
ENTIRE Census Blocks Passed***	2
Indicator - Customer Connections	# Proposed for Project (Column Will Not Change Without GDA Amendment)
(If Known) Average Revenue Per User (ARPU) per Unit Connected (\$)	N/A
(If Known) Average Bandwidth Delivered per Month per Connected Unit (Mbps)	N/A
Indicator - Network Infrastructure Deployed	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
New Network Miles Deployed	N/A
Existing Network Miles Upgraded	0 Miles
Number of Miles of New Fiber	½ Mile
Number of Towers Connected	N/A
Number of New Interconnection Points	N/A
Number of Wireless Hotspots	N/A
Indicator - Project Expenditures	Proposed for Project \$
MWBE expenditures	\$3,021
Eligible Project Expenditures (\$) Made	\$10,069
Private Match (\$)	\$2,518

Speed Tiers & Pricing [Write N/A if No Speed Tiers Currently Offered]	Max Download Speed Offered
Type - Residential, Commercial, or Other [Please Specify]	x
Preliminary Residential	30 Mbps – \$39.99
	50 Mbps - \$64.99
	75 Mbps – \$74.99
	100 Mbps – \$84.99

Network Construction Completion Date:	December 31, 2018
Customer Installations Completion Date:	December 31, 2020
<p>*If project is not on time or on budget, Grantee will be asked to upload documentation explaining reason for delay/issue</p>	
<p>**If yes, please explain and provide any necessary documentation</p>	
<p>***Grantee must pass all Units in a Census Block, except where authorized by the ESD Broadband Program Office to pass a Census Block in part.</p>	

Table C: Project Milestones

Project Milestones
The following table lists the major network build-out phase and milestones that can demonstrate the entire project will be substantially completed by December 31, 2018 . The table considers project areas such as a) network design b) securing all relevant licenses and agreements c) site preparation d) inside plant deployment e) outside plant deployment f) deployment of business and operational support systems g) network testing h) network operational
Project Start Date <u>TBD</u> Projected Completion Date <u>December 31, 2018</u> Projected # of Milestone Reports <u>6</u>

Time Period	Quarter	Milestones	Narrative Explanation (If Any)
Year 1	Qtr. 1		
	Qtr. 2		
	Qtr. 3	Network Design (OSP & Transport)	
	Qtr. 4	Network Design (OSP & Transport) Make-ready, Permits and Licenses	
Year 2	Qtr. 1	Materials Delivery ISP and OSP Construction	
	Qtr. 2	ISP and OSP Construction	
	Qtr. 3	ISP and OSP Construction	
	Qtr. 4	Network Testing Network Operational	

H. Frontier Phase 2 North Country Unserved Broadband Capital (AB882)

June 29, 2017

General Project Plan

- Grantee:** Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York) ("Frontier" or the "Company")
- ESD Investment:** A grant of up to \$7,304,640 to be used for a portion of the cost to expand broadband coverage to the Unserved and Underserved communities in the North Country Region of New York State.
- Project Location:** Clinton, Essex, and Hamilton Counties
Please reference the Project Footprint outlined in Table B
- Proposed Project:** Installation or upgrade of broadband networks to expand broadband access and increase capacity
- Project Type:** Infrastructure Investment Project
- Regional Council:** The North Country Regional Economic Development Council has been made aware of this item. The Incentive Proposal was accepted in June of 2017. The project is consistent with the Regional Plan[s] to expand high-speed Internet, stimulate local business growth and job creation, and enhance the economic well-being of the region[s].
- Background:**

Industry - Telephone, Cable and Internet Service Provider

Company History - Frontier Communications is an S&P 500 company, and is included in the Fortune 1,000 list of America's largest corporations. Frontier serves a mix of urban, suburban, and rural areas across the U.S. The Company offers a variety of services to customers over its fiber-optic and copper networks, including video, high-speed Internet, advanced voice and Frontier Secure digital protection solutions. Frontier Business Edge offers communications solutions to small, medium, and enterprise businesses. Frontier Communications was incorporated in 1935 and operates in 29 States.

Ownership – Frontier Communications is a publicly traded company.

Size – Frontier has facilities in 29 states across the U.S., and employs a staff of approximately 28,600.

Market – Access to the Internet can be achieved by a number of different technologies.

Frontier Phase 2 North Country Unserved Broadband Capital (AB882)

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The definition of broadband is determined by the data transmission speeds in both directions. "Download speeds" refer to the speeds at which data is received by an Internet user -- *i.e.*, the speeds at which the user can access websites, receive files through email, stream video, or use cloud-based services. Upload speeds refer to the speeds at which data is transmitted by an Internet user to another user, to a website, or cloud-based service. Average consumers typically use broadband for downloading data, making download speeds the standard measure for broadband access.

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

ESD Involvement - In 2015, New York State (the "State") created a \$500 million initiative, the New NY Broadband Program (the "Program"), which is intended to provide every New Yorker with high-speed Internet (broadband) access by the end of 2018. Program funds will be awarded to advance the State's goal of statewide broadband access at speeds of at least 100 Mbps (download) in most places, and 25 Mbps (download) in the most remote parts of the State. The Program provides grant funding to projects expanding broadband access to Unserved and Underserved areas across the State, with priority given to projects addressing Unserved areas, public libraries, and Educational Opportunity Centers. An Unserved area is defined as an area where broadband service is not available from a wireline facilities-based provider at advertised speeds equal to or higher than 25 Mbps (download). An Underserved area is defined as an area where broadband service is available from a wireline facilities-based provider at maximum advertised speeds between 25-99 Mbps (download).

Funding recipients for the Program are selected through a "reverse-auction" methodology, which awards projects to qualifying applicants seeking the lowest amount of State investment on a Unit-served basis.

The Program's initial round of grant awards (Phase 1) was announced in August 2016 – 25 projects representing a total public/private investment of approximately \$75.8 million: \$54.2 million in State funding, and \$21.6 million in private funding. Empire State Development's Broadband Program Office (the "BPO") accepted applications for the Program's second funding round (Phase 2) through the NYS Consolidated Funding Application ("CFA"), beginning October 17, 2016. The CFA closed, with final applications due, on November 30, 2016. On February 28, 2017, the State announced its Phase 2

Frontier Phase 2 North Country Unserved Broadband Capital (AB882)

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awards - 54 projects representing a total public/private investment of approximately \$268 million: \$211.8 million in State funding, and \$56.2 million in private funding.

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)	Purpose
New NY Broadband 15-16 Capital (Phase 1)	AB146	\$197,104	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB153	\$318,304	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB158	\$1,702,246	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB161	\$924,663	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB165	\$67,592	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure
New NY Broadband 15-16 Capital (Phase 1)	AB169	\$129,634	November 17, 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure

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The Project:

Completion: Network Construction: December 31, 2018

Customer Installations: December 31, 2020

Activity - Grantee will build out fiber optic infrastructure (FFTX) to provide broadband services through the use of GPON technology through two related projects in the North Country Region – one addressing Unserved Units (CFA 69950) and another addressing Underserved Units (CFA 69951). The ESD grant funding contemplated herein will support the Unserved project. The Grantee has agreed to complete the Underserved project at its own expense, and will be required to pass all of the census blocks awarded under CFA 69951. No further grant award will be disbursed for the work required under CFA 69951. All Key Project indicators are inclusive of the additional census blocks awarded under CFA 69951.

This grant is one of eight funding awards that will be considered for approval at the June 2017 ESD Board Meeting, and involve expansion of broadband services to Unserved or Underserved areas.

Results – Expand broadband access to 4,424 Housing Units (HUs) and 357 Other Units. (See Table A, which describes all Key Project Indicators.)⁸

Financing Uses	Amount	Financing Sources	Amount	Percent
Network & Access Equipment	\$755,177	ESD Grant	\$7,304,640	80%
Outside Plant Costs	\$8,375,685	Company Equity	\$913,080.20	10%
		Additional Financial Commitment	\$913,081.80	10%
Total Project Costs	\$9,130,802	Total Project Financing	\$9,130,802	100%

Grantee Contact - Kevin Smith, Vice President, Business Development
137 Harrison Street
Gloversville, NY 12078
Phone: (518) 773-3737

⁸ Please note that Indicators stated in Tables A, B, and C reflect the Broadband Program Office's estimates of total Units, Housing Units, Libraries, and other types of Units within each Census Block to be addressed by this Project, according to availability data. Upon completion of the Project, final Unit totals may differ from those stated herein.

Frontier Phase 2 North Country Unserved Broadband Capital (AB882)

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<u>Project Team</u> -	Origination	Beverly Bobb
	Project Management	Beverly Bobb
	Contractor & Supplier Diversity	Danah Alexander
	Finance	Angela Pitto
	Environmental	Soo Kang

Financial Terms and Conditions:

1. Upon execution of the Grant Disbursement Agreement, the Company shall reimburse ESD for any direct expenses incurred in connection with this project, including costs related to holding a public hearing, attorney fees, appraisals, surveys, title insurance, credit searches, filing fees, and other requirements deemed appropriate by ESD.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to closing.
3. Grantee Co-Investment: The New NY Broadband Program has set a goal of soliciting private sector Matching Funds for 50% of the capital needed across the Program. Consistent with that goal, the Recipient will provide a minimum financial commitment of 20% of eligible project costs. Further, a portion of the Grantee's financial commitment – at least 10% of total Eligible Project Costs – must be equity capital injected into the project by the Grantee, as described below.
4. 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 written acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
5. Up to \$7,304,640 will be disbursed to Grantee as reimbursement for eligible expenses incurred no more frequently than quarterly, during the course of design and/or construction; upon completion of Key Project Indicators and Project Milestones; and in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon meeting all Key Project Indicators and Project Milestones as evidenced by supporting documentation and required reports. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require.

ESD will be entitled to recoup all or part of ESD's grant if the Recipient fails to reach – to a degree acceptable to ESD – project milestones, as agreed upon in Table A, which lists

Frontier Phase 2 North Country Unserved Broadband Capital (AB882)

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key indicators for infrastructure work; Table B, which captures the Project's footprint; and Table C, which lists the major network build-out phases and quarterly milestones of the entire project.

Expenses must be incurred on or after March 8, 2017, the date that ESD notified Grantee of the New NY Broadband Program award, to be considered eligible project costs. Expenditures incurred prior to the date of the Award Letter are not eligible project costs, and cannot be reimbursed by grant funds. All disbursements require compliance with requirements of the New NY Broadband Program, as set forth herein and in the New NY Broadband Program Phase 2 Request for Proposal Guidelines.

6. Design and construction of the Project must be completed no later than December 31, 2018. All disbursements in connection with design and construction of the Project must be requested by no later than December 31, 2019.
7. All disbursements in connection with installation of service on customer premises under the Project must be requested no later than December 31, 2021.
8. Grant Funds are to be used for the following:
 - a. To fund the construction or improvement of all facilities required to pass all Units located within the Grantee's Service Area with a network capable of providing the specified broadband service
 - i. "Construction or improvement" should also include the cost of all network infrastructure and electronics required to connect Units to the network in order to provide service to end-users located within the Service Area that are expected to subscribe to service upon completion of the project (i.e., the cost to "run drops" to anticipated customers), where such connections are within standard drop lengths, require standard electronics, and do not require the placement poles on the end-user's premises (Special Construction). Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.
 - ii. "Construction and improvement" also includes costs associated with end-users located within the Service Area that are not expected to subscribe to service upon project completion. Grantees must provide service, in a reasonable timeframe and at no additional cost (outside the standard monthly recurring cost for service), to the locations of these potential customers where such connections are within standard drop lengths, require standard electronics, and do not require Special Construction. Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these

Frontier Phase 2 North Country Unserved Broadband Capital (AB882)

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Guidelines.

- iii. Systems shall be designed and constructed so that customers not within a standard drop length only require installation of a longer drop, and, only in very extreme instances, additional amplification for that customer.
 - b. For the upfront investment associated with installing and/or upgrading existing broadband facilities on a one-time, capital improvement basis, in order to expand broadband access and increase capacity
 - c. Where proposed construction or equipment or other items (leases, expenses, indirect costs) may serve both the proposed areas and other areas (dual use), the Grantee shall calculate the percentage of passings in the proposed area or areas relative to the total number of passings, and only that percentage of the cost of dual use construction or equipment shall be eligible
 - d. To fund the cost of long-term leases, defined as leases for a duration longer than 1 year, of facilities required to provide broadband service
 - e. To fund reasonable make-ready expenses incurred as a result of providing broadband service
 - f. To fund reasonable indirect costs associated with the implementation of the grant efforts and consistent with the principles outlined in the New NY Broadband RFP Grant Guidelines, excluding maintenance and operating expenses, customer operations, general and administrative costs, efforts associated with bidding on and obtaining the grants, and any efforts not associated with the actual deployment of the network
 - i. A Grantee may not seek indirect costs in an amount constituting more than 15% of the Grantee's total eligible expenses.
 - ii. Such costs must be identified as line-items in the application to be eligible for reimbursement. Costs that appear excessive and/or without justification and costs not considered eligible will not be reimbursed. When seeking reimbursement, Grantees must submit such indirect costs as line-items and provide justification for the expense.
9. Eligible Expense Categories include but are not limited to the following:
- a. Network & Access Equipment Costs: Includes optical equipment, digital line concentrators, digital subscriber line access multiplexers, radio equipment, transport multiplexors, routers and Ethernet switches, distribution frames and panels, power equipment, and associated software costs chargeable to capital.
 - b. Outside Plant Costs: Includes cable (aerial, buried, underground, and submarine), fiber, conduit systems, poles, cross-connect cabinets and splitters, fiber service terminals and enclosures, pedestals, standard drops, network interface devices, optical network terminals and reasonable make-ready costs.
 - c. Tower Costs: Includes the construction of new towers (where required infrastructure does not exist) and costs involved with structural changes to

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existing towers.

- d. **Building and Land Costs:** Includes the cost of constructing new buildings and renovating existing buildings, as well as any site preparation costs directly related to providing broadband service to the funded Service Area.
- e. **Customer Premises Equipment:** Funding only covers up to the network demarcation point (e.g., NID or ONT).
- f. **Professional Services:** Includes site engineering, project management, and consultant services costs involved in designing and constructing the proposed project.
- g. **Testing:** Includes items such as testing network and IT systems, user devices, servers, lab furnishing and test generators.
- h. **Other Upfront Costs:** Includes any other upfront costs not covered in other categories, such as site preparation, permits, required licenses, sales tax applicable to new equipment purchases, shipping and warehousing expenses, and miscellaneous minor material.

10. Ineligible Expenses included but are not limited to the following:

- a. Only Standard Drop Lengths will be eligible for funding. Drops requiring Special Construction will be the responsibility of the consumer.
- b. Equipment owned or leased by the customer, including routers and modems, and any other costs beyond the network interface point.
- c. Operating expenses of the Grantee will not be funded.
- d. Expenses incurred prior to the date of the grant award announcement will not be eligible for funding.

11. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$7,304,640 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.

12. The Recapture Amount - if the property is sold within 5-years of disbursement, or if Grantee fails to complete Key Project Indicators and Milestones – is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred, and/or failure to complete Indicators and Milestones.

- a. The Recapture Amount – if the failure to complete Key Project Indicators and Milestones occurs – 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 0% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - ii. 90% of the disbursed amount if 1% to 10% of the Milestones and

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Indicators are completed by the time of submitting final reporting requirements;

- iii. 80% of the disbursed amount if 11% to 20% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- iv. 70% of the disbursed amount if 21% to 30% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- v. 60% of the disbursed amount if 31% to 40% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- vi. 50% of the disbursed amount if 41% to 50% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- vii. 40% of the disbursed amount if 51% to 60% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- viii. 30% of the disbursed amount if 61% to 70% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- ix. 20% of the disbursed amount if 71% to 80% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- x. 10% of the disbursed amount if 81% to 90% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
- xi. 5% of the disbursed amount if 91% to 99% of the Milestones and Indicators are completed by the time of submitting final reporting requirements

13. Compliance with National Electrical Safety Code (NESC): All pole attachments shall comply with the NESC requirements. New NY Broadband grant recipients shall ensure that the attachment of fiber and equipment is designed, constructed, operated, and maintained in accordance with all applicable provisions of the most current and accepted criteria of the NESC, and all applicable and current electrical and safety requirements of any State or local governmental entity.

14. Broadband Mapping Program Compliance: Recipients shall provide to the NYS Broadband Program Office (or designated agent) address-level broadband build-out data that indicates the location of new broadband services within the recipient's entire service area.

Frontier Phase 2 North Country Unserved Broadband Capital (AB882)

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15. In the event Reports, Updates, Mapping, and/or Milestone Reports are not received in the form and time periods as indicated in Section 2, ESD shall not be obligated to make any further Grant disbursements. In the event such Reports, Updates, Mapping, and/or Milestone Reports are not received within 45 days in the form and time periods as indicated in Section 2, Grantee will be in default. However, no default shall be deemed to have occurred if Grantee cures such default within ten (10) days of notice of default from ESD.

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.

Statutory Basis – New NY Broadband Program:

The funding was authorized in the FY 2015-2016 New York State enacted budget, and re-appropriated in the 2017-2018 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

Additional Submissions to Directors:

Table A – Key Project Indicators

Table B – Project Footprint

Table C – Project Milestones

Table A: Key Project Indicators

The following table lists the key indicators, which must be met upon completion of this project. Indicators will be required to be reported on a monthly basis.

KEY PROJECT INDICATORS	
Key Project Indicators: In consideration for the making of the Grant, Grantee has agreed to achieve the Key Project Indicators set forth below:	
Basic Project Information	
Project Name	Frontier Phase 2 North Country Unserved Broadband Capital
Project ID Number	AB882
Contact Name	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)
Contact Number	(518) 773-3737
Website	https://frontier.com/
Email	kevin.r.smith@ftr.com
Company	Citizens Telecommunications Company of New York, Inc. (d/b/a Frontier Communications of New York)
REDC(s)	North Country Region
County(ies)	Clinton, Essex, and Hamilton Counties
NYS Assembly District #s	114,115,118
NYS Senate District #s	45, 49
U.S. Congressional District #s	21
Total Census Blocks to be passed by project	319
Total Units to be passed by project	4,781
Total Project Cost (state + private)	\$9,130,802
Total Applicant Private Match	\$1,826,162
Total Grant Amount (\$)	\$7,304,640
Max speeds offered (download/upload)	100 Mbps Download / 15 Mbps Upload
Required pricing tier offered?	Yes
Technology Type	Fiber-to-the-Home (FTTH)
Type of Service Area: Unserved vs. Underserved	Unserved
Monthly Project Questions	
Is your Project On Time? (Yes/No*)	To be answered during project progress

Is your Project On Budget? (Yes/No*)	To be answered during project progress
Have there been any project changes? (Yes**/No)	To be answered during project progress
Have you communicated with any State agency, authority or commission? (Yes**/No)	To be answered during project progress
Have there been changes in approval or permitting timeframes? (Yes**/No)	To be answered during project progress

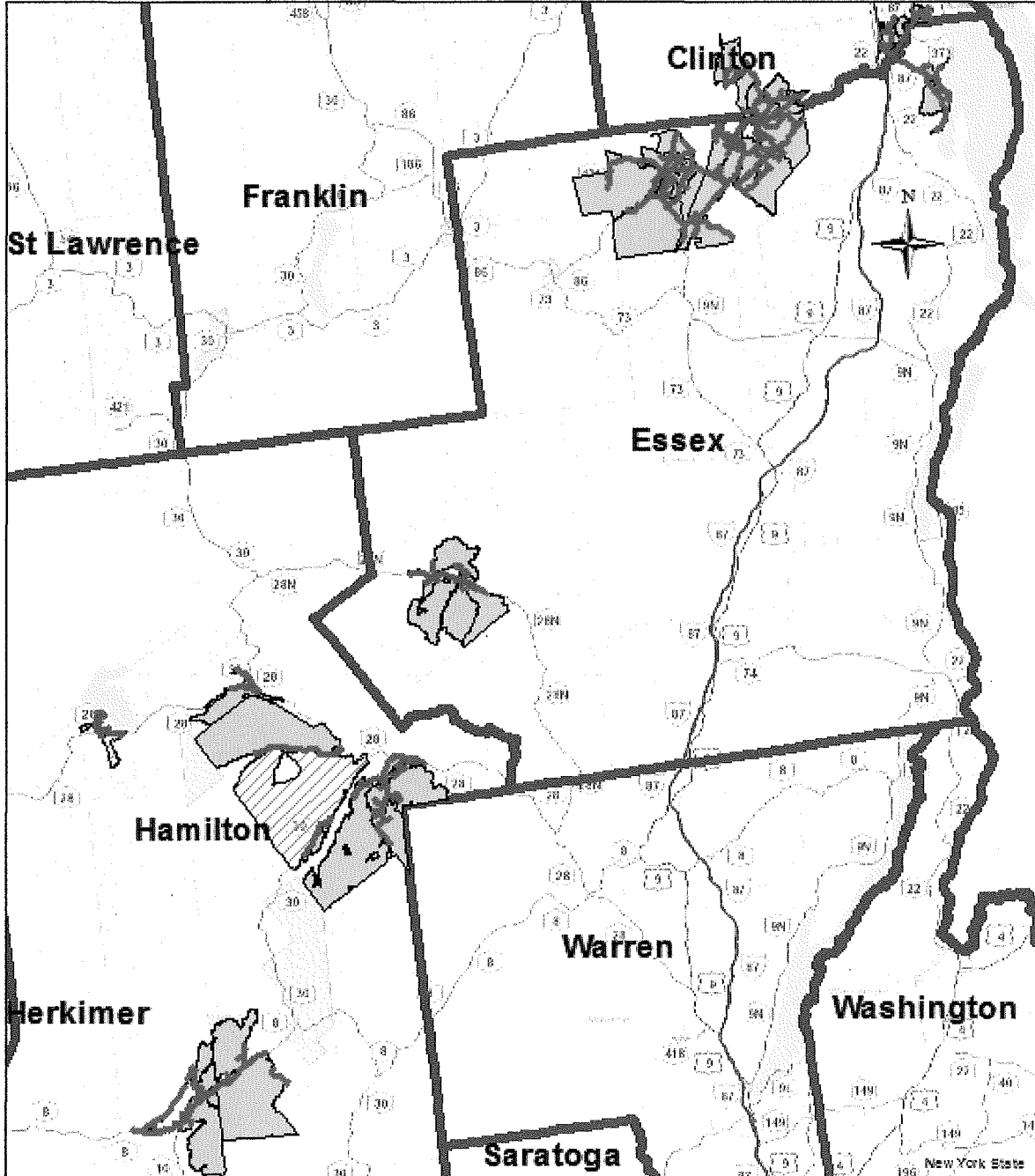
Indicator - Project Service Area	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
Housing Units Passed	4,424
Other Units Passed	357
TOTAL Units Passed	4,781
ENTIRE Census Blocks Passed***	319
Indicator - Customer Connections	# Proposed for Project (Column Will Not Change Without GDA Amendment)
(If Known) Average Revenue Per User (ARPU) per Unit Connected (\$)	N/A
(If Known) Average Bandwidth Delivered per Month per Connected Unit (Mbps)	N/A
Indicator - Network Infrastructure Deployed	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
New Network Miles Deployed	N/A
Existing Network Miles Upgraded	97 Miles
Number of Miles of New Fiber	265 Miles
Number of Towers Connected	N/A
Number of New Interconnection Points	N/A
Number of Wireless Hotspots	N/A
Indicator - Project Expenditures	Proposed for Project \$
MWBE expenditures	\$2,191,392
Eligible Project Expenditures (\$) Made	\$7,304,640
Private Match (\$)	\$1,826,162

Speed Tiers & Pricing [Write N/A if No Speed Tiers Currently Offered]	Max Download Speed Offered
Type - Residential, Commercial, or Other [Please Specify]	x
Preliminary Residential	30 Mbps – \$39.99 50 Mbps - \$64.99 75 Mbps – \$74.99 100 Mbps – \$84.99

Network Construction Completion Date:	December 31, 2018
Customer Installations Completion Date:	December 31, 2020
<p>*If project is not on time or on budget, Grantee will be asked to upload documentation explaining reason for delay/issue</p>	
<p>**If yes, please explain and provide any necessary documentation</p>	
<p>***Grantee must pass all Units in a Census Block, except where authorized by the ESD Broadband Program Office to pass a Census Block in part.</p>	

Table B: Project Footprint

Frontier Communications of New York AB882



- Legend**
- North Country Unserved Fiber
 - CFA 69950 Awarded Census Blocks
 - ▨ CFA 69951 Awarded Census Blocks

Table C: Project Milestones

Project Milestones
The following table lists the major network build-out phase and milestones that can demonstrate the entire project will be substantially completed by December 31, 2018 . The table considers project areas such as a) network design b) securing all relevant licenses and agreements c) site preparation d) inside plant deployment e) outside plant deployment f) deployment of business and operational support systems g) network testing h) network operational
Project Start Date __TBD__ Projected Completion Date _December 31, 2018_ Projected # of Milestone Reports __6__

Time Period	Quarter	Milestones	Narrative Explanation (If Any)
Year 1	Qtr. 1		
	Qtr. 2		
	Qtr. 3	Network Design (OSP & Transport)	
	Qtr. 4	Network Design (OSP & Transport) Make-ready, Permits and Licenses	
Year 2	Qtr. 1	Materials Delivery ISP and OSP Construction	
	Qtr. 2	ISP and OSP Construction	
	Qtr. 3	ISP and OSP Construction	
	Qtr. 4	Network Testing Network Operational	

I. GTel NYS Broadband Program Phase II Underserved Broadband Capital (AB902)

General Project Plan

- Grantee:** Germantown Telephone Company (d/b/a GTel Teleconnections) ("GTel" or the "Company") and Valstar, Inc
- ESD Investment:** A grant of up to \$4,730,944 to be used for a portion of the cost to expand broadband coverage to the Underserved communities in the Capital Region of New York State.
- Project Location:** Columbia County
Please reference the Project Footprint outlined in Table B
- Proposed Project:** Installation or upgrade of existing broadband networks to expand broadband access and increase capacity.
- Project Type:** Infrastructure Investment Project
- Regional Council:** The Capital District Regional Economic Development Council has been made aware of this item. The Incentive Proposal was accepted in June of 2017. The project is consistent with the Regional Plan to expand high-speed Internet, stimulate local business growth and job creation, and enhance the economic well-being of the region.
- Background:**

Industry - Internet Service Provider (ISP); Business Corporation

Company History - Founded in 1905, the Germantown Telephone Company began operations when there were but two telephones. In 1929, Mrs. and Mr. Alvin J. (A.J.) Bohnsack purchased the Company from Mr. Stanley W. Lasher. At that time, the Company had 420 subscribers. GTel has a long history of investing and deploying state-of-the-art networks and equipment since its entry in the telecommunications industry back in 1929. Today, GTel provides a full complement of truly state-of-the-art IP based services with a full-time dedicated work force of seventeen employees. Telephone subscribers have grown from two telephones in 1905 to more than 2,500 access lines in 2011, and, after 83 years, the Company is still owned and operated by the third, and now the fourth, generation of the Bohnsack family.

Ownership – The Germantown Telephone Co. Inc. is privately owned. Germantown Telephone owns 100% of Valstar, Inc.

Size - All facilities are located in Germantown, NY, and GTel employs a staff of approximately 14.

Market – Access to the Internet can be achieved by a number of different technologies.

GTel NYS Broadband Program Phase II Underserved Broadband Capital (AB902)

The definition of broadband is determined by the data transmission speeds in both directions. "Download speeds" refer to the speeds at which data is received by an Internet user -- *i.e.*, the speeds at which the user can access websites, receive files through email, stream video, or use cloud-based services. Upload speeds refer to the speeds at which data is transmitted by an Internet user to another user, to a website, or cloud-based service. Average consumers typically use broadband for downloading data, making download speeds the standard measure for broadband access.

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

ESD Involvement - In 2015, New York State (the "State") created a \$500 million initiative, the New NY Broadband Program (the "Program"), which is intended to provide every New Yorker with high-speed Internet (broadband) access by the end of 2018. Program funds will be awarded to advance the State's goal of statewide broadband access at speeds of at least 100 Mbps (download) in most places, and 25 Mbps (download) in the most remote parts of the State. The Program provides grant funding to projects expanding broadband access to Unserved and Underserved areas across the State, with priority given to projects addressing unserved areas, public libraries, and Educational Opportunity Centers. An Unserved area is defined as an area where broadband service is not available from a wireline facilities-based provider at advertised speeds equal to or higher than 25 Mbps (download). An Underserved area is defined as an area where broadband service is available from a wireline facilities-based provider at maximum advertised speeds between 25-99 Mbps (download).

Funding recipients for the Program are selected through a "reverse-auction" methodology, which awards projects to qualifying applicants seeking the lowest amount of State investment on a Unit-served basis.

The Program's initial round of grant awards (Phase 1) was announced in August 2016 – 25 projects representing a total public/private investment of approximately \$75.8 million: \$54.2 million in State funding, and \$21.6 million in private funding. Empire State Development's Broadband Program Office (the "BPO") accepted applications for the Program's second funding round (Phase 2) through the NYS Consolidated Funding Application ("CFA"), beginning October 17, 2016. The CFA closed, with final applications due, on November 30, 2016. On February 28, 2017, the State announced its Phase 2 awards - 54 projects representing a total public/private investment of approximately \$268 million: \$211.8 million in State funding, and \$56.2 million in private funding.

GTel NYS Broadband Program Phase II Underserved Broadband Capital (AB902)

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 NY Broadband 15-16 Capital (Phase 1)	AB154	\$2,512,562	November 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure

The Project:

Completion: Network Construction: December 31, 2018
Customer Installations: December 31, 2020

Activity – The Company will deploy a Fiber-to-the-Home (FTTH) network to expand high-speed broadband services to the Underserved households and other units within the Project Location, through the purchase of new Calix E7 FTTH electronics, optical line terminals (OLTs), and optical network terminals (ONTs). GTel has standardized its network by utilizing Gigabit Passive Optical Network (GPON) equipment, and will use GPON electronics for this Project.

This grant is one of two awards to Germantown Telephone Company awarded through New NY Broadband Phase 2 funding; the other award involves broadband expansion to Unserved areas.

Results – Expand broadband services to 2,074 Housing Units (HUs) and 130 Other Units. (See Table A, which describes all Key Project Indicators.)⁹

⁹ Please note that Indicators stated in Tables A, B, and C reflect the Broadband Program Office’s estimates of total Units, Housing Units, Libraries, and other types of Units within each Census Block to be addressed by this Project, according to availability data. Upon completion of the Project, final Unit totals may differ from those stated herein.

GTel NYS Broadband Program Phase II Underserved Broadband Capital (AB902)

Financing Uses	Amount	Financing Sources	Amount	Percent
Network & Access Equipment	\$280,416	ESD Grant	\$4,730,944	80%
Outside Plant Costs	\$3,401,865	Company Equity	\$591,368.5	10%
Building and Land Costs	\$126,351	Additional Financial Commitment	\$591,368.5	10%
Drop and Eligible Customer Premises Equipment	\$1,824,781			
Other Upfront Costs (Fiber Management Frame, Splitters and Patch Cords)	\$128,646			
Other Eligible Project Costs (Equipment)	\$151,622			
Total Project Costs	\$5,913,681	Total Project Financing	\$5,913,681	100%

Grantee Contact - Jason Shelton, General Manager
 210 Main Street
 Germantown, NY 12526
 Phone: (518) 537-4835

Bruce C. Bohnsack, President /CEO
 Valstar, Inc.
 PO Box 188
 Germantown, NY 12526

<u>Project Team</u> -	Origination	Beverly Bobb
	Project Management	Beverly Bobb
	Contractor & Supplier Diversity	Denise Ross
	Finance	Angela Pitto
	Environmental	Soo Kang

Financial Terms and Conditions:

1. Upon execution of the Grant Disbursement Agreement, the Company shall reimburse ESD for any direct expenses incurred in connection with this project, including costs related to holding a public hearing, attorney fees, appraisals, surveys, title insurance, credit searches, filing fees, and other requirements deemed appropriate by ESD.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to closing.
3. Grantee Co-Investment: The New NY Broadband Program has set a goal of soliciting

GTel NYS Broadband Program Phase II Underserved Broadband Capital (AB902)

private sector Matching Funds for 50% of the capital needed across the Program. Consistent with that goal, the Recipient will provide a minimum financial commitment of 20% of eligible project costs. Further, a portion of the Grantee's financial commitment – at least 10% of total Eligible Project Costs – must be equity capital injected into the project by the Grantee, as described below.

4. 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 written acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
5. Up to \$4,730,944 will be disbursed to Grantees as reimbursement for eligible expenses incurred no more frequently than quarterly, during the course of design and/or construction; upon completion of Key Project Indicators and Project Milestones; and in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon meeting all Key Project Indicators and Project Milestones as evidenced by supporting documentation and required reports. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require.

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

Expenses must be incurred on or after March 8, 2017, the date that ESD notified Grantee of the New NY Broadband Program award, to be considered eligible project costs. Expenditures incurred prior to the date of the Award Letter are not eligible project costs, and cannot be reimbursed by grant funds. All disbursements require compliance with requirements of the New NY Broadband Program, as set forth herein and in the New NY Broadband Program Phase 2 Request for Proposal Guidelines.

6. Design and construction of the Project must be completed no later than December 31, 2018. All disbursements in connection with design and construction of the Project must be requested by no later than December 31, 2019.
7. All disbursements in connection with installation of service on customer premises under the Project must be requested no later than December 31, 2021.
8. Grant Funds are to be used for the following:

GTel NYS Broadband Program Phase II Underserved Broadband Capital (AB902)

- a. To fund the construction or improvement of all facilities required to pass all Units located within the Grantee's Service Area with a network capable of providing the specified broadband service
 - i. "Construction or improvement" should also include the cost of all network infrastructure and electronics required to connect Units to the network in order to provide service to end-users located within the Service Area that are expected to subscribe to service upon completion of the project (i.e., the cost to "run drops" to anticipated customers), where such connections are within standard drop lengths, require standard electronics, and do not require the placement poles on the end-user's premises (Special Construction). Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.
 - ii. "Construction and improvement" also includes costs associated with end-users located within the Service Area that are not expected to subscribe to service upon project completion. Grantees must provide service, in a reasonable timeframe and at no additional cost (outside the standard monthly recurring cost for service), to the locations of these potential customers where such connections are within standard drop lengths, require standard electronics, and do not require Special Construction. Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.
 - iii. Systems shall be designed and constructed so that customers not within a standard drop length only require installation of a longer drop, and, only in very extreme instances, additional amplification for that customer.
- b. For the upfront investment associated with installing and/or upgrading existing broadband facilities on a one-time, capital improvement basis, in order to expand broadband access and increase capacity
- c. Where proposed construction or equipment or other items (leases, expenses, indirect costs) may serve both the proposed areas and other areas (dual use), the Grantee shall calculate the percentage of passings in the proposed area or areas relative to the total number of passings, and only that percentage of the cost of dual use construction or equipment shall be eligible
- d. To fund the cost of long-term leases, defined as leases for a duration longer than 1 year, of facilities required to provide broadband service
- e. To fund reasonable make-ready expenses incurred as a result of providing broadband service
- f. To fund reasonable indirect costs associated with the implementation of the grant efforts and consistent with the principles outlined in the New NY Broadband RFP Grant Guidelines, excluding maintenance and operating expenses, customer operations, general and administrative costs, efforts associated with bidding on and obtaining the grants, and any efforts not

GTel NYS Broadband Program Phase II Underserved Broadband Capital (AB902)

associated with the actual deployment of the network

- i. A Grantee may not seek indirect costs in an amount constituting more than 15% of the Grantee's total eligible expenses.
- ii. Such costs must be identified as line-items in the application to be eligible for reimbursement. Costs that appear excessive and/or without justification and costs not considered eligible will not be reimbursed. When seeking reimbursement, Grantees must submit such indirect costs as line-items and provide justification for the expense.

9. Eligible Expense Categories include but are not limited to the following:

- a. **Network & Access Equipment Costs:** Includes optical equipment, digital line concentrators, digital subscriber line access multiplexers, radio equipment, transport multiplexors, routers and Ethernet switches, distribution frames and panels, power equipment, and associated software costs chargeable to capital.
- b. **Outside Plant Costs:** Includes cable (aerial, buried, underground, and submarine), fiber, conduit systems, poles, cross-connect cabinets and splitters, fiber service terminals and enclosures, pedestals, standard drops, network interface devices, optical network terminals and reasonable make-ready costs.
- c. **Tower Costs:** Includes the construction of new towers (where required infrastructure does not exist) and costs involved with structural changes to existing towers.
- d. **Building and Land Costs:** Includes the cost of constructing new buildings and renovating existing buildings, as well as any site preparation costs directly related to providing broadband service to the funded Service Area.
- e. **Customer Premises Equipment:** Funding only covers up to the network demarcation point (e.g., NID or ONT).
- f. **Professional Services:** Includes site engineering, project management, and consultant services costs involved in designing and constructing the proposed project.
- g. **Testing:** Includes items such as testing network and IT systems, user devices, servers, lab furnishing and test generators.
- h. **Other Upfront Costs:** Includes any other upfront costs not covered in other categories, such as site preparation, permits, required licenses, sales tax applicable to new equipment purchases, shipping and warehousing expenses, and miscellaneous minor material.

10. Ineligible Expenses included but are not limited to the following:

- a. Only Standard Drop Lengths will be eligible for funding. Drops requiring Special Construction will be the responsibility of the consumer.
- b. Equipment owned or leased by the customer, including routers and modems, and any other costs beyond the network interface point.
- c. Operating expenses of the Grantee will not be funded.
- d. Expenses incurred prior to the date of the grant award announcement will not

GTel NYS Broadband Program Phase II Underserved Broadband Capital (AB902)

be eligible for funding.

11. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$4,730,944, 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.
12. The Recapture Amount - if the property is sold within 5-years of disbursement, or if Grantee fails to complete Key Project Indicators and Milestones – is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred, and/or failure to complete Indicators and Milestones.
 - a. The Recapture Amount – if the failure to complete Key Project Indicators and Milestones occurs – 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 0% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - ii. 90% of the disbursed amount if 1% to 10% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - iii. 80% of the disbursed amount if 11% to 20% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - iv. 70% of the disbursed amount if 21% to 30% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - v. 60% of the disbursed amount if 31% to 40% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - vi. 50% of the disbursed amount if 41% to 50% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - vii. 40% of the disbursed amount if 51% to 60% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - viii. 30% of the disbursed amount if 61% to 70% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - ix. 20% of the disbursed amount if 71% to 80% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - x. 10% of the disbursed amount if 81% to 90% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;

GTel NYS Broadband Program Phase II Underserved Broadband Capital (AB902)

requirements;

- xi. 5% of the disbursed amount if 91% to 99% of the Milestones and Indicators are completed by the time of submitting final reporting requirements

- 13. Compliance with National Electrical Safety Code (NESC): All pole attachments shall comply with the NESC requirements. New NY Broadband grant recipients shall ensure that the attachment of fiber and equipment is designed, constructed, operated, and maintained in accordance with all applicable provisions of the most current and accepted criteria of the NESC, and all applicable and current electrical and safety requirements of any State or local governmental entity.
- 14. Broadband Mapping Program Compliance: Recipients shall provide to the NYS Broadband Program Office (or designated agent) address-level broadband build-out data that indicates the location of new broadband services within the recipient's entire service area.
- 15. In the event Reports, Updates, Mapping, and/or Milestone Reports are not received in the form and time periods as indicated in Section 2, ESD shall not be obligated to make any further Grant disbursements. In the event such Reports, Updates, Mapping, and/or Milestone Reports are not received within 45 days in the form and time periods as indicated in Section 2, Grantee will be in default. However, no default shall be deemed to have occurred if Grantee cures such default within ten (10) days of notice of default from ESD.

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.

Statutory Basis – New NY Broadband Program:

The funding was authorized in the FY 2015-2016 New York State enacted budget and re-appropriated in the 2016-2017 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

Additional Submissions to Directors:

- Table A – Key Project Indicators
- Table B – Project Footprint
- Table C – Project Milestones

Table A: Key Project Indicators

The following table lists the key indicators, which must be met upon completion of this project. Indicators will be required to be reported on a monthly basis.

KEY PROJECT INDICATORS	
Key Project Indicators: In consideration for the making of the Grant, Grantee has agreed to achieve the Key Project Indicators set forth below:	
Basic Project Information	
Project Name	GTel NYS Broadband Program Phase II Underserved Broadband Capital
Project ID Number	AB902
Contact Name	Jason Shelton
Contact Number	(518) 537-4835
Website	http://www2.GTel.net/
Email	jason.shelton@GTelcorp.com
Company	Germantown Telephone Company (d/b/a GTel Teleconnections)
REDC(s)	Capital Region
County(ies)	Columbia County
NYS Assembly District #s	106
NYS Senate District #s	43
U.S. Congressional District #s	19
Total Census Blocks to be passed by project	144
Total Units to be passed by project	2,204
Total Project Cost (state + private)	\$5,913,681
Total Applicant Private Match	\$1,182,737
Total Grant Amount (\$)	\$4,730,944
Max speeds offered (download/upload)	1 Gbps / 1 Gbps
Required pricing tier offered?	Yes
Technology Type	Fiber-to-the-Home (FTTH)
Type of Service Area: Unserved vs. Underserved	Underserved
Monthly Project Questions	
Is your Project On Time? (Yes/No*)	To be answered during project progress
Is your Project On Budget? (Yes/No*)	To be answered during project progress

Have there been any project changes? (Yes**/No)	To be answered during project progress
Have you communicated with any State agency, authority or commission? (Yes**/No)	To be answered during project progress
Have there been changes in approval or permitting timeframes? (Yes**/No)	To be answered during project progress

Indicator - Project Service Area	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
Housing Units Passed	2,074
Other Units Passed	130
TOTAL Units Passed	2,204
Census Blocks Passed***	144
Indicator - Customer Connections	# Proposed for Project (Column Will Not Change Without GDA Amendment)
(If Known) Average Revenue Per User (ARPU) per Unit Connected (\$)	Not known at this time
(If Known) Average Bandwidth Delivered per Month per Connected Unit (Mbps)	Not known at this time
Indicator - Network Infrastructure Deployed	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
New Network Miles Deployed	170
Existing Network Miles Upgraded	0
Number of Miles of New Fiber	170
Number of Towers Connected	0
Number of New Interconnection Points	0
Number of Wireless Hotspots	0
Indicator - Project Expenditures	Proposed for Project \$
MWBE expenditures	\$1,419,283.20
Eligible Project Expenditures (\$) Made	\$4,730,944
Private Match (\$)	\$1,182,737

Speed Tiers & Pricing [Write N/A if No Speed Tiers Currently Offered]	Max Download Speed Offered		
Type - Residential, Commercial, or Other [Please Specify]	x		
Residential	Speed	Price	Type
	25x4	\$59.99	Residential
	50x20	\$69.00	Residential
	100X100	\$79.00	Residential
	1Gb/1Gb	\$99.00	Residential

(continued on next page) Business	Speed	Price	Type
	10x10	\$89.99	Business
	25x25	\$139.99	Business
	50x50	\$199.99	Business
	100x100	\$299.99	Business
	1Gb/1Gb	\$499.99	Business

Network Construction Completion Date:	12/31/2018
Customer Installations Completion Date:	12/31/2020
*If project is not on time or on budget, Grantee will be asked to upload documentation explaining reason for delay/issue	
**If yes, please explain and provide any necessary documentation	
***Grantee must pass all Units in a Census Block, except where authorized by the ESD Broadband Program Office to pass a Census Block in part	

Table B: Project Footprint

Germantown Telephone Company (d/b/a Gtel Teleconnections) AB902

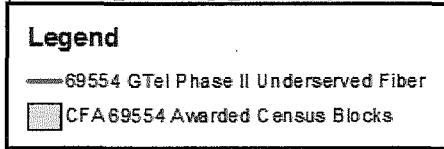
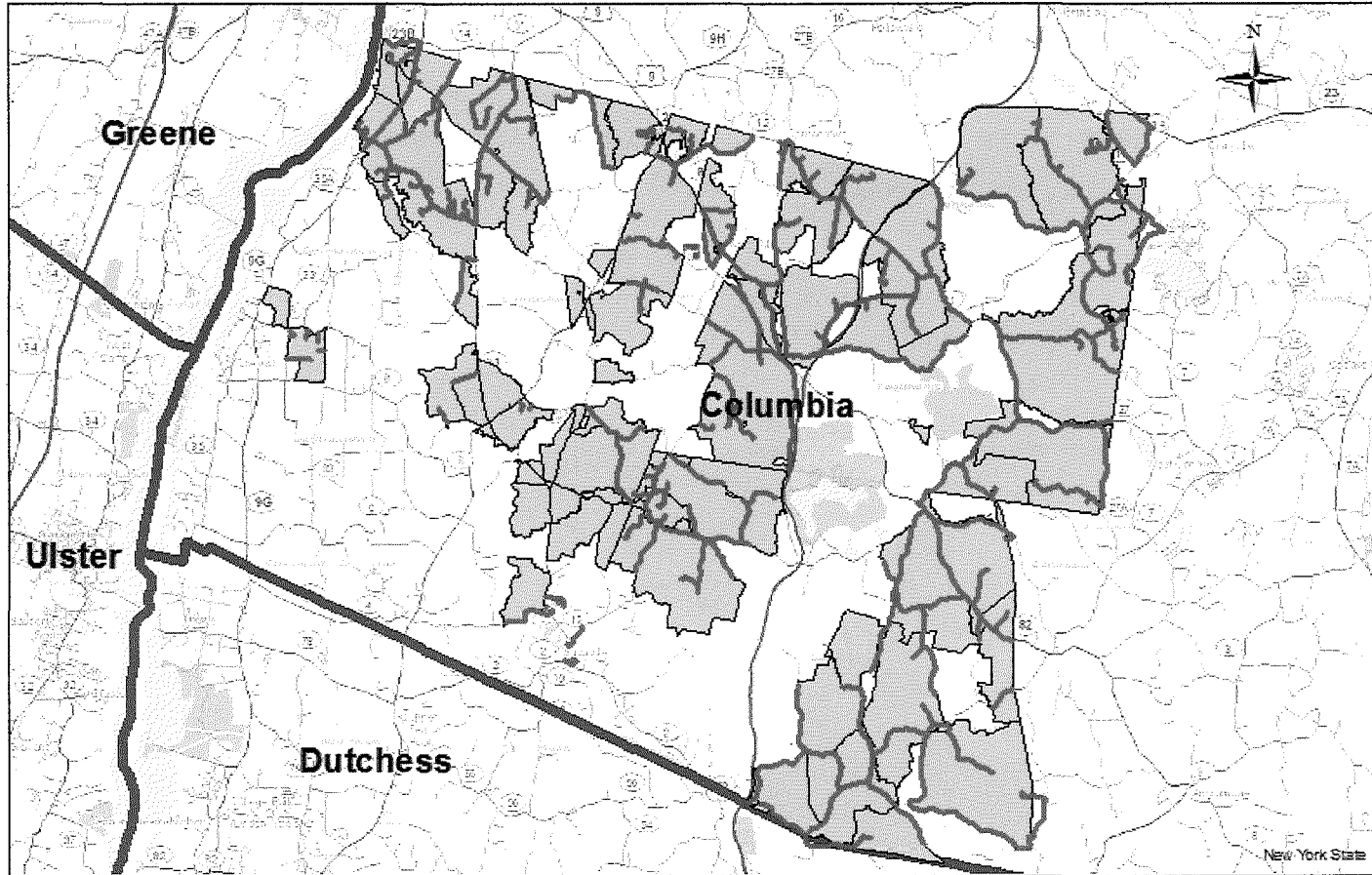


Table C: Project Milestones

Project Milestones			
<p>The following table lists the major network build-out phase and milestones that can demonstrate the entire project will be substantially completed by 12/31/2018. The table considers project areas such as a) network design b) securing all relevant licenses and agreements c) site preparation d) inside plant deployment e) outside plant deployment f) deployment of business and operational support systems g) network testing h) network operational</p>			
Project Start Date: 4/15/2017		Projected Completion Date: 12/31/2018	Projected # of Milestone Reports: 7
Time Period	Quarter	Milestones	Narrative Explanation (If Any)
Year 1	Qtr. 1	Grant Award	
	Qtr. 2	<ul style="list-style-type: none"> • Meet with municipal leaders to outline finalized project scope and time-lines for service activation. Receive input concerning municipal priorities. • Finalize network design. • Finalize agreements with construction contractors and vendors. • Prepare pole agreements • Order long-lead time materials. • Determine any pole upgrade / replacements required. • Commence any required brush cutting along pole lines. • Identify internal staffing needs and requirements. 	
	Qtr. 3	<ul style="list-style-type: none"> • Commence aerial fiber construction activity. • Complete any required brush cutting and pole replacements. • Commence central office equipment installation. • Develop marketing tactics and identify broadband adoption campaigns where necessary. 	
	Qtr. 4	<ul style="list-style-type: none"> • Continue central office equipment installation. • Continue fiber construction activity. • Implement marketing and customer outreach initiatives. 	
Year 2	Qtr. 1	<ul style="list-style-type: none"> • Finalize central office equipment installation. • Continue fiber construction activity. • Continue community outreach and broadband adoption efforts. • Complete central office equipment activation and testing. • Commence customer drop installation and activation. 	

	Qtr. 2	<ul style="list-style-type: none">• Continue fiber construction activity.• Continue community outreach and broadband adoption efforts.• Continue customer drop installation and activation.	
	Qtr. 3	<ul style="list-style-type: none">• Continue fiber construction activity.• Continue customer drop installation and activation.	
	Qtr. 4	<ul style="list-style-type: none">• Finalize fiber construction activity.• Finalize customer drop installation and activation.• Complete marketing, adoption, and outreach initiatives.• Complete network testing, validation, and mapping.	

J. GTel NYS Broadband Program Phase II Unserved Broadband Capital (AB976)

June 29, 2017

General Project Plan

- Grantee:** Germantown Telephone Company (d/b/a GTel Teleconnections) ("GTel" or the "Company") and Valstar, Inc.
- ESD Investment:** A grant of up to \$528,273 to be used for a portion of the cost to expand broadband coverage to the Unserved communities in the Capital and Mid-Hudson Regions of New York State.
- Project Location:** Columbia and Dutchess Counties
Please reference the Project Footprint outlined in Table B
- Proposed Project:** Installation or upgrade of broadband networks to expand broadband access and increase capacity
- Project Type:** Infrastructure Investment Project
- Regional Council:** The Capital and Mid-Hudson Regional Economic Development Councils have been made aware of this item. The Incentive Proposal was accepted in June 2017. The project is consistent with the Regional Plans to expand high-speed Internet, stimulate local business growth and job creation, and enhance the economic well-being of the regions.

Background:

Industry - Internet Service Provider (ISP); Business Corporation

Company History - Founded in 1905, Germantown Telephone Company began operations when there were but two telephones. In 1929, Mrs. and Mr. Alvin J. (A.J.) Bohnsack purchased the Company from Mr. Stanley W. Lasher. At that time, the Company had 420 subscribers. GTel has a long history of investing and deploying state-of-the-art networks and equipment since their inception in the telecommunications industry back in 1929. Today, GTel provides a full complement of truly state-of-the-art IP based services with a full-time dedicated work force of seventeen employees. Telephone subscribers have grown from two telephones in 1905 to more than 2,500 access lines in 2011, and after 83 years the company is still owned and operated by the third and now the fourth generation of the Bohnsack family. Valstar, Inc. is a deregulated affiliate of GTel that provides long distance thru reselling and broadband services to our subscribers

Ownership - The Germantown Telephone Co. Inc. is privately owned. Germantown Telephone owns 100% of Valstar, Inc.

GTel NYS Broadband Program Phase II Unserved Broadband Capital (AB976)

June 29, 2017

Size - All facilities are located in Germantown, NY, and GTel employs a staff of approximately 14.

Market – Access to the Internet can be achieved by a number of different technologies. The definition of broadband is determined by the data transmission speeds in both directions. “Download speeds” refer to the speeds at which data is received by an Internet user -- *i.e.*, the speeds at which the user can access websites, receive files through email, stream video, or use cloud-based services. Upload speeds refer to the speeds at which data is transmitted by an Internet user to another user, to a website, or cloud-based service. Average consumers typically use broadband for downloading data, making download speeds the standard measure for broadband access.

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

ESD Involvement - In 2015, New York State (the “State”) created a \$500 million initiative, the New NY Broadband Program (the “Program”), which is intended to provide every New Yorker with high-speed Internet (broadband) access by the end of 2018. Program funds will be awarded to advance the State’s goal of statewide broadband access at speeds of at least 100 Mbps (download) in most places, and 25 Mbps (download) in the most remote parts of the State. The Program provides grant funding to projects expanding broadband access to Unserved and Underserved areas across the State, with priority given to projects addressing Unserved areas, public libraries, and Educational Opportunity Centers. An Unserved area is defined as an area where broadband service is not available from a wireline facilities-based provider at advertised speeds equal to or higher than 25 Mbps (download). An Underserved area is defined as an area where broadband service is available from a wireline facilities-based provider at maximum advertised speeds between 25-99 Mbps (download).

Funding recipients for the Program are selected through a “reverse-auction” methodology, which awards projects to qualifying applicants seeking the lowest amount of State investment on a Unit-served basis.

The Program’s initial round of grant awards (Phase 1) was announced in August 2016 – 25 projects representing a total public/private investment of approximately \$75.8

GTel NYS Broadband Program Phase II Unserved Broadband Capital (AB976)

June 29, 2017

million: \$54.2 million in State funding, and \$21.6 million in private funding. Empire State Development's Broadband Program Office (the "BPO") accepted applications for the Program's second funding round (Phase 2) through the NYS Consolidated Funding Application ("CFA"), beginning October 17, 2016. The CFA closed, with final applications due, on November 30, 2016. On February 28, 2017, the State announced its Phase 2 awards - 54 projects representing a total public/private investment of approximately \$268 million: \$211.8 million in State funding, and \$56.2 million in private funding.

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)	Purpose
New NY Broadband 15-16 Capital (Phase 1)	AB154	\$2,512,562	November 2016	December 31, 2018	Capital Grant – Installation of high-speed broadband infrastructure

The Project:

Completion: Network Construction: 12/31/2018
Customer Installations: 12/31/2020

Activity - The Companies will deploy a Fiber-to-the-Home (FTTH) network to expand high-speed broadband services to the Unserved households and other units within the Project Location, through the purchase of new Calix E7 FTTH electronics, optical line terminals (OLTs), and optical network terminals (ONTs). GTel has standardized its network by utilizing gigabit passive optical network (GPON) equipment, and will use GPON electronics for this Project.

This grant is one of two awards to Germantown Telephone Company awarded through New NY Broadband Phase 2 funding; the other award involves broadband expansion to Underserved areas.

Results – Expand broadband access to 168 Housing Units (HUs) and 78 Other Units. (See

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Table A, which describes all Key Project Indicators.)¹⁰

Financing Uses	Amount	Financing Sources	Amount	Percent
Network & Access Equipment	\$31,460	ESD Grant	\$528,273	80%
Outside Plant Costs	\$412,220	Company Equity	\$66,034	10%
Tower Costs		Additional Financial Commitment	\$66,035	10%
Building and Land Costs	\$202,398			
Drop and Eligible Customer Premises Equipment	\$14,264			
Total Project Costs	\$660,342	Total Project Financing	\$660,342	100%

Grantee Contact - Jason Shelton, General Manager
 PO Box 188
 Germantown, NY 12526
 Phone: (518) 537-4835

Bruce C. Bohnsack, President /CEO
 Valstar, Inc.
 PO Box 188
 Germantown, NY 12526

Project Team -

Origination	Beverly Bobb
Project Management	Beverly Bobb
Contractor & Supplier Diversity	Denise Ross
Finance	Angela Pitto
Environmental	Soo Kang

Financial Terms and Conditions:

1. Upon execution of the Grant Disbursement Agreement, the Company shall reimburse ESD for any direct expenses incurred in connection with this project, including costs related to holding a public hearing, attorney fees, appraisals, surveys, title insurance, credit searches, filing fees, and other requirements deemed appropriate by ESD.
2. The Company will demonstrate no materially adverse changes in its financial condition

¹⁰ Please note that Indicators stated in Tables A, B, and C reflect the Broadband Program Office's estimates of total Units, Housing Units, Libraries, and other types of Units within each Census Block to be addressed by this Project, according to availability data. Upon completion of the Project, final Unit totals may differ from those stated herein.

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prior to closing.

3. **Grantee Co-Investment:** The New NY Broadband Program has set a goal of soliciting private sector Matching Funds for 50% of the capital needed across the Program. Consistent with that goal, the Recipient will provide a minimum financial commitment of 20% of eligible project costs. Further, a portion of the Grantee's financial commitment – at least 10% of total Eligible Project Costs – must be equity capital injected into the project by the Grantee, as described below.
4. 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 written acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
5. Up to \$528,273 will be disbursed to Grantees as reimbursement for eligible expenses incurred no more frequently than quarterly, during the course of design and/or construction; upon completion of Key Project Indicators and Project Milestones; and in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon meeting all Key Project Indicators and Project Milestones as evidenced by supporting documentation and required reports. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require.

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

Expenses must be incurred on or after 3/8/2017, the date that ESD notified Grantee of the New NY Broadband Program award, to be considered eligible project costs. Expenditures incurred prior to the date of the Award Letter are not eligible project costs, and cannot be reimbursed by grant funds. All disbursements require compliance with requirements of the New NY Broadband Program, as set forth herein and in the New NY Broadband Program Phase 2 Request for Proposal Guidelines.

6. Design and construction of the Project must be completed no later than 12/31/2018. All disbursements in connection with design and construction of the Project must be requested by no later than 12/31/2019.

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7. All disbursements in connection with installation of service on customer premises under the Project must be requested no later than 12/31/2021.
8. Grant Funds are to be used for the following:
 - a. To fund the construction or improvement of all facilities required to pass all Units located within the Grantee's Service Area with a network capable of providing the specified broadband service
 - i. "Construction or improvement" should also include the cost of all network infrastructure and electronics required to connect Units to the network in order to provide service to end-users located within the Service Area that are expected to subscribe to service upon completion of the project (i.e., the cost to "run drops" to anticipated customers), where such connections are within standard drop lengths, require standard electronics, and do not require the placement poles on the end-user's premises (Special Construction). Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.
 - ii. "Construction and improvement" also includes costs associated with end-users located within the Service Area that are not expected to subscribe to service upon project completion. Grantees must provide service, in a reasonable timeframe and at no additional cost (outside the standard monthly recurring cost for service), to the locations of these potential customers where such connections are within standard drop lengths, require standard electronics, and do not require Special Construction. Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.
 - iii. Systems shall be designed and constructed so that customers not within a standard drop length only require installation of a longer drop, and, only in very extreme instances, additional amplification for that customer.
 - b. For the upfront investment associated with installing and/or upgrading existing broadband facilities on a one-time, capital improvement basis, in order to expand broadband access and increase capacity
 - c. Where proposed construction or equipment or other items (leases, expenses, indirect costs) may serve both the proposed areas and other areas (dual use), the Grantee shall calculate the percentage of passings in the proposed area or areas relative to the total number of passings, and only that percentage of the cost of dual use construction or equipment shall be eligible
 - d. To fund the cost of long-term leases, defined as leases for a duration longer than 1 year, of facilities required to provide broadband service

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- e. To fund reasonable make-ready expenses incurred as a result of providing broadband service
 - f. To fund reasonable indirect costs associated with the implementation of the grant efforts and consistent with the principles outlined in the New NY Broadband RFP Grant Guidelines, excluding maintenance and operating expenses, customer operations, general and administrative costs, efforts associated with bidding on and obtaining the grants, and any efforts not associated with the actual deployment of the network
 - i. A Grantee may not seek indirect costs in an amount constituting more than 15% of the Grantee's total eligible expenses.
 - ii. Such costs must be identified as line-items in the application to be eligible for reimbursement. Costs that appear excessive and/or without justification and costs not considered eligible will not be reimbursed. When seeking reimbursement, Grantees must submit such indirect costs as line-items and provide justification for the expense.
9. Eligible Expense Categories include but are not limited to the following:
- a. Network & Access Equipment Costs: Includes optical equipment, digital line concentrators, digital subscriber line access multiplexers, radio equipment, transport multiplexors, routers and Ethernet switches, distribution frames and panels, power equipment, and associated software costs chargeable to capital.
 - b. Outside Plant Costs: Includes cable (aerial, buried, underground, and submarine), fiber, conduit systems, poles, cross-connect cabinets and splitters, fiber service terminals and enclosures, pedestals, standard drops, network interface devices, optical network terminals and reasonable make-ready costs.
 - c. Tower Costs: Includes the construction of new towers (where required infrastructure does not exist) and costs involved with structural changes to existing towers.
 - d. Building and Land Costs: Includes the cost of constructing new buildings and renovating existing buildings, as well as any site preparation costs directly related to providing broadband service to the funded Service Area.
 - e. Customer Premises Equipment: Funding only covers up to the network demarcation point (e.g., NID or ONT).
 - f. Professional Services: Includes site engineering, project management, and consultant services costs involved in designing and constructing the proposed project.
 - g. Testing: Includes items such as testing network and IT systems, user devices, servers, lab furnishing and test generators.
 - h. Other Upfront Costs: Includes any other upfront costs not covered in other categories, such as site preparation, permits, required licenses, sales tax applicable to new equipment purchases, shipping and warehousing expenses,

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and miscellaneous minor material.

10. Ineligible Expenses included but are not limited to the following:
 - a. Only Standard Drop Lengths will be eligible for funding. Drops requiring Special Construction will be the responsibility of the consumer.
 - b. Equipment owned or leased by the customer, including routers and modems, and any other costs beyond the network interface point.
 - c. Operating expenses of the Grantee will not be funded.
 - d. Expenses incurred prior to the date of the grant award announcement will not be eligible for funding.
11. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$528,273, 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.
12. The Recapture Amount - if the property is sold within 5-years of disbursement, or if Grantee fails to complete Key Project Indicators and Milestones – is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred, and/or failure to complete Indicators and Milestones.
 - a. The Recapture Amount – if the failure to complete Key Project Indicators and Milestones occurs – 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 0% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - ii. 90% of the disbursed amount if 1% to 10% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - iii. 80% of the disbursed amount if 11% to 20% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - iv. 70% of the disbursed amount if 21% to 30% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - v. 60% of the disbursed amount if 31% to 40% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - vi. 50% of the disbursed amount if 41% to 50% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - vii. 40% of the disbursed amount if 51% to 60% of the Milestones and

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- Indicators are completed by the time of submitting final reporting requirements;
- viii. 30% of the disbursed amount if 61% to 70% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - ix. 20% of the disbursed amount if 71% to 80% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - x. 10% of the disbursed amount if 81% to 90% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - xi. 5% of the disbursed amount if 91% to 99% of the Milestones and Indicators are completed by the time of submitting final reporting requirements
13. Compliance with National Electrical Safety Code (NESC): All pole attachments shall comply with the NESC requirements. New NY Broadband grant recipients shall ensure that the attachment of fiber and equipment is designed, constructed, operated, and maintained in accordance with all applicable provisions of the most current and accepted criteria of the NESC, and all applicable and current electrical and safety requirements of any State or local governmental entity.
14. Broadband Mapping Program Compliance: Recipients shall provide to the NYS Broadband Program Office (or designated agent) address-level broadband build-out data that indicates the location of new broadband services within the recipient's entire service area.
15. In the event Reports, Updates, Mapping, and/or Milestone Reports are not received in the form and time periods as indicated in Section 2, ESD shall not be obligated to make any further Grant disbursements. In the event such Reports, Updates, Mapping, and/or Milestone Reports are not received within 45 days in the form and time periods as indicated in Section 2, Grantee will be in default. However, no default shall be deemed to have occurred if Grantee cures such default within ten (10) days of notice of default from ESD.

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

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of 30% related to the total value of ESD's funding.

Statutory Basis – New NY Broadband Program:

The funding was authorized in the FY 2015-2016 New York State enacted budget, and re-appropriated in the 2017-2018 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

Additional Submissions to Directors:

Table A – Key Project Indicators

Table B – Project Footprint

Table C – Project Milestones

Table A: Key Project Indicators

The following table lists the key indicators, which must be met upon completion of this project. Indicators will be required to be reported on a monthly basis.

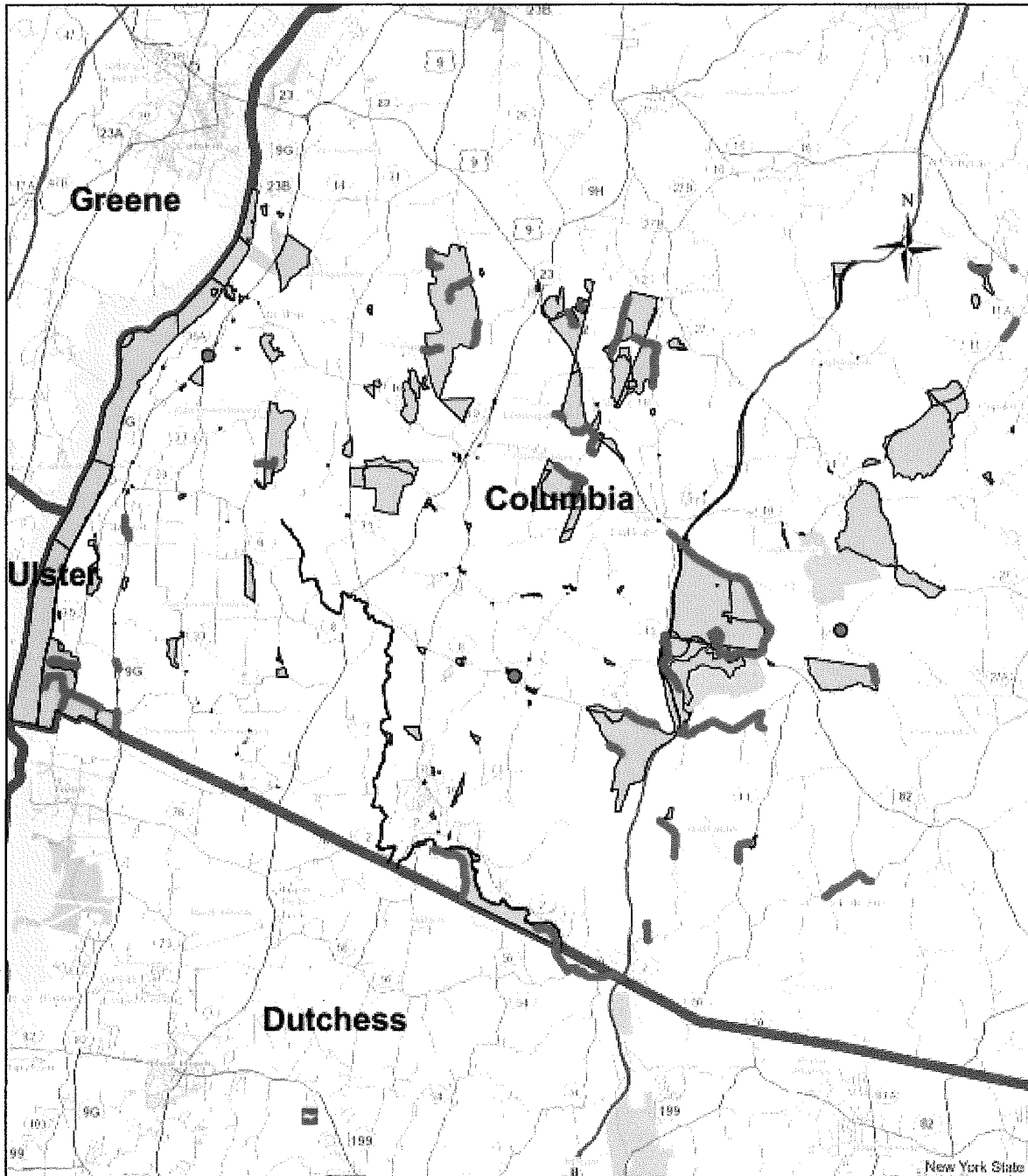
KEY PROJECT INDICATORS	
Key Project Indicators: In consideration for the making of the Grant, Grantee has agreed to achieve the Key Project Indicators set forth below:	
Basic Project Information	
Project Name	GTel NYS Broadband Program Phase II Unserved Broadband Capital
Project ID Number	AB976
Contact Name	Jason Shelton
Contact Number	(518) 537-4835
Website	http://www2.GTel.net/
Email	jasons@GTel.net
Company	Germantown Telephone Company (d/b/a GTel Teleconnections)
REDC(s)	Capital and Mid-Hudson Regions
County(ies)	Columbia and Dutchess Counties
NYS Assembly District #s	103, 106
NYS Senate District #s	41, 43
U.S. Congressional District #s	19
Total Census Blocks to be passed by project	298
Total Units to be passed by project	246
Total Project Cost (state + private)	\$660,342
Total Applicant Private Match	\$132,069
Total Grant Amount (\$)	\$528,273
Max speeds offered (download/upload)	1Gbps/1Gbps
Required pricing tier offered?	Yes
Technology Type	Fiber-to-the-Home (FTTH)
Type of Service Area: Unserved vs. Underserved	Unserved
Monthly Project Questions	
Is your Project On Time? (Yes/No*)	To be answered during project progress
Is your Project On Budget? (Yes/No*)	To be answered during project progress

Have there been any project changes? (Yes**/No)	To be answered during project progress
Have you communicated with any State agency, authority or commission? (Yes**/No)	To be answered during project progress
Have there been changes in approval or permitting timeframes? (Yes**/No)	To be answered during project progress
Indicator - Project Service Area	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
Housing Units Passed	168
Other Units Passed	78
TOTAL Units Passed	246
Census Blocks Passed***	298
Indicator - Customer Connections	# Proposed for Project (Column Will Not Change Without GDA Amendment)
(If Known) Average Revenue Per User (ARPU) per Unit Connected (\$)	To be inputted upon progress of the project
(If Known) Average Bandwidth Delivered per Month per Connected Unit (Mbps)	To be inputted upon progress of the project
Indicator - Network Infrastructure Deployed	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
New Network Miles Deployed	21
Existing Network Miles Upgraded	0
Number of Miles of New Fiber	21
Number of Towers Connected	0
Number of New Interconnection Points	0
Number of Wireless Hotspots	0
Indicator - Project Expenditures	Proposed for Project \$
MWBE expenditures	\$158,481.90
SDVOB expenditures	N/A
Eligible Project Expenditures (\$) Made	\$528,273
Private Match (\$)	\$132,069
Speed Tiers & Pricing [Write N/A if No Speed Tiers Currently Offered]	Max Download Speed Offered
Type - Residential, Commercial, or Other [Please Specify]	x
Residential	To be answered during project progress
Business	To be answered during project progress
Network Construction Completion Date:	12/31/2018

Customer Installations Completion Date:	12/31/2020
*If project is not on time or on budget, Grantee will be asked to upload documentation explaining reason for delay/issue	
**If yes, please explain and provide any necessary documentation	
***Grantee must pass all Units in a Census Block, except where authorized by the ESD Broadband Program Office to pass a Census Block in part	

Table B: Project Footprint

Germantown Telephone Company (d/b/a Gtel Teleconnections) AB976



- Legend**
- 69555 GTel Phase II Unserved Fiber
 - GTel Remote Locations
 - CFA 69555 Awarded Census Blocks

Table C: Project Milestones

Project Milestones			
<p>The following table lists the major network build-out phase and milestones that can demonstrate the entire project will be substantially completed by December 31, 2018. The table considers project areas such as a) network design b) securing all relevant licenses and agreements c) site preparation d) inside plant deployment e) outside plant deployment f) deployment of business and operational support systems g) network testing h) network operational</p>			
Project Start Date	Projected Completion Date	Projected # of Milestone Reports	
Time Period	Quarter	Milestones	Narrative Explanation (If Any)
Year 1	Qtr. 1	Grant Award	
	Qtr. 2	<ul style="list-style-type: none"> • Meet with municipal leaders to outline finalized project scope and time-lines for service activation. Receive input concerning municipal priorities. • Finalize network design. • Finalize agreements with construction contractors and vendors. <ul style="list-style-type: none"> • Prepare pole agreements • Order long-lead time materials. • Determine any pole upgrade / replacements required. • Commence any required brush cutting along pole lines. • Identify internal staffing needs and requirements. 	
	Qtr. 3	<ul style="list-style-type: none"> • Commence aerial fiber construction activity. • Complete any required brush cutting and pole replacements. • Commence central office equipment installation. <ul style="list-style-type: none"> • Develop marketing tactics and identify broadband adoption campaigns where necessary. 	
	Qtr. 4	<ul style="list-style-type: none"> • Continue central office equipment installation. • Continue fiber construction activity. • Implement marketing and customer outreach initiatives. 	
Year 2	Qtr. 1	<ul style="list-style-type: none"> • Finalize central office equipment installation. • Continue fiber construction activity. • Continue community outreach and broadband adoption efforts. • Complete central office equipment activation and testing. • Commence customer drop installation and activation. 	

	Qtr. 2	<ul style="list-style-type: none"> • Continue fiber construction activity. • Continue community outreach and broadband adoption efforts. • Continue customer drop installation and activation. 	
	Qtr. 3	<ul style="list-style-type: none"> • Continue fiber construction activity. • Continue customer drop installation and activation. 	
	Qtr. 4	<ul style="list-style-type: none"> • Finalize fiber construction activity. • Finalize customer drop installation and activation. • Complete marketing, adoption, and outreach initiatives. • Complete network testing, validation, and mapping. 	

K. Nicholville Primary Broadband Capital (AB972)

June 29, 2017

General Project Plan

- Grantee:** Slic Network Solutions, Inc. ("Slic" or the "Company")
- ESD Investment:** A grant of up to \$2,974,750 to be used for a portion of the cost to expand broadband coverage to the Unserved communities in the North Country Region of New York State.
- Project Location:** St. Lawrence County
Please reference the Project Footprint outlined in Table B
- Proposed Project:** Installation or upgrade of broadband networks to expand broadband access and increase capacity
- Project Type:** Infrastructure Investment Project
- Regional Council:** The North Country Regional Economic Development Council has been made aware of this item. The Incentive Proposal was accepted in June 2017. The project is consistent with the Regional Plan to expand high-speed Internet, stimulate local business growth and job creation, and enhance the economic well-being of the region.
- Background:**

Industry - Internet Service Provider (ISP); Business Corporation

Company History – Slic began delivering dial-up internet service to businesses and residents throughout St. Lawrence County in 1995. During the late 1990s, the Company grew with the expansion of the Internet. In recent years, the Company's area of focus has been constructing a dedicated fiber-optic network in the Canton, Messena and Potsdam business districts, and delivering commercial phone and high-speed Internet services via a Fiber-to-the-Home (FTTH) solution.

Ownership – The Company is privately owned.

Size – Slic employs 36 full-time employees

Market – Access to the Internet can be achieved by a number of different technologies. The definition of broadband is determined by the data transmission speeds in both directions. "Download speeds" refer to the speeds at which data is received by an Internet user -- *i.e.*, the speeds at which the user can access websites, receive files through email, stream video, or use cloud-based services. Upload speeds refer to the speeds at which data is transmitted by an Internet user to another user, to a website, or

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cloud-based service. Average consumers typically use broadband for downloading data, making download speeds the standard measure for broadband access.

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

ESD Involvement - In 2015, New York State (the "State") created a \$500 million initiative, the New NY Broadband Program (the "Program"), which is intended to provide every New Yorker with high-speed Internet (broadband) access by the end of 2018. Program funds will be awarded to advance the State's goal of statewide broadband access at speeds of at least 100 Mbps (download) in most places, and 25 Mbps (download) in the most remote parts of the State. The Program provides grant funding to projects expanding broadband access to Unserved and Underserved areas across the State, with priority given to projects addressing Unserved areas, public libraries, and Educational Opportunity Centers. An Unserved area is defined as an area where broadband service is not available from a wireline facilities-based provider at advertised speeds equal to or higher than 25 Mbps (download). An Underserved area is defined as an area where broadband service is available from a wireline facilities-based provider at maximum advertised speeds between 25-99 Mbps (download).

Funding recipients for the Program are selected through a "reverse-auction" methodology, which awards projects to qualifying applicants seeking the lowest amount of State investment on a Unit-served basis.

The Program's initial round of grant awards (Phase 1) was announced in August 2016 – 25 projects representing a total public/private investment of approximately \$75.8 million: \$54.2 million in State funding, and \$21.6 million in private funding. Empire State Development's Broadband Program Office (the "BPO") accepted applications for the Program's second funding round (Phase 2) through the NYS Consolidated Funding Application ("CFA"), beginning October 17, 2016. The CFA closed, with final applications due, on November 30, 2016. On February 28, 2017, the State announced its Phase 2 awards - 54 projects representing a total public/private investment of approximately \$268 million: \$211.8 million in State funding, and \$56.2 million in private funding.

Past ESD Support - Funding for the past five years to the Grantee is summarized in the following chart:

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Program	Project #	Amount	Date Start (ESD Directors' Approval date)	Date End (Project Completion)	Purpose
LOCAL ASST – Innovation Economy	Y025	\$425,987	November 2012	December 2015	Working Capital - Personnel and grant administration costs for fiber-optic installation
LOCAL ASST – Innovation Economy	Y026	\$2,225,033	November 2012	December 2015	Working Capital - Personnel and grant administration costs for fiber-optic installation
Regional Council Capital Fund	X708	\$596,000	June 2013	December 2014	Capital Grant - Installation of fiber – optic infrastructure
Regional Council Capital Fund	Y582	\$1,370,306	December 2013	June 2015	Capital Grant – Infrastructure Development
NY Works Connect NY	Y588	\$2,162,656	December 2013	June 2015	Capital Grant - Infrastructure Development
NY Works Connect NY	Y589	\$1,012,366	December 2013	June 2015	Capital Grant – Infrastructure Development

Nicholville Primary Broadband Capital (AB972)

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NY Works Connect NY	Y602	\$976,426	December 2013	September 2015	Capital Grant – Infrastructure Development
Regional Council Capital Fund – RC3	Z543	\$5,687,140	March 2015	December 2018	Capital Grant – Infrastructure Development

The Project:

Completion: Network Construction: 12/31/2018

Customer Installations: 12/31/2020

Activity - SLIC will deploy FTTH through a Gigabit-capable Passive Optical Network (GPON). A network consisting of fiber optic backbone and distribution cable, passive optic electronics, fiber optic drop cables and optical network terminals (ONT) will connect end users to the Company's network Point-of-Presence (POP) in Nicholville.

Results – Expand broadband access to 410 Housing Units (HUs) and 15 Other Units. (See Table A, which describes all Key Project Indicators.)¹¹

Financing Uses	Amount	Financing Sources	Amount	Percent
Network & Access Equipment	\$65,093	ESD Grant	\$2,974,750	80%
Outside Plant Costs	\$3,309,720	Company Equity	\$371,962	10%
Tower Costs		Additional Financial Commitment	\$372,910	10%
Building and Land Costs	\$204,579			
Drop and Eligible Customer Premises Equipment	\$140,230			
Total Project Costs	\$3,719,622	Total Project Financing	\$3,719,622	100%

¹¹ Please note that Indicators stated in Tables A, B, and C reflect the Broadband Program Office's estimates of total Units, Housing Units, Libraries, and other types of Units within each Census Block to be addressed by this Project, according to availability data. Upon completion of the Project, final Unit totals may differ from those stated herein.

Nicholville Primary Broadband Capital (AB972)

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Grantee Contact - Kevin Lynch, Vice President of Technical Operations
3330 State Highway 11B
Nicholville, NY 12965
Phone: (315) 244-7738

<u>Project Team</u> -	Origination	Beverly Bobb
	Project Management	Beverly Bobb
	Contractor & Supplier Diversity	Danah Alexander
	Finance	Angela Pitto
	Environmental	Soo Kang

Financial Terms and Conditions:

1. Upon execution of the Grant Disbursement Agreement, the Company shall reimburse ESD for any direct expenses incurred in connection with this project, including costs related to holding a public hearing, attorney fees, appraisals, surveys, title insurance, credit searches, filing fees, and other requirements deemed appropriate by ESD.
2. The Company will demonstrate no materially adverse changes in its financial condition prior to closing.
3. Grantee Co-Investment: The New NY Broadband Program has set a goal of soliciting private sector Matching Funds for 50% of the capital needed across the Program. Consistent with that goal, the Recipient will provide a minimum financial commitment of 20% of eligible project costs. Further, a portion of the Grantee's financial commitment – at least 10% of total Eligible Project Costs – must be equity capital injected into the project by the Grantee, as described below.
4. 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 written acceptance of ESD's offer. Equity is defined as cash injected into the project by the Company or by investors, and should be auditable through Company financial statements or Company accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.
5. Up to \$2,974,750 will be disbursed to Grantee as reimbursement for eligible expenses incurred no more frequently than quarterly, during the course of design and/or construction; upon completion of Key Project Indicators and Project Milestones; and in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed upon meeting all Key Project Indicators and Project Milestones as evidenced by supporting documentation and required reports. Payment will be made upon presentation to ESD

Nicholville Primary Broadband Capital (AB972)

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of an invoice and such other documentation as ESD may reasonably require.

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

Expenses must be incurred on or after March 8, 2017, the date that ESD notified Grantee of the New NY Broadband Program award, to be considered eligible project costs. Expenditures incurred prior to the date of the Award Letter are not eligible project costs, and cannot be reimbursed by grant funds. All disbursements require compliance with requirements of the New NY Broadband Program, as set forth herein and in the New NY Broadband Program Phase 2 Request for Proposal Guidelines.

6. Design and construction of the Project must be completed no later than December 31, 2018. All disbursements in connection with design and construction of the Project must be requested by no later than December 31, 2019.
7. All disbursements in connection with installation of service on customer premises under the Project must be requested no later than December 31, 2021.
8. Grant Funds are to be used for the following:
 - a. To fund the construction or improvement of all facilities required to pass all Units located within the Grantee's Service Area with a network capable of providing the specified broadband service
 - i. "Construction or improvement" should also include the cost of all network infrastructure and electronics required to connect Units to the network in order to provide service to end-users located within the Service Area that are expected to subscribe to service upon completion of the project (i.e., the cost to "run drops" to anticipated customers), where such connections are within standard drop lengths, require standard electronics, and do not require the placement poles on the end-user's premises (Special Construction). Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.
 - ii. "Construction and improvement" also includes costs associated with end-users located within the Service Area that are not expected to subscribe to service upon project completion. Grantees must provide service, in a reasonable timeframe and at no additional cost (outside the standard monthly recurring cost for service), to the locations of these potential customers where such connections are within standard drop lengths, require standard electronics, and do not require Special Construction.

Nicholville Primary Broadband Capital (AB972)

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Such costs, exclusive of Special Construction and equipment sold or leased to end-user customers, are eligible expenses within these Guidelines.

- iii. Systems shall be designed and constructed so that customers not within a standard drop length only require installation of a longer drop, and, only in very extreme instances, additional amplification for that customer.
 - b. For the upfront investment associated with installing and/or upgrading existing broadband facilities on a one-time, capital improvement basis, in order to expand broadband access and increase capacity
 - c. Where proposed construction or equipment or other items (leases, expenses, indirect costs) may serve both the proposed areas and other areas (dual use), the Grantee shall calculate the percentage of passings in the proposed area or areas relative to the total number of passings, and only that percentage of the cost of dual use construction or equipment shall be eligible
 - d. To fund the cost of long-term leases, defined as leases for a duration longer than 1 year, of facilities required to provide broadband service
 - e. To fund reasonable make-ready expenses incurred as a result of providing broadband service
 - f. To fund reasonable indirect costs associated with the implementation of the grant efforts and consistent with the principles outlined in the New NY Broadband RFP Grant Guidelines, excluding maintenance and operating expenses, customer operations, general and administrative costs, efforts associated with bidding on and obtaining the grants, and any efforts not associated with the actual deployment of the network
 - i. A Grantee may not seek indirect costs in an amount constituting more than 15% of the Grantee's total eligible expenses.
 - ii. Such costs must be identified as line-items in the application to be eligible for reimbursement. Costs that appear excessive and/or without justification and costs not considered eligible will not be reimbursed. When seeking reimbursement, Grantees must submit such indirect costs as line-items and provide justification for the expense.
9. Eligible Expense Categories include but are not limited to the following:
- a. Network & Access Equipment Costs: Includes optical equipment, digital line concentrators, digital subscriber line access multiplexers, radio equipment, transport multiplexors, routers and Ethernet switches, distribution frames and panels, power equipment, and associated software costs chargeable to capital.
 - b. Outside Plant Costs: Includes cable (aerial, buried, underground, and submarine), fiber, conduit systems, poles, cross-connect cabinets and splitters, fiber service terminals and enclosures, pedestals, standard drops, network interface devices, optical network terminals and reasonable make-ready costs.
 - c. Tower Costs: Includes the construction of new towers (where required infrastructure does not exist) and costs involved with structural changes to

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existing towers.

- d. **Building and Land Costs:** Includes the cost of constructing new buildings and renovating existing buildings, as well as any site preparation costs directly related to providing broadband service to the funded Service Area.
- e. **Customer Premises Equipment:** Funding only covers up to the network demarcation point (e.g., NID or ONT).
- f. **Professional Services:** Includes site engineering, project management, and consultant services costs involved in designing and constructing the proposed project.
- g. **Testing:** Includes items such as testing network and IT systems, user devices, servers, lab furnishing and test generators.
- h. **Other Upfront Costs:** Includes any other upfront costs not covered in other categories, such as site preparation, permits, required licenses, sales tax applicable to new equipment purchases, shipping and warehousing expenses, and miscellaneous minor material.

10. Ineligible Expenses included but are not limited to the following:

- a. Only Standard Drop Lengths will be eligible for funding. Drops requiring Special Construction will be the responsibility of the consumer.
- b. Equipment owned or leased by the customer, including routers and modems, and any other costs beyond the network interface point.
- c. Operating expenses of the Grantee will not be funded.
- d. Expenses incurred prior to the date of the grant award announcement will not be eligible for funding.

11. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$2,974,750, 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.

12. The Recapture Amount - if the property is sold within 5-years of disbursement, or if Grantee fails to complete Key Project Indicators and Milestones – is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred, and/or failure to complete Indicators and Milestones.

- a. The Recapture Amount – if the failure to complete Key Project Indicators and Milestones occurs – 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 0% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - ii. 90% of the disbursed amount if 1% to 10% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;

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- iii. 80% of the disbursed amount if 11% to 20% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - iv. 70% of the disbursed amount if 21% to 30% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - v. 60% of the disbursed amount if 31% to 40% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - vi. 50% of the disbursed amount if 41% to 50% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - vii. 40% of the disbursed amount if 51% to 60% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - viii. 30% of the disbursed amount if 61% to 70% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - ix. 20% of the disbursed amount if 71% to 80% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - x. 10% of the disbursed amount if 81% to 90% of the Milestones and Indicators are completed by the time of submitting final reporting requirements;
 - xi. 5% of the disbursed amount if 91% to 99% of the Milestones and Indicators are completed by the time of submitting final reporting requirements
13. Compliance with National Electrical Safety Code (NESC): All pole attachments shall comply with the NESC requirements. New NY Broadband grant recipients shall ensure that the attachment of fiber and equipment is designed, constructed, operated, and maintained in accordance with all applicable provisions of the most current and accepted criteria of the NESC, and all applicable and current electrical and safety requirements of any State or local governmental entity.
14. Broadband Mapping Program Compliance: Recipients shall provide to the NYS Broadband Program Office (or designated agent) address-level broadband build-out data that indicates the location of new broadband services within the recipient's entire service area.
15. In the event Reports, Updates, Mapping, and/or Milestone Reports are not received in the form and time periods as indicated in Section 2, ESD shall not be obligated to make any further Grant disbursements. In the event such Reports, Updates, Mapping, and/or

Nicholville Primary Broadband Capital (AB972)

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Milestone Reports are not received within 45 days in the form and time periods as indicated in Section 2, Grantee will be in default. However, no default shall be deemed to have occurred if Grantee cures such default within ten (10) days of notice of default from ESD.

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.

Statutory Basis – New NY Broadband Program:

The funding was authorized in the FY 2015-2016 New York State enacted budget, and re-appropriated in the 2017-2018 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

Additional Submissions to Directors:

Table A – Key Project Indicators

Table B – Project Footprint

Table C – Project Milestones

Table A: Key Project Indicators

The following table lists the key indicators, which must be met upon completion of this project. Indicators will be required to be reported on a monthly basis.

KEY PROJECT INDICATORS	
Key Project Indicators: In consideration for the making of the Grant, Grantee has agreed to achieve the Key Project Indicators set forth below:	
Basic Project Information	
Project Name	Nicholville Primary Broadband Capital
Project ID Number	AB972
Contact Name	Kevin Lynch
Contact Number	(315) 244-7738
Website	http://www.slic.com/
Email	kevin.lynch@slic.com
Company	Slic Network Solutions, Inc.
REDC(s)	North Country Region
County(ies)	St. Lawrence County
NYS Assembly District #s	115, 118
NYS Senate District #s	45, 47
U.S. Congressional District #s	21
Total Census Blocks to be passed by project	90
Total Units to be passed by project	425
Total Project Cost (state + private)	\$3,719,622
Total Applicant Private Match	\$744,872
Total Grant Amount (\$)	\$2,974,750
Max speeds offered (download/upload)	1 Gbps
Required pricing tier offered?	Yes
Technology Type	Fiber-to-the-Home (FTTH)
Type of Service Area: Unserved vs. Underserved	Unserved
Monthly Project Questions	
Is your Project On Time? (Yes/No*)	To be answered during project progress
Is your Project On Budget? (Yes/No*)	To be answered during project progress
Have there been any project changes? (Yes**/No)	To be answered during

	project progress
Have you communicated with any State agency, authority or commission? (Yes**/No)	To be answered during project progress
Have there been changes in approval or permitting timeframes? (Yes**/No)	To be answered during project progress

Indicator - Project Service Area	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
Housing Units Passed	410
Other Units Passed	15
TOTAL Units Passed	425
Census Blocks Passed***	90
Indicator - Customer Connections	# Proposed for Project (Column Will Not Change Without GDA Amendment)
(If Known) Average Revenue Per User (ARPU) per Unit Connected (\$)	N/A
(If Known) Average Bandwidth Delivered per Month per Connected Unit (Mbps)	25 Mbps/25 Mbps
Indicator - Network Infrastructure Deployed	Total # Proposed for Project (Column Will Not Change Without GDA Amendment)
New Network Miles Deployed	110.36
Existing Network Miles Upgraded	14.27
Number of Miles of New Fiber	110.36
Number of Towers Connected	0
Number of New Interconnection Points	5
Number of Wireless Hotspots	0
Indicator - Project Expenditures	Proposed for Project \$
MWBE expenditures	\$892,425
SDVOB expenditures	N/A
Eligible Project Expenditures (\$) Made	\$2,974,750
Private Match (\$)	\$744,872

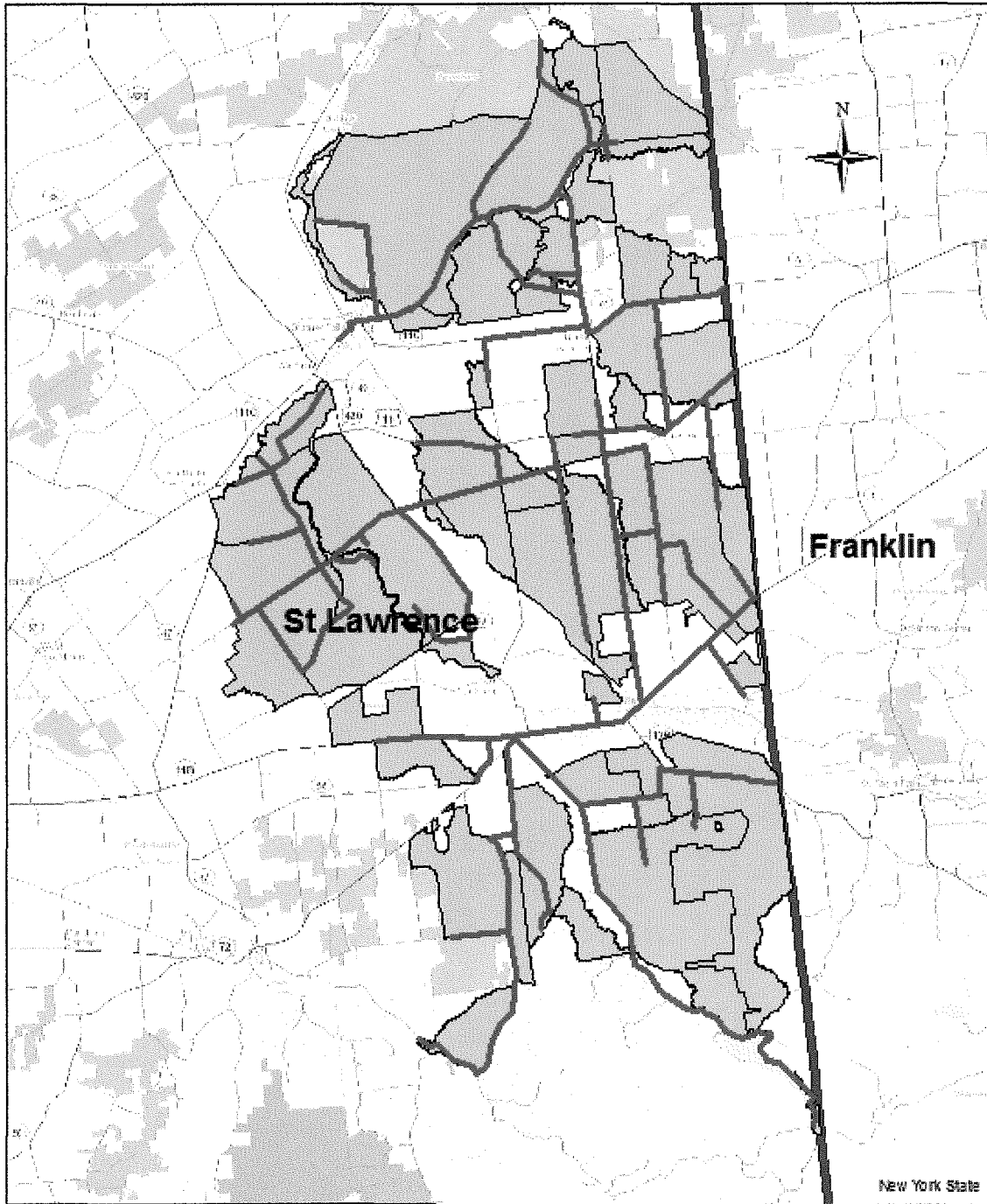
Speed Tiers & Pricing [Write N/A if No Speed Tiers Currently Offered]	Max Download Speed Offered
Type - Residential, Commercial, or Other [Please Specify]	x
Residential	25/25 Mbps Internet Service for 44.95 50/50 Mbps Internet Service for *TBD 100/100 Mbps Internet Service for *TBD * Because this is an ILEC, Prices need to be confirmed

	by regulatory rules

Network Construction Completion Date:	12/31/2018
Customer Installations Completion Date:	12/31/2020
*If project is not on time or on budget, Grantee will be asked to upload documentation explaining reason for delay/issue	
**If yes, please explain and provide any necessary documentation	
***Grantee must pass all Units in a Census Block, except where authorized by the ESD Broadband Program Office to pass a Census Block in part	

Table B: Project Footprint

Slic Network Solutions, Inc. AB972



Legend

- Slic Phase2 Nicholville Routes
- CFA 69679 Awarded Census Blocks

Table C: Project Milestones

Project Milestones
The following table lists the major network build-out phase and milestones that can demonstrate the entire project will be substantially completed by December 31, 2018 . The table considers project areas such as a) network design b) securing all relevant licenses and agreements c) site preparation d) inside plant deployment e) outside plant deployment f) deployment of business and operational support systems g) network testing h) network operational
Project Start Date: Qtr. 1, Year 1 Projected Completion Date: December 31, 2018 Projected # of Milestone Reports _____

Time Period	Quarter	Milestones	Narrative Explanation (If Any)
Year 1	Qtr. 1	GPS Pole, Strand Maps	DATA will be delivered in real time so strand maps and pole apps can be expedited.
	Qtr. 2	Pole Applications, Pay Application Fees, Network Layout and Design, CAD Construction Drawings, Schedule Make Ready Ride Outs, Make Ready Ride Outs, Cabinet Easements	
	Qtr. 3	Permitting, Pay Make Ready	Permitting can't start until the make ready ride outs are complete. We will not know which poles are required to be changed out until that is completed by the power company.
	Qtr. 4	Equipment Cabinet Installation, Make Ready Complete	
Year 2	Qtr. 1	Outside Plant Construction Begins, Splicing and Testing, Outside Plant Construction Complete, As Builts, Customer installs	
	Qtr. 2	Customer installs	
	Qtr. 3	Customer installs	
	Qtr. 4	Customer installs	

Item III. A.

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FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Non-Discretionary Projects

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

Attached is the summary of the projects sponsored by the New York State Executive and Legislative branches:

	Project Name	Proj #	Grantee	Assistance up to
	Executive (Special Appropriation - SUNY Poly CNSE Clinton County)			
A	North Country Hub for Innovative Manufacturing Nanotechnology Capital III	AB681	Fort Schuyler Management Corporation	\$45,950,000
	Executive (Transformative Economic Development Program)			
B	Ronkonkoma Hub Capital	AC041	Ronk Hub, LLC	\$50,000,000
	TOTAL NON-DISCRETIONARY – 2 PROJECTS		TOTAL	\$95,950,000

I. Statutory Basis

The project was sponsored by the Executive, Assembly or Senate, and was authorized or reappropriated in the 2017-2018 New York State budget. No residential relocation is required as there are no families or individuals residing on the site(s).

II. Environmental Review

Unless otherwise noted on a project summary, ESD* staff has determined that the projects constitute Type II actions as defined by the New York State Environmental Quality Review Act and the implementing regulations for the New York State Department of Environmental Conservation. No further environmental review is required in connection with the projects.

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

III. Non-Discrimination and Contractor & Supplier Diversity

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority and women-owned businesses in the performance of ESD contracts. Accordingly, ESD's Non-discrimination and Contractor & Supplier Diversity policy will apply to the projects. Unless otherwise specified in the project summary, Grantees shall use their Good Faith Efforts to achieve an overall Minority and Women Business Enterprise ("MWBE") Participation Goal of 30% related to the total value of ESD's funding. This shall include a Minority Business Enterprise ("MBE") Participation goal of 15% and a Women Business Enterprise ("WBE") Participation goal of 15%. Grantees shall use Good Faith Efforts to solicit and utilize MWBEs for any contractual opportunities generated in connection with the projects and to include minorities and women in any job opportunities created by the projects.

IV. ESD Employment Enforcement Policy

Unless otherwise noted on a project summary, the ESD Employment Enforcement Policy will not apply since the projects will not directly create or retain jobs.

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

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

VI. Additional Requirements

Pursuant to direction received from the New York State Office of the Attorney General ("OAG"), individual project summaries may be subject to comment and approval by the OAG.

Due diligence has been exercised by ESD staff in reviewing information and documentation received from grantees/borrowers and other sources, in preparation for bringing projects to the ESD Directors for approval. The due diligence process also involves coordination with a number of external constituents, including the OAG, and grantees/borrowers have provided ESD with the required Disclosure and Accountability Certifications.

Also, pursuant to s.2879-a of the Public Authorities Law, the Office of the State Comptroller ("OSC") has notified the Corporation that it will review all grant disbursement agreements ("GDAs") of more than one million dollars (\$1 million) that are supported with funds from the Community Projects Fund ("007"). Such GDAs, therefore, will not become valid and enforceable unless approved by the OSC. A clause providing for OSC review will be included in all GDAs that are subject to such approval.

VII. Additional Submissions to Directors

Resolutions
Project Summary
New York State Map

June 29, 2017

Special Appropriation-SUNY Poly CNSE Clinton County – Findings and Determinations Pursuant to Section 10(g) of the Act; Adoption of 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 Special Appropriation-SUNY Poly CNSE Clinton County Project (the "Project"), the Corporation hereby determines pursuant to Section 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the "Act"), that there are no families or individuals to be displaced from the project area(s); and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to a make grant to the party and for the amount listed below from Special Appropriation-SUNY Poly CNSE Clinton County, 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 Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plans (the "Plans") for the applicable Projects included in these materials, together with such changes therein as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, copies of which Plans, together with such changes, shall be maintained with the records of the Corporation; and be it further

RESOLVED, if applicable, that upon further written finding 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 hearings, and that upon such written findings being made, staff is authorized to make a grant to the parties and for the amounts listed below from Special Appropriation-SUNY Poly CNSE Clinton County, for the purposes, and substantially on the terms and conditions, set forth in these materials; and be it further

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

RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable; (2) receipt of all other necessary approvals; and (3) receipt of funds

Special Appropriation-SUNY Poly CNSE Clinton County -Executive – Project Summary Table

	Project Name	Proj #	Grantee	Assistance up to
	Executive (Special Appropriation - SUNY Poly CNSE Clinton County)			
A	North Country Hub for Innovative Manufacturing Nanotechnology Capital III	AB681	Fort Schuyler Management Corporation	\$45,950,000
			TOTAL	\$45,950,000

and be it further

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

* * *

June 29, 2017

Transformative Economic Development Program – Findings and Determinations
Pursuant to Section 10(g) of the Act; Adoption of 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 Special Appropriation-SUNY Poly CNSE Clinton County Project (the "Project"), the Corporation hereby determines pursuant to Section 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the "Act"), that there are no families or individuals to be displaced from the project area(s); and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to a make grant to the party and for the amount listed below from Transformative Economic Development Program, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer 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 Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plans (the "Plans") for the applicable Projects included in these materials, together with such changes therein as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, copies of which Plans, together with such changes, shall be maintained with the records of the Corporation; and be it further

RESOLVED, if applicable, that upon further written finding 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 hearings, and that upon such written findings being made, staff is authorized to make a grant to the parties and for the amounts listed below from Transformative Economic Development Program, for the purposes, and substantially on the terms and conditions, set forth in these materials; and be it further

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

RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable; (2) receipt of all other necessary approvals; and (3) receipt of funds

Transformative Economic Development Program-Executive – Project Summary Table

	Project Name	Proj #	Grantee	Assistance up to
	Executive (Transformative Economic Development Program)			
B	Ronkonkoma Hub Capital	AC041	Ronk Hub, LLC	\$50,000,000
			TOTAL	\$50,000,000

and be it further

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

* * *

A. North Country Hub for Innovative Manufacturing Nanotechnology Capital III (AB681)

June 29, 2017

General Project Plan

- Grantee:** Fort Schuyler Management Corporation (“FSMC”) on behalf of SUNY Polytechnic Institute’s College of Nanoscale Science and Engineering (“SUNY Poly”)
- Beneficiary:** Norsk Titanium US, Inc. (“NTI”)
- ESD Investment:** A grant of up to \$45,950,000 to be used for a portion of the costs associated with the multi-phased creation of a manufacturing and research and development facility operated by NTi
- Project Locations:** 44 Martina Circle, Plattsburgh, Clinton County
Former Plattsburgh Airport, Plattsburgh, Clinton County
- Proposed Project:** FSMC will purchase, design, construct, and fit-up, (including the purchase and installation of company specified manufacturing equipment) the world’s first industrial scale 3D printing manufacturing facility
- Project Type:** Capital investment in research, development and manufacturing
- Regional Council:** The North Country Regional Economic Development Council has been made aware of this item
- Background:**

Industry – Advanced titanium manufacture

Organizational History – Fort Schuyler Management Corporation was formed by the State University of New York Research Foundation, in partnership with the State University of New York Polytechnic Institute (“SUNY Polytechnic”) to facilitate nanotechnology and semiconductor development.

SUNY Poly is New York’s globally recognized, high-tech educational institution, formed from the merger of the SUNY College of Nanoscale Science and Engineering (“CNSE”) and SUNY Institute of Technology. SUNY Poly offers undergraduate and graduate degrees in the emerging disciplines of nanoscience and nanoengineering, as well as cutting-edge nanobioscience and nanoeconomics programs at its Albany location, and undergraduate and graduate degrees in engineering, cybersecurity, computer science, and engineering technologies. As one of the world’s most advanced, university-driven research enterprises, SUNY Poly has attracted more than \$20 billion in high-tech investments, over 300 corporate partners, and maintains a statewide footprint. The 1.3 million-square-foot Albany NanoTech complex is home to more than 3,500 scientists,

A. North Country Hub for Innovative Manufacturing Nanotechnology Capital III (AB681)

June 29, 2017

researchers, engineers, students, faculty, and staff, in addition to Tech Valley High School.

NTi was founded in 2007 by Dr. Alf Bjorseth and Petter Gjorvad, with a focus on developing and commercializing technologies that reduce the cost of producing titanium components. In 2008 NTi built the first prototype machine (G1) which demonstrated Plasma Deposition Technology. In 2013, the 15,000 square-foot Norsk Titanium site located in Hønefoss, Norway achieved AS9100c certification, an international standard of quality universally accepted, which was followed by another period of very rapid advancement in the next two years including achieving Technology Readiness Level 8 and construction, implementation, and testing of an efficient and robust fourth generation machine (G4) capable of producing in excess of 20 metric tons of titanium parts annually. In 2015 the company achieved Technology Readiness Level 8 and completed the construction, installation, and testing of an efficient and robust fourth generation machine (G4) capable of producing up to 20 metric tons of Titanium parts annually. More than 2.5 tons of test material was delivered for certification. Today, NTi's proprietary plasma arc Rapid Plasma Deposition™ (RPD™) technology is the ultimate in additive manufacturing. Titanium wire is melted in a cloud of argon gas and precisely and rapidly built up in layers to a near-net-shape that requires very little finish machining. Production cost is materially less than legacy forging and billet manufacturing techniques due to significantly less waste and machining energy. NTi is producing components with 3 RPD™ machines in the 15,000 sq ft. center in Norway and 3 RPD™ machines located in 67,000 sq. ft. center in Plattsburgh, NY, with additional RPD™ machines on order for delivery in 2017 and 2018 to meet future aerospace demand.

NTi maintains strategic relationships with the largest aerospace manufacturers - Boeing and Airbus. These companies together represent 90% of commercial aircraft production. NTi is currently in production delivering the world's first FAA-approved, Rapid Plasma Deposited, structural titanium components to Boeing. Thales Alenia is a current customer that has contracted with NTi to develop, produce, and test components for use in spaceflight. Qualification components are being produced for Airbus, and Spirit Aerosystems. Other key customers and relationships include Lockheed Martin, Gulfstream, Bombardier, General Electric, and Pratt & Whitney.

ESD Involvement - NTi, an innovative titanium component producer, currently based in Norway, will establish a US subsidiary in Plattsburgh, New York. NTi will establish its headquarters, business operations and a rapid plasma deposition ("RPD") production facility at a new North Country Hub for Innovative Manufacturing Nanotechnology in Plattsburgh, significantly expanding New York's high-tech corridor from Western New York to the North Country.

This award represents the balance of a \$125,000,000 appropriation that was included in the FY 2016-2017 New York State budget for the North Country Hub. The Grantee has

A. North Country Hub for Innovative Manufacturing Nanotechnology Capital III (AB681)

June 29, 2017

expended \$1,645,630 to date of \$4,050,000, which the Directors approved in June 2016 (AA926), on facility design and engineering costs for the creation of a state-of-the-art facility operated by SUNY Poly and NTi, and expended the entire \$23,000,000 approved by the Directors in November 2016 (AB069) for costs associated with highly specialized equipment to be installed or stored at NTI's Plattsburgh Demonstration and Qualification Center. The remaining \$52,000,000 balance of the \$125,000,000 appropriation was approved by the Directors in February 2017 (AB389) and was disbursed to FSMC in June 2017 to pay for the equipment still to be delivered to Plattsburgh.

Past ESD Support - Funding for the past five years to the Grantee, totaling over \$600,000,000 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	W277	\$1,300,000	November 2009 (\$10M was originally awarded to EDGE in September 2008)	March 2013	Capital Grant- \$1.3 M for design and construction of the 300mm wafer clean room for the Computer Chip Commercialization Center ("Quad C").
Economic Transformation Program	X812	\$15,000,000	November 2003	December 2014	Capital Grant - Construction of a 253,000- square-foot Quad C.
Upstate Revitalization Initiative Round 1	AA718	\$70,000,000	February 2016	December 2017	Capital Grant- acquisition of real property, facility infrastructure and build out, purchase and installation of specialized manufacturing equipment at Central New York Hub for Emerging Nano Industries- Soraa Capital

A. North Country Hub for Innovative Manufacturing Nanotechnology Capital III (AB681)

June 29, 2017

State and Municipal Facilities Program	Y728	\$20,000,000	January 2014	December 2014	Capital Grant- Purchase and install new advanced technology semiconductor packaging equipment and construction of the Quad C.
SP APPROP State and Municipal Facilities Program	AA717	\$20,000,000	February 2016	December 2017	Capital Grant- acquisition of real property, facility infrastructure and build out, purchase and installation of specialized manufacturing equipment at Central New York Hub for Emerging Nano Industries- Soraa Capital
Buffalo Regional Innovation Cluster	Y365	\$50,000,000	March 2014	December 2019	Capital Grant- Real estate and equipment acquisition to establish the Buffalo Medical Innovation and Commercialization Hub.
Buffalo Regional Innovation Cluster	Y962	\$118,000,000	March 2014	December 2019	Capital Grant- Design and planning costs and new machinery and equipment to establish the Buffalo High-Tech Manufacturing Innovation Hub at RiverBend Park.

A. North Country Hub for Innovative Manufacturing Nanotechnology Capital III (AB681)

June 29, 2017

Buffalo Regional Innovation Cluster	Z328	\$107,000,000	June 2014	December 2019	Capital Grant- Real estate acquisition, site and infrastructure development, and construction costs to establish the Buffalo High-Tech Manufacturing Hub at RiverBend Park.
Buffalo Regional Innovation Cluster	Z254	\$55,000,000	June 2014	December 2019	Capital Grant- Real estate acquisition and renovation and the acquisition and installation of new equipment and software to establish the Buffalo Information Technologies Innovation and Commercialization Hub.
Buffalo Regional Innovation Cluster	Z733	\$125,000,000	May 2015	December 2019	Capital Grant- Construction costs to establish the Buffalo High- Tech Manufacturing Hub at RiverBend Park.

A. North Country Hub for Innovative Manufacturing Nanotechnology Capital III (AB681)

June 29, 2017

Buffalo Regional Innovation Cluster	AA725	\$25,000,000	February 2016	December 2017	Capital Grant-facility improvements, machinery and equipment for Athenex business expansion
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The Project:

Completion – December 2018

Activity – FSMC will purchase land in the Town of Plattsburgh to: 1) develop, design and construct an approximately 100,000 square foot state-of-the-art facility, 2) purchase, design and renovate an approximately 70,000 square foot building, 3) purchase production machinery, and 4) install production machinery. In addition, grants funds will be used to pay ESD’s costs associated with construction oversight of the project which is expected to cost approximately \$200,000.

Results – Norsk will create approximately 231 direct new advanced manufacturing and other high-tech jobs located at its Plattsburgh facilities. Approximately 152 additional indirect jobs are expected to also be created in Plattsburgh and the surrounding area.

Financing Uses	Amount	Financing Sources	Amount	Percent
Land Purchase, Facility Design, Engeneering & Construction, Purchase of Equipment	\$45,950,000	ESD Grant	\$45,950,000	100%
Total Project Costs	\$45,950,000	Total Project Financing	\$45,950,000	100%

Grantee Contact - Scott Bateman, Assistant Treasurer
 257 Fuller Road
 Albany, NY 12203
 Phone: (518) 437-8689
 E-mail: sbateman@sunypoly.edu

Project Team - Project Management Wilfredo Florentino
 Contractor & Supplier Diversity Danah Alexander
 Environmental Soo Kang

A. North Country Hub for Innovative Manufacturing Nanotechnology Capital III (AB681)

June 29, 2017

Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Grantee shall reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
3. Up to \$49.95 million will be disbursed to Grantee in a manner to be determined, allowing for advances to pay project costs 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 require. All disbursements must be requested by April 1, 2020.
4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$45,950,000, 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.

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 approval of funding for the proposed project, the Directors made a Determination of No Significant Effect on the Environment at their meeting of February 16, 2017. This determination addressed all aspects of the proposed project. Therefore, no further environmental review is required in connection with this action.

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 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% (\$13,785,000) related to the total value of ESD's funding.

Statutory Basis – Local Assistance:

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

A. North Country Hub for Innovative Manufacturing Nanotechnology Capital III (AB681)

June 29, 2017

Disclosure and Accountability Certifications:

The Grantee has provided ESD with the required Disclosure and Accountability Certifications. The 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. Ronkonkoma Hub Capital (AC041)

June 29, 2017

General Project Plan

- Grantee:** RONK HUB, LLC (“Ronk Hub” or the “Company”)
- ESD Investment:** A grant of up to \$50,000,000 to be used for a portion of the cost of construction of parking lots
- Project Location:** 1 Hawkins Ave., Lake Ronkonkoma, Suffolk County
- Proposed Project:** Construction of parking facilities as part of an approximately 53 acre mixed-use development
- Project Type:** Business development and community revitalization
- Regional Council:** The Long Island Regional Economic Development Council has been made aware of this item.

Background:

Industry – Real estate development

Company History – In 2011, the Town of Brookhaven asked members of the development community to respond to a Request for Expressions of Interest in the redevelopment around the Ronkonkoma Train Station. In October of that same year, the Town of Brookhaven asked the development community for proposals to select a Master Developer to Partner with the Town in the redevelopment efforts of the 53+ acres surrounding the station. In December, a Town appointed a committee made up of various stakeholders in the community, including local business owners, property owners, Chamber and Civic leaders, as well as, elected officials from the Towns of Brookhaven and Islip unanimously selected TRITEC Real Estate Company LLC (“TRITEC”), founded in 1986, as the Master Developer.

In September 2012, the plan for development of the Ronkonkoma Hub began to take shape. The plan envisioned the creation of one of the most exciting, transit-oriented developments on the east coast, from a blighted area located within steps of the busy Long Island Railroad station, into a brand new live-work-play destination within minutes of MacArthur Airport, Long Island’s only major commercial airport. In August 2013, TRITEC incorporated Ronk Hub LLC to fulfill the above mentioned project and to work in partnership with the Towns of Brookhaven and Islip on the development.

Ownership – Ronk Hub is a private, Limited Liability Corporation.

Size - All facilities are located in East Setauket, NY.

Ronkonkoma Hub Capital (AC041)

June 29, 2017

Market – TRITEC guides development of mixed-use complexes, industrial parks, mid-rise office buildings, hotels, medical office buildings, R&D facilities, and industrial buildings in both New York and Washington D.C.

ESD Involvement - A \$50,000,000 appropriation was included in the FY 2017-2018 New York State budget.

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

The Project:

Completion – August 2020

Activity - The Company will construct parking facilities, design services, utilities and relocations, storm water retention and other infrastructure related to the parking facilities that service the development area. In September 2012, a Master Developer Designation Agreement was executed with the Town of Brookhaven and the vision began to take shape. The facility will support a transit-oriented, mixed use walkable community that will become a crossroads for innovative and collaborative space. It will also help attract new businesses looking for a source of highly skilled employees.

Parking Facility A

Parking facility designation (A) spans over 8 + acres, is a subsurface (1 to 1 ½ story) below grade, fully ventilated structure, supporting six (6) buildings, four (4) roadways and one (1) Village Green. On top the facility also has an above grade, two (2) story open air structure. Parking Facility A will service a mix of uses including; retail, restaurants, residential and office space.

Parking Facility B

Parking facility designation (B) is a standalone, three (3) story above grade, non-ventilated structure servicing commercial and residential uses.

Parking Facility C

Parking facility designation (C) is a partially below grade (1 story) and five (5) stories above grade, open air structure, which will primarily service commercial uses.

Results - The project will provide the opportunity to revitalize a blighted area, creating a vibrant, active community that stimulates innovation and creativity for current and future Long Islanders to live.

Ronkonkoma Hub Capital (AC041)

June 29, 2017

Additional funds, awarded to Ronk Hub through Round 2 of the Regional Long Island Regional Economic Development Council, totaling \$1,050,000, will be presented to the ESD Board of Directors at a future date. These funds will assist in the completion of the larger mixed-use development project which will ultimately feature creation of an approximately 53 acre redevelopment area to include residential multifamily homes, office space and restaurant and retail space.

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
Parking Facility A	\$23,000,000	ESD Grant	\$50,000,000	100%
Parking Facility B	7,730,000			
Parking Facility C	16,270,000			
Indirect/Soft Costs	3,000,000			
Total Project Costs	\$50,000,000	Total Project Financing	\$50,000,000	100%

Grantee Contact - Robert F. Loscalzo, Chief Operations Officer, Developer
45 Research Way, Suite 100
East Setauket, NY 11733
Phone: (631) 246-8634

Project Team - Project Management Wilfredo Florentino
Contractor & Supplier Diversity Danah Alexander
Design and Construction Joe Macaluso
Environmental Soo Kang

Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Grantee shall reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will be obligated to advise ESD of any materially adverse changes in its financial condition prior to disbursement.
3. Up to \$50,000,000 will be disbursed to Grantee, no more frequently than monthly, upon documentation of eligible working capital expenses, 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. All project expenditures must have been incurred on or after April 1, 2017. The final ten percent (10%) of the Grant shall not be disbursed by ESD until all of the tasks and reports required have been completed to ESD's satisfaction.

Ronkonkoma Hub Capital (AC041)

June 29, 2017

4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$50,000,000, 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.

Design and Construction:

ESD staff will review the project budget, plans, and specifications, along with the other documents that ESD may require for scheduled payment projects. Submission of Payment Requisitions to ESD will be made according to disbursement terms outlined in the Grant Disbursement Agreement.

Environmental Review:

ESD (the "Corporation"), pursuant to the State Environmental Quality Review Act ("SEQRA"), Article 8 of the Environmental Conservation Law, and its implementing regulations (6 NYCRR Part 617), ratifies and makes the following findings based on the Final Generic Environmental Impact Statement ("FGEIS") certified as complete on May 22, 2014 by the Town Board of the Town of Brookhaven, as lead agency, for the Ronkonkoma Hub Transit-Oriented Development project in connection with the Ronkonkoma Hub Capital project (the "proposed action").

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

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

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

Ronkonkoma Hub Capital (AC041)

June 29, 2017

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

Smart Growth Public Infrastructure Review:

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

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 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 MWBE Participation. Establishment of specific goals related to the total value of ESD's funding is still pending.

Statutory Basis – Local Assistance:

The funding was authorized in the 2017-2018 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.

Attachments:

Resolution

Exhibit A: State Environmental Quality Review Involved Agency Findings Statement

June 29, 2017

East Setauket (Long Island Region – Suffolk County) – Ronkonkoma Hub Capital –
Transformative Economic Development Program Capital – Adoption of Findings
Pursuant to the State Environmental Quality Review Act

RESOLVED, that with respect to the Ronkonkoma Hub Capital project (the “Project”), the Corporation hereby makes and adopts pursuant to the State Environmental Quality Review Act (“SEQRA”) the following findings and determinations, which findings and determinations are made after full consideration of the Findings Statement attached as Exhibit A hereto, which Exhibit A is hereby adopted by the Corporation and copies of which document are hereby filed with the records of the Corporation.

- The Corporation has given consideration to the Draft, Draft Supplemental and Final Generic Environmental Impact Statement (“DGEIS,” “DSGEIS” and “FGEIS” respectively) prepared for the Ronkonkoma Hub project;
- The requirements of the SEQRA process, including the implementing regulations of the New York State Department of Environmental Conservation, have been met;
- Consistent with social, economic and other essential considerations from among the reasonable alternatives available, the Project is one that avoids or minimizes adverse environmental effects to the maximum extent practicable, including the effects disclosed in the FGEIS and the Findings Statement;
- Consistent with social, economic and other essential considerations, to the maximum extent practicable, adverse environmental effects revealed in the environmental impact statement process will be avoided or minimized to the maximum extent practicable by incorporating as conditions to the decision those mitigation measures described in the FGEIS and the Findings Statement; and

and be it further

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to comply with the requirements of SEQRA in connection with the Project.

* * *

EXHIBIT A

STATE ENVIRONMENTAL QUALITY REVIEW

INVOLVED AGENCY FINDINGS STATEMENT

Pursuant to Article 8 of the Environmental Conservation Law (State Environmental Quality Review Act ["SEQRA"]) and 6 NYCRR Part 617, the New York State Urban Development Corporation ("UDC") d/b/a Empire State Development ("ESD"), as an involved agency under SEQRA, makes the following findings based on the Final Generic Environmental Impact Statement issued on May 22, 2014 for the Ronkonkoma Hub Transit-Oriented Development Project.

Name of Action: Ronkonkoma Hub Capital

SEQRA Classification: Type I

Lead Agency: Town Board of the Town of Brookhaven

Description of Proposed Action

Empire State Development has received a funding request from the RONK HUB, LLC, the project sponsor, for the Ronkonkoma Hub Transit-Oriented Development Project (the "project") under the Transformative Economic Development Program. The proposed action would consist of ESD's authorization of funding to be used for the cost of construction for parking facilities to service a mix of uses for the project. ESD is an involved agency in the SEQRA review of the project due to its role in providing grant funding.

The proposed action will facilitate the redevelopment of the Ronkonkoma Hub area featuring a mix of uses including a maximum of 1,450 dwelling units, approximately 195,000 square feet ("SF") of retail space, approximately 360,000 SF of office/medical space, approximately 60,000 SF of flex space (for hospitality, conference, exhibition, and/or residential uses), and a total of 3,639 parking spaces, not including those spaces within the existing parking garage and existing parking lot.

The Town Board of the Town of Brookhaven has approved the following actions to allow the development/redevelopment of the Ronkonkoma Hub area:

- Adoption of the *Urban Renewal Plan for the Proposed Ronkonkoma Hub Transit-Oriented Development ("TOD") ("Urban Renewal Plan")*;
- Adoption of the *Land Use Plan and Implementation Plan for the Proposed Ronkonkoma Hub TOD ("Land Use and Implementation Plan")*;

- Adoption of the Ronkonkoma Hub Transit-Oriented Development District (“TOD District”); and
- Change of zone parcels within the Ronkonkoma Hub area to the TOD District.

Location

Approximately 53.75 acres bounded by Union Avenue and Union Street to the north; Village Plaza Drive to the east Ronkonkoma Avenue, Garrity Avenue and Hawkins Avenue to the west; and railroad tracks of the Long Island Railroad to the south, in the hamlet of Ronkonkoma, Town of Brookhaven, Suffolk County.

Facts and Conclusions in the FGEIS Relied Upon to Support the Findings:

1. This Findings Statement for the Ronkonkoma Hub Transit-Oriented Development Project has been prepared in compliance with the SEQRA, codified at Article 8 of the New York Environmental Conservation Law (“ECL”), and its implementing regulations, promulgated at Part 617 of Title 6 of the New York Codes, Rules and Regulations (“NYCRR”), which collectively contain the requirements for the State Environmental Quality Review (“SEQR”) process.
2. The Town Board of the Town of Brookhaven (the “Town Board”), as Lead Agency, made a determination that the project is a Type I action pursuant to 6 NYCRR Part 617 and conducted a coordinated SEQR process, issuing a Draft Generic Environmental Impact Statement (“DGEIS”) on September 21, 2010. Revisions to the scope of the development were made subsequently and a Draft Supplemental Generic Environmental Impact Statement (“DSGEIS”) was accepted by the Town Board on November 12, 2013, and a public hearing was held on January 9, 2014. The public comment period on the DSGEIS closed on February 10, 2014 and a Final Generic Environmental Impact Statement (“FGEIS”) was issued on May 22, 2014. The Town Board issued its Lead Agency Findings Statement on June 24, 2014.
3. ESD is an involved agency for the purposes of SEQR due to its funding approval under the Transformative Economic Development Program. ESD’s involvement is the authorization of funding for the Project.
4. This Findings Statement is based upon facts and conclusions contained in the DGEIS, DSGEIS and FGEIS. This SEQR Findings Statement represents ESD’s compliance with SEQR for the project. The potential effects of the project were adequately analyzed and disclosed in the DGEIS, DSGEIS and FGEIS. The project, as currently contemplated, would not engender any new significant adverse environmental impacts not previously disclosed in the FGEIS.
5. *Soils and Topography* – Redevelopment would result in the disturbance of soils within the Ronkonkoma Hub area for foundation excavation, utility installation, grading, paving, and landscaping. Based on the soil characteristics and the planning and engineering limitations,

the proposed action is not expected to result in significant adverse impacts on soil. However, on-site soil borings will be required for site-specific redevelopment application to determine specific soil conditions and to ensure appropriate measures are implemented to mitigate issues that may arise. In addition, all development within the Ronkonkoma Hub area would be required to employ proper erosion and sedimentation controls in accordance with the Town of Brookhaven Town Code. Therefore, the project would not result in significant adverse impacts associated with ground disturbance, regrading and/or construction activities.

Since the topography is relatively flat, the overall topographic conditions of the area would not significantly change upon development of the project. Grading plans would be refined during the design of the various phases of the project so as to balance the earthwork as development proceeds. This combined with the requirement to implement proper erosion and sedimentation controls would ensure that there would be no significant adverse impacts on topographic conditions.

6. *Water Resources* – In order to ensure protection of groundwater, future site-specific development applications would be required to comply with the relevant recommendations of the *TOD District* and the Town of Brookhaven’s stormwater ordinance. The project would be required to incorporate native and/or low maintenance species to the maximum extent practicable to encourage a low-maintenance landscape. Water conservation methods would also be used to the maximum extent practicable to decrease overall water usage.

Sanitary discharge (whether through connection to an existing Suffolk County sewage treatment plant (“STP”), to a new Suffolk County STP or to another approved sewage treatment facility) associated with the development/redevelopment of the Ronkonkoma Hub area shall not exceed 400,000 gallons per day (“gpd”). In the event that the project would cause this capacity to be exceeded, additional evaluation must be conducted and additional sewage capacity must be secured to support additional development. With these measures, the proposed action will not result in significant adverse impacts on water resources.

7. *Land Use and Zoning* – While land use and zoning within the Ronkonkoma Hub area will change, no significant adverse land use and zoning impacts will result from the proposed action. The project has been designed to have a positive impact on land use through the creation and application of the *TOD District*, which will allow comprehensive, cohesive and flexible development.
8. *Traffic and Parking* – The proximity of the development to mass transit is expected to reduce vehicle trips, as a significant percentage of people residing there would use the train and bus services for their commute to and from work. Similarly, a significant percentage of people employed in the retail and office portion of the development would arrive and leave by transit.

Based upon the traffic analyses, a mitigation program has been developed and incorporated into the "Conditions and Criteria Under which Future Actions will be Undertaken or Approved, Including Requirements for any Subsequent SEQRA Compliance," as set forth in the DSGEIS, FGEIS and the Lead Agency's Findings Statement, and are incorporated by reference in this Findings Statement. The traffic mitigation measures include, but are not limited to signal improvements, lane restriping, widening or reconfiguration, development or improvement of the roadway system, and phasing of off-site traffic mitigation measures. Accordingly, the proposed action will not result in significant adverse impacts on traffic.

With respect to parking, parking ratios have been established in the TOD District to ensure that there is sufficient parking to meet demand. As the project development contemplates that some existing commuter parking on the north side of the LIRR would be temporarily or permanently displaced, at the time an application is made to the Town of Brookhaven's Planning Board that includes commuter parking displacement, the applicant will be required to prepare and submit a plan that demonstrates that parking will be replaced at a minimum ratio of one-to-one. Such replacement parking must be in place prior to displacement of existing designated commuter parking, and shall be acceptable to the MTA. Accordingly, implementation of the proposed action will not result in significant adverse impacts on parking.

9. *Air Quality* – Implementation of the TOD would assist in reducing the potential for air quality impacts typically associated with development at a similar scale by redirecting growth to the Ronkonkoma Hub area, expanding transportation choices to reduce automobile dependence, reducing vehicle trips around the station, and through compact, mixed-use, transit-accessible, pedestrian-oriented redevelopment.

Construction and demolition activities would result in slight, temporary increases in air pollution emissions. In order to mitigate air quality impacts associated with construction, use of emission controls on construction vehicles, and dust control and regular sweeping of pavements will be required. Thus, the proposed action will not result in significant adverse air quality impacts.

10. *Noise* – No residential development shall be permitted south of Railroad Avenue between Hawkins Avenue and Mill Road in order to minimize the potential for residents within the proposed development to be affected by LIRR operational noise.

Construction period activities may temporarily increase nearby noise levels, however, the project would be required to comply with the Town's noise ordinance. Furthermore, construction equipment would be required to have appropriate noise muffler systems and excessive idling of construction equipment engines would be prohibited. Therefore, the proposed action will not result in significant adverse noise impacts.

11. *Community Facilities and Services* – The proposed action would not be expected to result in significant adverse impacts on fire protection, ambulance and police services as additional

property taxes generated at full build-out would help to off-set costs associated with providing additional services. Similarly, the proposed action would not result in significant adverse impacts on the Sachem Central School District ("CSD"), which serves the Ronkonkoma Hub area, as additional property taxes generated by the project at full-build-out would create a net annual benefit to the Sachem CSD.

12. *Aesthetics* – Implementation of the proposed action in accordance with the *Land Use Plan and Implementation Plan* and TOD District would improve the built environment with new and viable uses and upgrade public facilities and infrastructure, including but not limited to roads, sidewalks, curbs, public hardscape and landscape, street and walkway lighting, and parking areas, all of which contribute to the aesthetic character of the Ronkonkoma Hub area. In order to ensure that there will be positive impacts to the visual character of the Ronkonkoma Hub area and no significant adverse impacts would result, the TOD District has incorporated design measures that must be complied with. Specifically, any proposed building must meet the requirements of the building configuration, alignment and parking placement for the sub-district in which it is located as set forth in the TOD District.

With respect to historic and archaeological resources, no such resources were identified within or adjacent to the Ronkonkoma Hub area. Thus, the proposed action will not result in any significant adverse impacts on historic or archaeological resources.

CERTIFICATION OF FINDINGS

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

1. The requirements of Article 8 of the New York State Conservation Law and the implementing regulations of the New York State Department of Environmental Conservation, 6 NYCRR Part 617, have been met;
2. Consistent with the social, economic and other essential considerations from among the reasonable alternatives thereto, the proposed action will minimize or avoid, to the maximum extent practicable, the significant adverse environmental effects including the effects disclosed in the FGEIS and set forth in this Findings Statement;
3. Consistent with the social, economic and other essential considerations described above, the significant adverse environmental impacts associated with the development of the Project which were identified in the FGEIS and in this Findings Statement will be avoided or minimized to the maximum extent practicable by incorporating as conditions the mitigation measures described in the FGEIS and in this Findings Statement; and

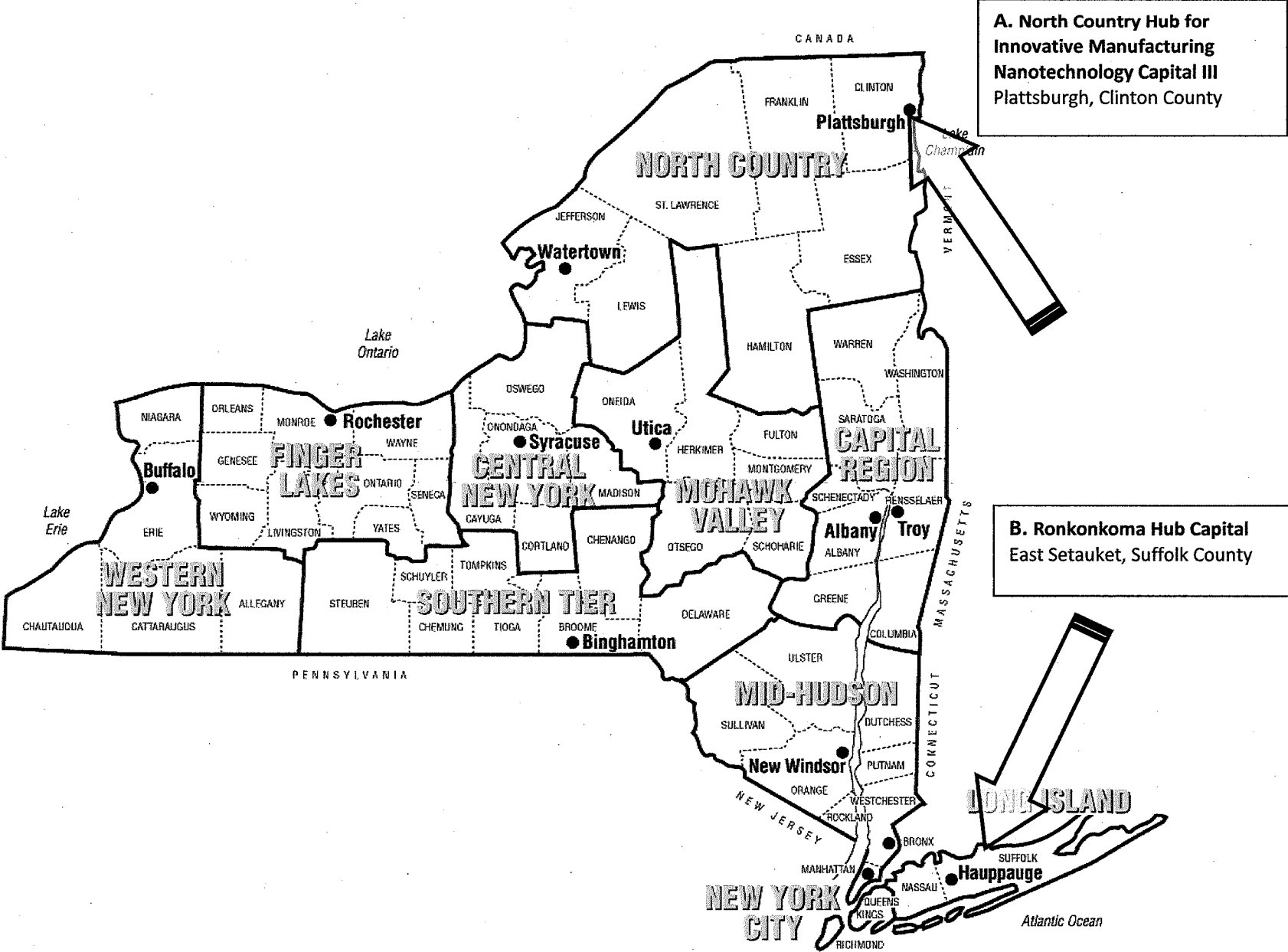
Agency: NYS Urban Development Corporation
d/b/a Empire State Development

Signature of Responsible Officer: _____

Name/Title of Responsible Officer: Rachel Shatz
Vice President, Planning & Environmental Review

Date: _____

Non-Discretionary Project Map



Item IV. A.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: New York State Innovation Venture Capital Fund ("NYSIVCF")

REQUEST FOR: Authorization of an Investment of NYSIVCF Funds in Unite US, Inc.

I. Project Summary

Awardees: Unite US, Inc. (the "Company")

Amount: Up to \$530,000 in Series A-1 Preferred Stock

Project Location: New York, NY

Anticipated
Funding Source: The liquid assets held by ESD for NYSIVCF

ESD Project No.: TBD

Project Team:

Origination	Brian Keil
Project Management	Brian Keil, Lindsay Avagliano
Legal	Craig Alfred
Contractor & Supplier Diversity	N/A
Environmental	Soo Kang

II. Background

Pursuant to its authorizing legislation, the NYSIVCF may invest up to \$100 million in eligible seed and early stage small businesses located in, or that 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 are achieving, or have the potential to achieve, technological advances, innovation, transformation or development. The target portfolio companies demonstrate a potential for substantial growth and job development, and have the potential to generate additional economic activity in the State.

NYSIVCF also provides funding for the Technology Commercialization fund of funds supporting the pre-seed investment opportunities throughout the State. The NYSIVCF is part of a larger equity investment strategy that includes the Innovate NY Fund, a \$45 million fund of funds that invests in seed stage equity opportunities.

Past State Support for Unite US

The Company received State support through a \$1,325,000 investment from the NYSIVCF into the Company's Series A Financing in June of 2015.

Project Status

Founded in 2013 and headquartered in New York City, Unite Us is re-inventing the delivery of health and human services (HHS). The Company was initially founded with the goal of developing a software platform that empowers communities to coordinate outreach activities to better serve the needs of veterans and military families. The Company is succeeding against this mission and plans to leverage its experience and track record to impact the broader HHS market by linking health and social services providers on a single platform to improve client/patient outcomes.

Overview of Market Opportunity – A consensus is emerging that a more complete view of a patient is needed to reduce healthcare spending and improve outcomes. This expanded view incorporates the social determinants of health such as housing, education, employment, mental health and substance abuse. The Unite Us platform is specifically designed to create connected networks to track a patient's journey across all of the health and social service providers that support them. This patient-centric approach enables improved coordination among providers as well as better decision-making through improved data capture and analytical tools.

Since the closing of the last round of financing, Unite Us has expanded into 20 markets, managing over 100K clients through its platform, and has tripled its annual revenue run rate. The Company believes it has the opportunity to accelerate the execution of its growth strategy by adding experienced staff across the Sales, Marketing and Product Development functions.

In order to fund these activities over the next 18-24 months, the Company is raising up to \$4,000,000 in the form of Series A-1 Preferred equity led by the Omidyar Network. The NYSIVCF will make a pro-rata investment of up to \$530,000 into this investment round with the balance being provided by private sector investors.

As part of the due diligence process, NYSIVCF staff and an external Investment Review Committee (IRC) evaluated the Company's business plan and growth prospects as well as the terms of the investment. As a result of that analysis, NYSIVCF and the IRC both agree that the market opportunity and growth potential offered by this New York State company warrants an investment by the NYSIVCF and recommend its approval.

III. Statutory Basis

In order to attract private sector investment in new research, translate research into marketable products, strengthen university-industry connections, and prepare New York businesses to compete for private-sector venture investment, Part JJ of Chapter 59 of the Laws of 2013 authorized ESD to establish and administer NYSIVCF in order to provide critical seed-stage and early-stage funding to incentivize new business formation and growth in the State of New York and facilitate the transition from ideas and research to marketable products.

IV. 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 ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required in connection with the authorization.

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 ("MWBEs") in the performance of ESD contracts. The ESD Office of Contractor and Supplier Diversity ("OCSD") has determined that it is not practical or feasible to assign MWBE contract goals to expenditures made under this program. As such, participation goals will not be established or required.

VI. Service-Disabled Veteran-Owned Businesses

Pursuant to New York State Executive Law Article 17-B, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified service-disabled veteran-owned businesses ("SDVOBs") in the performance of ESD contracts. OCSD has determined that it is not practical or feasible to assign SDVOB contract goals to expenditures made under this program. As such, participating goals will not be established or required.

Additional Submissions to Directors

Resolutions

Schedule A – Summary of the Investment Terms

June 29, 2017

NEW YORK STATE URBAN DEVELOPMENT CORPORATION d/b/a EMPIRE STATE
DEVELOPMENT - New York State Innovation Venture Capital Fund - Authorization of an
Investment of NYSIVCF funds in Unite US, Inc.

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 New York State Innovation Venture Capital Fund, the Corporation is authorized to make an investment, in an amount not to exceed \$530,000, in Unite US, Inc. (the "Company") and to enter into agreements and related documentation with the Company and the investment entities named in the Materials in order to effect such investment; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the investment, and each of them hereby is, authorized to take such actions, including modifying the terms of the investment and entering into additional agreements with the Company and others, as he or she may deem necessary or appropriate in the administration of the Corporation's investments in the Company; and be it further

RESOLVED, that the provision by the Corporation of 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) the availability of funds and the approval of the State Division of the Budget, if applicable; and be it further

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

* * *

Schedule A
New York State Innovation Venture Capital Fund:
Unite US, Inc. (the "Company")
Summary of Series A-1 Terms
Board of Directors Meeting
June 29, 2017

<u>Type of Security:</u>	Series A-1 Preferred Stock
<u>Investment Amount; Use of Proceeds:</u>	Up to \$4,000,000, including up to \$530,000 by ESD. The funds will be used finance the growth strategy of the Company.
<u>Principal Terms of the Series A-1 Preferred Stock:</u>	<p>The Series A-1 Preferred will contain these terms:</p> <ul style="list-style-type: none"> • <u>Dividends:</u> 7% non-cumulative dividend preference, when and as declared by the Board of Directors • <u>Anti-Dilution Protection:</u> "narrow-based weighted-average" anti-dilution protection, subject to existing and customary exceptions for the Company's stock option plan, securities (including warrants) issued in connection with any joint venture, technology collaboration, strategic partnership, bank or venture debt financing, or other arrangements approved by the Board of Directors • <u>Liquidation Preference:</u> Series A-1, together with the Series A Preferred Stock, will be senior to all other securities and participate on an as converted basis in the proceeds of any sale of the company • <u>Board Seat:</u> Omidyar Network will have the right to choose Series A-1 director for as long as it holds 116,686 shares.
<u>Protective Provisions</u>	<ul style="list-style-type: none"> • The consent of a majority of the holders of the Series Seed, Series A and Series A-1 Preferred Stock shall be required with respect to all major corporate actions.
<u>Information Rights:</u>	<ul style="list-style-type: none"> • Subject to obligations of confidentiality, the Company will provide investors with annual and quarterly unaudited financial statements, an annual budget and business plan, and quarterly comparisons to the annual budget, and a semi-annual update on the business.
<u>Registration Rights:</u>	Piggy-Back registration rights, with all registration expenses paid for by the Company, <u>other than</u> direct selling expenses such as commissions of the underwriters.
<u>Rights of First Refusal</u>	Standard and customary pre-emptive rights and rights of first refusal (with over subscription rights).
<u>Co-Investment</u>	Other Institutional Investors:

<u>Syndicate:</u>	<ul style="list-style-type: none">• Omidyar Network• Scout Ventures
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Series A-1: Institutional Co-Investors

1. Omidyar Network: Omidyar Network is a philanthropic investment firm based in Redwood City, CA that creates opportunities for people to improve their lives by investing in market-based efforts that catalyze economic and social change.
2. Scout Ventures: Scout Ventures is a seed stage venture capital firm based in NYC that partners with experienced entrepreneurs who are building scalable technologies. The firm focuses on core business fundamentals and helps with key areas of growth.

Item V. A.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Mission Statement and Related Performance Measures

REQUEST FOR: Adoption of Revised Mission Statement and Related Performance Measures

I. Background

In accordance with the Public Authorities Law (the "PAL"), Empire State Development ("ESD") reexamines 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. Upon reexamination, the following revised mission statement and related performance measures were drafted.

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 reexamination of the mission statement and related performance measures in accordance with the PAL and authorize the adoption of the revised mission statement and related performance measures.

III. Recommendation

Based upon the foregoing, I recommend the adoption of the revised mission statement and related performance measures.

June 29, 2017

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE
DEVELOPMENT – Mission Statement and Related Performance Measures - Adoption of
Revised Mission Statement and Performance Measures

WHEREAS, New York State Public Authorities Law § 2824-a requires each authority to reexamine its mission statement and performance measures annually, therefore

BE IT RESOLVED, that the Directors hereby confirm that they have reexamined the mission statement and performance measures as previously adopted and recommend the adoption of the revised mission statement and related performance measures as set forth in the materials presented to this meeting.

* * *

Item V. B.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard Zemsky

SUBJECT: FY 2016-2017 Performance Measurement Report

REQUEST FOR: Acceptance of FY 2016-2017 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 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.

Performance Measurements

- Customers served: number and types (private, public, not-for-profit); size of entity by number of employees; MWB status
- Financing provided and leveraged: amounts of ESD support, other public support, private investment
- Jobs projected to be retained and created
- Regional and industry breakdowns of assistance, jobs retained and created, and leveraged investment
- Capital investment made in New York State (both total and private leveraged with public assistance)

Upon these measurements, the Corporation may evaluate its performance and the achievement of its goals.

II. FY 2016-2017 Performance Measurement Report

Attached is a report on the assistance approved by ESD during FY 2016-2017, using the performance measurements set forth above. In summary, ESD accomplished the following:

- A total of 351 companies and organizations were assisted;
- A total of \$4.2 billion of investments was made in NYS (including ESD investment of \$1.4 billion, other public investment of \$942 million, and private investment of \$1.9 billion);
- This assistance will result in the retention of 25,068 jobs and the creation of 2,839 jobs; and
- \$1.9 billion in private capital funds were leveraged with public assistance (ESD and non-ESD)

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. Requested Action

The Directors are requested to accept the FY 2016-2017 Performance Measurement Report in accordance with the Public Authorities Law.

IV. Recommendation

Based upon the foregoing, I recommend approval of the requested action.

V. Attachments

Resolution
FY 2016-2017 Performance Measurement Report

June 29, 2017

**NEW YORK STATE URBAN DEVELOPMENT CORPORATION – Acceptance of FY 2016-2017
Performance Measurement Report**

WHEREAS, New York State Public Authorities Law § 2824-a annually requires each authority to create a performance measurement report that is consistent with the authority's mission statement and performance measurements, therefore

BE IT RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is order filed with the records of the Corporation ("the Materials"), the Directors hereby accept the FY 2016-2017 Performance Measurement Report.

* * *

**Empire State Development (ESD) Performance Measures
Fiscal Year 2016-17 (April 1, 2016 – March 31, 2017)
June 29, 2017**

Overview

The following is a summary of Empire State Development performance measures of projects undertaken throughout New York State for the 2016-17 fiscal year. A detailed analysis of these measures can be found in the attached materials.

2016-17 Project Summary

- 446 Awards
- 415 Projects
- 351 Companies / Organizations

Project Breakdown by Organization Type

- 42 public entities
- 153 not-for-profit entities
- 156 privately-held or publicly-traded business enterprises
 - 134 small-sized businesses (<100 employees)
 - 15 medium-sized businesses (100 to 499 employees)
 - 7 large-sized businesses (>500 employees)
 - Note: the number of jobs for the entity receiving the financial assistance, not a larger parent company
- 323 small-sized entities (<100 employees and includes: public, privately-held and not-for profit organizations)
- There were no direct grants approved to certified Minority- and or Women-Owned Enterprises
- 22 Community Development Financial Institutions (CDFIs), which target minority- and women-owned businesses

Job Retention & Creation Summary

- 25,068 jobs retained
- 2,839 jobs created
- 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.

Capital Investment Made In New York State for 2016-17 Fiscal Year

- \$4.2 billion total capital investment
- \$1.9 billion private capital funds leveraged with public assistance (ESD and non-ESD)

ESD PERFORMANCE MEASURES BY FUNDING SOURCE										
FY 2016-2017										
Programs	Companies/ Organizations Assisted	FY 16-17 Grant Amount	FY 16-17 Loan Amount	Other Public Investment	Private Investment	Total Project Costs	Minimum Direct Job Commitments ¹			
							Jobs Existing	Jobs Created	Jobs Retained	Total Projected Jobs
Core Discretionary Programs & Pre-Regional Council Initiatives										
Core Discretionary Programs ¹	88	\$ 130,375,609	\$ -	\$ 142,715,000	\$ 732,858,396	\$ 1,005,949,005	10,447	969	10,447	11,416
Restore NY Communities	4	\$ 4,271,000	\$ -	\$ 1,350,000	\$ 3,845,574	\$ 9,466,574	N/A	N/A	N/A	N/A
Total	92	\$ 134,646,609	\$ -	\$ 144,065,000	\$ 736,703,970	\$ 1,015,415,579	10,447	969	10,447	11,416
Regional Council Initiatives										
RC1	5	\$ 5,624,000	\$ -	\$ -	\$ 129,822,330	\$ 135,446,330	1,629	444	1,629	2,073
RC2	14	\$ 10,301,583	\$ -	\$ 37,407,617	\$ 162,046,546	\$ 209,755,746	6,135	545	6,135	6,680
RC3	31	\$ 20,524,978	\$ -	\$ 19,534,166	\$ 149,403,913	\$ 189,463,057	766	259	766	1,025
RC4	40	\$ 25,400,654	\$ -	\$ 1,255,268	\$ 178,344,858	\$ 205,000,780	3,130	330	3,130	3,460
RC5	43	\$ 18,342,643	\$ -	\$ 15,532,625	\$ 63,074,704	\$ 96,949,972	272	74	272	346
RC6	4	\$ 1,315,877	\$ -	\$ 1,474,400	\$ 4,660,250	\$ 7,450,527	0	0	0	0
Total	137	\$ 81,509,735	\$ -	\$ 75,204,076	\$ 687,352,601	\$ 844,066,412	11,932	1,652	11,932	13,584
Other Regional/Multi-Program Projects										
New NY Broadband Capital	15	\$ 54,163,873	\$ -	\$ -	\$ 22,209,937	\$ 76,373,810	N/A	N/A	N/A	N/A
Buffalo Regional Innovation Cluster	9	\$ 45,190,000	\$ 7,053,974	\$ 12,374,050	\$ 121,815,734	\$ 186,433,758	0	0	0	0
Total	24	\$ 99,353,873	\$ 7,053,974	\$ 12,374,050	\$ 144,025,671	\$ 262,807,568	N/A	N/A	N/A	N/A
Small Business & Community Development Programs										
Community Development Financial Institutions	22	\$ 1,820,219	\$ -	\$ -	\$ -	\$ 1,820,219	N/A	N/A	N/A	N/A
Department of State Office of New Americans	14	\$ 58,500	\$ -	\$ -	\$ -	\$ 58,500	N/A	N/A	N/A	N/A
Entrepreneurial Assistance Program	7	\$ 1,902,300	\$ -	\$ -	\$ 127,750	\$ 2,030,050	N/A	N/A	N/A	N/A
Small Business Revolving Loan Fund Program	1	\$ -	\$ 850,000	\$ -	\$ -	\$ 850,000	N/A	N/A	N/A	N/A
Total	44	\$ 3,781,019	\$ 850,000	\$ -	\$ 127,750	\$ 4,758,769	N/A	N/A	N/A	N/A
Non-ESD/Other/Non-Discretionary Programs										
Non-ESD/Other ²	7	\$ 10,886,500	\$ 9,660,000	\$ 1,500,000	\$ 186,380,000	\$ 208,426,500	2,689	218	2,689	2,907
Non-Discretionary ³	40	\$ 195,485,341	\$ -	\$ 4,172,100	\$ 146,075,737	\$ 345,733,178	N/A	N/A	N/A	N/A
Non-Discretionary - Hurricane Irene/Tropical Storm Lee	3	\$ 1,390,486	\$ -	\$ -	\$ -	\$ 1,390,486	N/A	N/A	N/A	N/A
Total	50	\$ 207,762,327	\$ 9,660,000	\$ 5,672,100	\$ 332,455,737	\$ 555,550,164	2,689	218	2,689	2,907
TOTAL	213	\$ 577,765,263	\$ 17,513,974	\$ 230,999,315	\$ 1,886,608,048	\$ 2,622,736,585	24,060	2,685	24,060	26,745
TOTAL CAPITAL INVESTMENT	181	\$ 488,415,248	\$ 16,713,974	\$ 230,999,315	\$ 1,886,608,048	\$ 2,622,736,585	24,060	2,685	24,060	26,745

¹ Economic Development Initiatives 16-17, 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, Upstate Regional Blueprint Fund, and New York Open For Business Fund

² Job Development Authority, 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.

** Please note that 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.

*** Please note that items marked "N/A" do not have job requirements directly associated with them because these are not programs with leveraged investment ratios or jobs.

ESD PERFORMANCE MEASURES BY REGION										
Region	Companies/ Organizations Assisted	FY 2016-2017					Minimum Direct Job Commitments*			
		FY 16-17 Grant Amount	FY 16-17 Loan Amount	Other Public Investment	Private Investment	Total Project Costs	Jobs Existing	Jobs Created	Jobs Retained	Total Projected Jobs
Capital	30	\$ 20,428,447	\$ -	\$ 5,240,500	\$ 13,504,777	\$ 39,173,724	42	80	42	122
Central	35	\$ 49,515,520	\$ -	\$ 1,138,110	\$ 114,432,927	\$ 165,086,557	3,228	350	3,228	3,578
Finger Lakes	50	\$ 70,978,481	\$ 5,950,000	\$ 62,171,270	\$ 177,110,073	\$ 316,209,824	1,150	513	1,150	1,663
Long Island	26	\$ 139,511,091	\$ 3,120,000	\$ 500,000	\$ 409,613,843	\$ 552,744,934	6,800	607	6,800	7,407
Mid Hudson	21	\$ 6,769,737	\$ -	\$ 34,652,500	\$ 45,701,434	\$ 87,123,671	1,362	344	1,362	1,706
Mohawk Valley	31	\$ 37,182,258	\$ -	\$ 2,630,011	\$ 43,907,201	\$ 83,779,470	679	62	679	741
New York City	52	\$ 61,271,696	\$ 600,000	\$ 87,390,161	\$ 630,277,870	\$ 779,539,727	8,520	232	8,520	8,752
North Country	31	\$ 70,534,736	\$ -	\$ 3,790,169	\$ 31,544,104	\$ 105,869,009	1,502	131	1,502	1,633
Southern Tier	28	\$ 41,429,643	\$ -	\$ 12,939,587	\$ 208,558,606	\$ 262,927,836	669	367	669	1,036
Western New York	41	\$ 27,438,489	\$ 7,893,974	\$ 26,802,918	\$ 225,014,894	\$ 287,150,275	1,116	153	1,116	1,269
Multiple Regions	2	\$ 1,993,465	\$ -	\$ -	\$ 1,000,000	\$ 2,993,465	0	0	0	0
Grand Total	347	\$ 527,053,563	\$ 17,563,974	\$ 237,315,226	\$ 1,900,665,729	\$ 2,682,598,492	25,068	2,839	25,068	27,907

ESD PERFORMANCE MEASURES BY INDUSTRY										
Industry	Companies/ Organizations Assisted	FY 2016-2017					Minimum Direct Job Commitments*			
		FY 16-17 Grant Amount	FY 16-17 Loan Amount	Other Public Investment	Private Investment	Total Project Costs	Jobs Existing	Jobs Created	Jobs Retained	Total Projected Jobs
Agriculture, Food Processing & Distribution	45	\$ 30,803,026	\$ 840,000	\$ 6,603,810	\$ 132,229,120	\$ 170,475,956	1,714	496	1,714	2,210
Base Retention & Strategic Development	27	\$ 7,267,515	\$ -	\$ 717,511	\$ 7,746,317	\$ 15,731,343	N/A	N/A	N/A	N/A
Biotechnology/Science Chemicals/Hi-tech Manufacturing/R&D/ STEM	17	\$ 72,463,428	\$ -	\$ 55,000,000	\$ 434,475,473	\$ 561,938,901	8,297	1,001	8,297	9,298
Broadband Internet Access Corporate & Professional Services	15	\$ 54,163,873	\$ -	\$ -	\$ 22,209,937	\$ 76,373,810	N/A	N/A	N/A	N/A
8	\$ 11,203,500	\$ -	\$ 6,000,000	\$ 164,185,000	\$ 181,388,500	2,340	46	2,340	2,386	
Educational Services/Institutions of Higher Learning	42	\$ 38,832,400	\$ -	\$ 8,669,295	\$ 68,125,838	\$ 115,627,533	144	102	144	246
Export Assistance	24	\$ 593,734	\$ -	\$ -	\$ 723,238	\$ 1,316,972	N/A	N/A	N/A	N/A
Hospital & Assisted Living	9	\$ 16,474,780	\$ -	\$ 46,189,587	\$ 91,213,722	\$ 153,878,089	4,324	508	4,324	4,832
Hospitality & Tourism	65	\$ 33,442,885	\$ -	\$ 12,203,187	\$ 101,839,553	\$ 147,485,625	243	109	243	352
Infrastructure & Transportation	23	\$ 153,260,307	\$ 1,500,000	\$ 86,627,825	\$ 341,646,246	\$ 583,034,378	222	139	222	361
Manufacturing	20	\$ 38,692,500	\$ -	\$ 1,000,000	\$ 166,292,278	\$ 205,984,778	1,997	380	1,997	2,377
Real Estate Development	20	\$ 58,199,096	\$ 14,373,974	\$ 12,185,011	\$ 273,954,257	\$ 358,712,338	5,787	58	5,787	5,845
Small Business Development Programs	29	\$ 4,222,519	\$ -	\$ -	\$ 127,750	\$ 4,350,269	N/A	N/A	N/A	N/A
Small Business Lending Programs	3	\$ 7,434,000	\$ 850,000	\$ 2,119,000	\$ 95,897,000	\$ 106,300,000	N/A	N/A	N/A	N/A
Grand Total	347	\$ 527,053,563	\$ 17,563,974	\$ 237,315,226	\$ 1,900,665,729	\$ 2,682,598,492	25,068	2,839	25,068	27,907

ESD PERFORMANCE MEASURES BY SUNY POLY PROJECTS*										
Project Name	Regions	FY 2016-2017		Other State Investment	Private Investment	Total Project Costs	Jobs Existing	Jobs Created	Jobs Retained	Total Projected Jobs
		FY 16-17 Grant Amount	FY 16-17 Loan Amount							
AIM Photonics	Capital / Finger Lakes	\$ 106,000,000	\$ -	\$ 81,000,000	N/A	\$ 187,000,000	N/A	N/A	N/A	N/A
High-Tech Manufacturing Innovation HUB at Riverbend	Western New York	\$ 485,500,000	\$ -	\$ 473,500,000	N/A	\$ 959,000,000	N/A	N/A	N/A	N/A
INDEX	Capital	\$ 3,036,000	\$ -	\$ -	N/A	\$ 3,036,000	N/A	N/A	N/A	N/A
Nano Utica - NY-PEMC Center for Advanced Packaging	Mohawk Valley	\$ 100,000,000	\$ -	\$ -	N/A	\$ 100,000,000	N/A	N/A	N/A	N/A
Nano Utica - Marcy Nanocenter	Mohawk Valley	\$ 87,477,075	\$ -	\$ 3,523,900	\$ 1,375,000	\$ 92,475,975	N/A	N/A	N/A	N/A
New York Power Electronics Manufacturing Consortium	Capital	\$ 33,500,000	\$ -	\$ 101,500,000	N/A	\$ 135,000,000	N/A	N/A	N/A	N/A
North Country HUB for Innovative Manufacturing Nanotechnology	North Country	\$ 79,050,000	\$ -	\$ 45,950,000	N/A	\$ 125,000,000	N/A	N/A	N/A	N/A
Grand Total		\$ 1,894,563,075	\$ -	\$ 795,573,900	\$ 1,375,000	\$ 1,601,511,975	N/A	N/A	N/A	N/A

* Please note that SUNY Poly projects are typically grants from ESD to an affiliate or partner of the SUNY Polytechnic Institute, resulting in investments in publicly-owned assets and no direct job commitments from the grantees to ESD. Nonetheless, although they are not shown here, investment and job commitments are generally applicable between SUNY Poly or its partners and the company or other funders. For example, as it relates to Fort Schuyler Management Corp., the Riverbend project includes a commitment from Silevo (now owned by Tesla) for 5,000 jobs, the Quad C project includes a commitment from Danfoss for 300 jobs, and the North Country Hub for Innovative Manufacturing Nanotechnology includes a commitment from Norsk for 231 jobs.

Item V. C.

FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Pre-Qualified Broadband Field Audit Vendor List

REQUEST FOR: Approval of Pre-Qualified Broadband Field Audit Vendor List

I. Background

As authorized by the 2015-16 NYS Budget, the \$500 million New NY Broadband Program (the "Program") provides grant funding to qualifying applicants to support the expansion of broadband access to unserved and underserved areas throughout the State. Program funds are awarded so as to advance the Governor's goal of statewide high-speed Internet access at speeds of at least 100 Mbps (download) in most places, and 25 Mbps (download) in the most remote parts of the State. Empire State Development's¹ Broadband Program Office (BPO) recommends grant recipients on the basis of competitive solicitations for proposals. Applicants must agree to make co-investments in their proposed projects and meet other Program requirements. The Governor formally launched the Program on January 8, 2016. On January 21, 2016, the Directors approved Guidelines for the Program (the "Program Guidelines"). Since its launch, the Program has announced the commitment of approximately \$266 million in total grant funding to-date. Entities funded through the Program -- which may include broadband service providers, units of local government, and tribal governments, among others -- must complete their awarded projects no later than December 31, 2018.

Due to the size, nature, technical complexity, and geographic distribution of the Program's grant-supported projects, as well as the aggressive timeframe for completion, it is expected that ESD shall require the assistance of qualified firms to ensure that public funds have been utilized in a manner consistent with each project's approved grant proposal and executed contract. These firms will be charged with verifying that all projects conform to the approved project plans and meet all Key Project Indicators and Milestones, as well as providing support to ESD's ongoing management and monitoring of these projects. ESD may also utilize the firms to render similar services in connection with its legacy portfolio of ongoing broadband deployment projects, initiated prior to the creation of the New NY Broadband Program.

¹ Henceforth, "ESD" or "the Corporation".

II. Contractor Selection Process

On January 17, 2017, ESD issued a Request for Qualifications ("RFQ") to identify qualified firms to perform field inspections and technical audits of its New York State-funded broadband deployment projects across the State. The RFQ requested that respondents demonstrate relevant expertise and a methodology for the technical verification, as well as project management, administration, and ongoing monitoring, of broadband deployment projects.

In total, four firms responded to the RFQ. Responses were then evaluated by a review committee consisting of BPO staff, representatives of ESD Contracts Administration, ESD Loans & Grants, and ESD Legal to determine whether or not each firm should be pre-qualified based on the following criteria:

- Methodology and work plan for technical validation of broadband deployment projects (25% of total score);
- Capability to perform field inspections and technical audits of broadband deployment projects using different technologies and across different geographies (25% of total score);
- Capability to support ongoing project management, administration, and monitoring of broadband deployment projects (10% of total score);
- Firm experience and qualifications (10% of total score);
- Staff experience and qualifications (10% of total score);
- Cost evaluation (20% of total score)

Based on this review, the review committee recommended the designation of three firms – Tilson Technology Management, Inc., CSA Group NY Architects and Engineers, P.C., and PricewaterhouseCoopers Public Sector LLP (*listed on Attachment A to these materials*) – as pre-qualified broadband field audit vendors.

III. Scope of Work

ESD will utilize this pre-qualified list to engage vendors to perform technical validation, as well as provide project management, administration, and ongoing monitoring of broadband deployment projects, consistent with the RFQ. As set forth therein, such services may include, but need not be limited to, the following:

- Confirming that projects address the entirety of approved geographic service areas;
- Confirming that constructed networks conform to approved project plans;
- Confirming that projects meet all contractual requirements, including achievement of Key Project Indicators and Timeframes/Milestones;
- Performing audits to validate the technical efficacy of broadband networks;

- Verifying that work performed/infrastructure and facilities constructed in connection with projects are consistent with reimbursement requests and approved project plans;
- Preparing a Broadband Field Audit Report, outlining goals, results and challenges;
- Reviewing submitted reimbursement requests/expense documentation;
- Ensuring that projects meet approved timelines/schedules;
- Directly interfacing with grant recipients on behalf of ESD;
- Special agency approvals and outside agency coordination;
- Project budgeting;
- Reviewing project reports;
- Minority and Women-owned Business Enterprise (M/WBE) requirement compliance and reporting; and
- Preparing minutes of project meetings.

IV. Responsible Parties

Staff has examined the proposed contractors' "responsibility" as defined in State Finance Law §163, and as provided in ESD's Procurement Guidelines. Based on this analysis of financial and organizational capacity, legal authority to do business in New York, integrity of principals, and past performance on contracts, staff concludes that the proposed contractors are responsible vendors.

V. Financial Commitment and Selection from the List

The Directors are not now being asked to authorize the retention of any particular firm. Instead, the requested authorization serves to make available to ESD a list of firms that have been identified through a broad solicitation process. This would allow staff to conduct a mini-solicitation of proposals from the pre-qualified firms and, after evaluation of those firms, make a recommendation to the Directors (or to the President and CEO, or his/her designee, depending on the proposed dollar amount and length of the contract) in connection with the Program, without the need to conduct a formal solicitation process in each instance. This should save, for each project, the two or more months normally needed to conduct such a solicitation, perform the necessary review, and formulate a recommendation.

VI. Duration of List

Staff recommends that the attached Pre-Qualified Broadband Field Audit Vendor List remain in effect for 5 years, until the first meeting of the Directors in June 2022, with the option to extend the duration of the list for an additional year at the discretion of the Chief Executive Officer, or his/her designee.

VII. Non-Discrimination and Contractor & Supplier Diversity

The Corporation's non-discrimination and contractor & supplier diversity policy will apply to contracts awarded from this pre-qualified list. The contractors 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.

The contractors are also strongly encouraged to consider Service-Disabled Veteran-Owned Businesses (SDVOBs) in the fulfillment of the requirements of contracts awarded from this pre-qualified list. Following a comprehensive search, ESD determined that such contracts do not offer sufficient opportunities to set specific goal for subcontractors, service providers, and suppliers. Nevertheless, the contractors should make good faith efforts to promote the participation of SDVOBs in the performance of such contracts.

VIII. 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 ("SEQRA") and the implementing regulations for the New York State Department of Environmental Conservation. No further environmental review is required.

IX. Requested Action

The Directors are requested to approve the firms listed on Attachment A to these materials as qualified to advise ESD, its subsidiaries, and affiliates, as Broadband Field Audit Vendors and, in the discretion of the Chief Executive Officer, or his/her designee, such related areas of expertise as s/he may deem appropriate and advisable in connection with any matter, for a term of 5 years (until the first meeting of the Directors in June 2022), plus an additional year at the option of the Chief Executive Officer, or his/her designee.

X. Recommendation

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

XI. Attachments

- Resolution
- Attachment A – Pre-Qualified Broadband Field Audit Vendor List

June 29, 2017

New York State Urban Development Corporation d/b/a Empire State Development –
Pre-Qualified Broadband Field Audit Vendor List – Approval of Pre-Qualified Broadband
Field Audit Vendors List

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 firms listed on Attachment A to this Resolution be, and each hereby is, approved as pre-qualified to act as a Broadband Field Audit Vendor for the Corporation and its subsidiaries and affiliates, such approval to remain in effect until the meeting of the Directors first occurring in June 2022, or in the discretion of the Chief Executive Officer, or his/her designee, until the meeting of the Directors first occurring in June 2023.

RESOLVED, that the President 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.

* * *

Attachment A
Pre-Qualified Broadband Field Audit Vendor List
Adopted by ESD – June 29, 2017

1. Tilson Technology Management, Inc.
2. CSA Group NY Architects and Engineers, P.C.
3. PricewaterhouseCoopers Public Sector LLP

Item V. D.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

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 that number was expanded to twenty. As part of the 2017-18 State budget, that number has been increased to twenty-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 up the application process and has approved twelve additional land banks for a total of twenty to date. ESD will continue to accept applications until the statutory limit of twenty-five is reached.

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 Livingston County be approved.

While the County is applying on its own, it is the sole foreclosing government entity in the County. In addition, the application has shown strong in-kind support to be provided by the County and has demonstrated a significant problem with vacant properties in the community. In 2017, the County completed a county-wide assessment of inventory (foreclosed, bank-owned, HUD-owned and abandoned) which demonstrates widespread problems that can be addressed by formation of a land bank. Based on the foregoing, Livingston County 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 Livingston County; and 2) take all related actions.

VI. Recommendation

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

Attachments

Resolution

June 29, 2017

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 Livingston County for the purposes and substantially in the form set forth in the Materials, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate; and be it further

RESOLVED, that President and Chief Executive Officer 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.

* * *

Item V. E.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Procurement for Consulting Services – Buffalo Investment Development Strategy

REQUEST FOR: Authorization to Enter into an Amended Contract for Consultant Services relating to the Buffalo Strategy Implementation Support Services; and Authorization to Take Related Actions

CONTRACT NEED AND JUSTIFICATION

I. **Contract Summary**

Contractor: The Research Foundation for SUNY on behalf of the University at Buffalo (the “Consultant”)

Scope of Services: Consultant to provide full-service project management services for implementation support of the critical Buffalo Billion projects and initiatives

Contract Term: Two years, July 1, 2016 – July 1, 2018, with option to extend/renew for an additional 12 months

Contract Amount: Original contract amount \$750,000
Increased Amount \$750,000
Amended Contract Amount \$1,500,000

Funding Source(s): Buffalo Regional Innovation Cluster re-appropriation authorized pursuant to the 2017-18 State budget.

II. **Background**

In 2012, Governor Cuomo pledged a historic \$1 billion for the economic redevelopment of the Buffalo/Niagara Region. As a result of this commitment, the community came together and developed a plan for how Western New York can best use the Governor’s pledge to stimulate private investment, create jobs, and accelerate growth. The Governor has tasked ESD’s

Western New York office to lead the development and implementation of the Buffalo Billion Investment Strategy. In collaboration with the Western New York Regional Economic Development Council and several metropolitan development experts, and with the expertise of an outside consultant previously retained by ESD, McKinsey & Company, Inc., the Buffalo Billion Plan has been created (the "Plan").

The Plan is simple: the region will draw upon the collective capacity of the public, private, and nonprofit sectors to make better use of Buffalo's world class assets; elevate Buffalo's relative areas of strength with investment in workforce and innovation that could transform its ability to compete; and create opportunities for new ideas and sectors to be born and to flourish in an environment designed for business development.

In May of 2013, the ESD Board approved contracting for a "Delivery Unit" to support the implementation of the Buffalo Billion Investment Plan. The contract was with the Consultant for a one year term. Thereafter, in June of 2014, the Contractor was again selected through a competitive request for proposal process to provide support services for an additional two year period. Upon expiration of that term, in June 2016, the ESD Board authorized retention of the Consultant for an additional one year with the Corporation's option to extend the term for another year at the Consultant's same rates. This current Board action seeks authorization to exercise that option.

III. Contractor Selection Process

On April 22, 2016, ESD advertised a Request for Proposal ("RFP") in the New York State Contract Reporter seeking a consultant for Buffalo Investment Strategy Implementation Support Services. The RFP expressly stated that the term would be one year with the option for ESD to renew for an additional year at the Consultant's same rates. A total of one (1) submission was received by the deadline submission date of May 16, 2016.

Staff from ESD reviewed the submission based on the following criteria:

- Experience (30 points). Demonstrated experience of the firm and staff assigned to this project in developing a regional business development strategy based on rigorous market analysis, best practices transformative economic strategies that include operational and financial plans for investment and implementation.
- Ability to perform the required services (30 points). Evaluation of approach proposed to accomplish the Scope of Services and ability to perform scope in given timeframe. Demonstrate that the agency has sufficient capabilities, resources and staff to deliver high quality services on a short time frame and within budget.
- Consulting Approach (20 points). How well the bidder meets the qualification requirements included in the RFP.

- Diversity Practices (5 Points). Commitment by consultant to workforce diversity.
- Cost (20 points). Evaluation of completed budget submitted with the proposal.

Based on a review of the proposal, the Research Foundation for SUNY on behalf of the University at Buffalo was determined to be qualified to provide the services requested and provides the best value to the Corporation. The Consultant is a not-for-profit corporation associated with the University at Buffalo School of Architecture and Planning. It has robust capacities in planning policy analysis, public process, communications and project implementation across relevant topics including urban design, land use and transportation, economic development, labor market/workforce, cross border trade, regional governance, education and cultural tourism.

The proposal submitted by this Consultant provided a well balanced approach to the tasks required and its staff has broad experience in supporting economic development initiatives in Western New York. Moreover, the consultant was a core member of the original working team that helped develop the Plan and has been providing support services under contract with ESD for the last four years.

Pursuant to State Finance Law Section 139-j and 139-k and the Corporation’s policy related thereto, staff has: a) considered proposed consultant’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 the proposed consultant to be responsible.

IV. Scope of Work

The Consultant will provide the following services:

1. The WNY Regional Economic Development Council
 - a. Objectives:
 - i. Ensure synergies across strategies are achieved
 - ii. Ensure the goal (transforming the economy) and total impact are achieved
 - b. Key Tasks:
 - i. Analyze performance and recommend strategy/initiative adjustments
2. Buffalo Billion Delivery Unit
 - a. Objectives:
 - i. Ensure that the right funding and infrastructure is in place for delivery of Signature Initiatives
 - ii. Support the Council by providing objective information and advice on progress

- iii. Support the execution of Signature Initiatives through advice and assistance in implementation
- iv. Communicate transformation to public
- v. Responsible for budget requests going forward

b. Key Tasks:

- i. Identify sufficient funding sources to meet Signature Initiative needs
- ii. Create and train team
- iii. Create and embed tools and routines
- iv. Commence problem solving assistance on Signature Initiatives
- v. Commence tracking and monitoring
- vi. Provide direct implementation services to initiatives as needed to augment "Signature Initiative Owners;" primarily around
 - ❖ Workforce
 - ❖ Revitalization

V. Contract Term, Price and Funding

The amended contract term is expected to be twelve months for an amount not to exceed \$750,000 starting July 1, 2017. As such, the total contract term as amended will be twenty-four months for a total amended contract amount not to exceed \$1,500,000. In the event the contract amount is not exceeded by June 30, 2018, ESD will have the option to increase the term up to an additional one year. The source of funding for the contract will be the Buffalo Regional Innovation Cluster appropriation authorized pursuant to 2017-2018 State budget.

VI. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-discrimination and Contractor Diversity policy will apply to this Project. The Consultant shall be required to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project. The Consultant shall be required to use Good Faith Efforts to achieve an overall Minority and Women Business Enterprise ("MWBE") Participation Goal of 30% related to the total value of ESD's funding.

VII. Environmental Review

ESD staff has determined that the action, which involves market analysis and planning that does not commit the Corporation to undertake any project, constitutes a Type II action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulation for New York State Department of Environmental Conservation. No further environmental review is required in connection with the project.

VIII. Requested Action

The Directors are requested to (1) make a determination of responsibility with respect to the proposed Consultant; (2) authorize the Corporation to enter into an amended contract with the Research Foundation for SUNY on behalf of the University at Buffalo for a total contact amount not to exceed \$1,500,000; and (3) take all related actions.

IX. Recommendation

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

Attachment

Resolution

June 29, 2017

NEW YORK STATE URBAN DEVELOPMENT CORPORATION – Authorization to Enter into an Amended Contract for Consultant Services Relating to the Buffalo Strategy Implementation Support Services; 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 hereby finds the Research Foundation for SUNY on behalf of the University at Buffalo to be responsible; and be it further

RESOLVED, that the Corporation is hereby authorized to enter into a contract with the Research Foundation for SUNY on behalf of the University at Buffalo for a total amended contract amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) for the purposes and services, and substantially on the terms and conditions, set forth in the Materials; and be it further

RESOLVED, that the Chief Executive Officer, or other officer of the Corporation, or his or her 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.

* * *

Item V. F.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: New York City (New York County) – Empire Station Complex - Moynihan Station Civic and Land Use Improvement Project

REQUEST FOR: Authorization to Amend a Contract with Bryan Cave LLP for Legal Services; Authorization to take Related Actions

CONTRACT NEED AND JUSTIFICATION

I. CONTRACT SUMMARY

Counsel: Bryan Cave LLP (“Counsel”)

Scope of Services: Counsel would continue to provide legal services to ESD in connection with the Moynihan Civic and Land Use Improvement Project, particularly with respect to environmental and land use issues.

Current Contract Limit: \$5,400,000

Proposed Contract Amendment: \$300,000

Total Proposed Contract Amount: \$5,700,000

II. BACKGROUND

In January of 2016, Governor Andrew M. Cuomo commenced implementation of an initiative for the redevelopment of the Penn-Farley Railway Station Complex. In furtherance of that initiative, New York State Urban Development Corporation d/b/a Empire State Development (“ESD” or the “Corporation”) with the Metropolitan Transportation Authority (“MTA”), MTA’s operating entity Long Island Rail Road (“LIRR”) and National Passenger Railroad Corporation (“Amtrak”) are jointly pursuing the private redevelopment of the ESD-owned James A. Farley

Building property ("Farley") to include (i) a new railroad passenger train hall (the "Moynihan Train Hall"), (ii) new facilities in the Penn Station train-shed (the "Train Shed") that will provide vertical circulation between the Moynihan Train Hall and the Train Shed's passenger platforms and concourses, (iii) and passenger facing operations and back office facilities for LIRR and Amtrak.

A competitive solicitation for the redevelopment of the James A. Farley Building and the completion of the Moynihan Train Hall was initiated in January 2016. In September 2016, RVS Partners, a venture between the Related Companies, Vornado Realty Trust, and Skanska USA was designated the preferred developer-builder team for Phase 2. RVS will carry out the Phase 2 plans in accordance with designs developed by Skidmore, Owings, Merrill as approved by the Project Sponsors. The ESD Directors authorized the final transaction documents in April 2017.

Since first retained in 2002 in connection with Moynihan, Bryan Cave has provided expert legal environmental oversight and advice throughout all the Project's transitions, including compliance with the National Environmental Protection Act ("NEPA") as well as the New York State Environmental Quality Review Act ("SEQRA"). Bryan Cave has developed an expertise with regard to the Project and its prior iterations and environmental reviews. In order to preserve the continuity of this valuable legal expertise, continued services remain necessary for Phase 2 of the Moynihan Station Civic and Land Use Improvement Project (the "Project").

III. SCOPE OF WORK

Bryan Cave would continue to advise ESD on land use and environmental issues in connection with the Project.

IV. CONTRACT – NEED FOR AMENDMENT, PRICE AND FUNDING

ESD retained Counsel in 2002 to provide legal services in connection with the Moynihan Station project, in the initial amount of \$800,000. In 2004, as an RFP for the Farley portion of the Project was released, the Directors authorized an additional \$1,000,000 for these services. In August 2005, shortly after Related and Vornado were conditionally designated as Moynihan Station developers ("RV"), and in December 2006, after a General Project Plan ("GPP") and a Final Environmental Impact Statement ("FEIS") for the Project had been approved, the Directors authorized additional contract increases of \$1,200,000 and \$500,000 respectively, bringing the total contract amount to \$3,500,000. With the Project's expansion, the Directors authorized an additional contract increase of \$1,000,000 in October 2007, bringing the total contract amount to \$4,500,000.

In October 2009, the Directors authorized a contract amendment for Bryan Cave in an amount not to exceed \$900,000. This amendment brought the aggregate limit of the Bryan Cave contract to \$5,400,000. ESD has had a positive experience with Bryan Cave throughout the contract. Staff believes it to be prudent, and recommends maintaining Bryan Cave as counsel

through Phase 2 of the Project. ESD is now requesting that the maximum amount of the contract be increased by \$300,000 for a total not-to-exceed amount of \$5,700,000.

Funding for this amendment will be paid for out of, (1) an imprest account funded by the Designated Developer for the Moynihan Phase 2, and (2) funds provided by the Metropolitan Transportation Authority of New York and New Jersey.

V. RESPONSIBLE PARTIES

Pursuant to State Finance Law Sections 139-j and 139-k and the Corporation's policy related thereto, staff has: (a) considered Bryan Cave's ability to perform the services provided for in the proposed amendment; and (b) consulted the list of officers determined to be non-responsible bidders and debarred officers maintained by the New York State Office of General Services. Based on the foregoing, staff considers Bryan Cave to be responsible.

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 New York State certified minority and women-owned businesses (MWBES) and service-disabled veteran-owned ("SDVOB") businesses, respectively, in the performance of ESD contracts. The ESD Office of Contractor and Supplier Diversity have reviewed the contract and have determined that there exists no potential for MWBE & SDVOB participation. As such, participation goals will not be established or required for this contract; however, Counsel shall adhere to ESD's Non-discrimination and Equal Employment Opportunity policy.

VII. ENVIRONMENTAL REVIEW

The request to amend a consultant contract constitutes a Type II action as defined by the New York State Environmental Quality Review Act (SEQRA) and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required in connection with the authorization.

VIII. REQUESTED ACTIONS

The Directors are requested to: (1) make a determination of responsibility with respect to Bryan Cave; (2) authorize the Corporation to amend its contract with Bryan Cave LLP to add an additional Three Hundred Thousand Dollars (\$300,000) to the current contract maximum of Five Million Four Hundred Thousand Dollars (\$5,400,000) for a new proposed total contract amount not to exceed \$5,700,000.

IX. RECOMMENDATION

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

X. ATTACHMENTS

Resolution

June 29, 2017

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT - NEW YORK CITY (New York County) – Empire Station Complex - Moynihan Station Civic and Land Use Improvement Project – Authorization to Amend a Contract with Bryan Cave LLP for Legal Services; Authorization to Take Related Actions

RESOLVED, that in accordance with the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation (the “Materials”), the Corporation hereby finds Bryan Cave LLP to be responsible; and be it further

RESOLVED, that in accordance with the materials, the Corporation is hereby authorized to amend its contract with Bryan Cave LLP relating to the Moynihan Station Civic and Land Use Improvement Project to add an additional Three Hundred Thousand Dollars (\$300,000) to the current contract maximum of Five Million Four Hundred Thousand Dollars (\$5,400,000) for a new proposed total contract amount not to exceed Five Million Seven Hundred Thousand Dollars (\$5,700,000) 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, or another Officer of the Corporation, or their 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 actions as may be necessary or proper to implement the foregoing resolutions.

* * *

Item V. G.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard Zemsky

SUBJECT: New York City (New York County) – Empire Station Complex - Moynihan Station Civic and Land Use Improvement Project

REQUEST FOR: Authorization to Amend a Contract with Bryant Rabbino LLP;
Authorization to take Related Actions

CONTRACT NEEDS AND JUSTIFICATION

I. Contract Summary

Counsel: Bryant Rabbino LLP (“Counsel”)

Scope of Services: Counsel would continue to provide legal services to ESD and MSDC in connection with the Empire Station Complex, including general real estate and public/private partnership matters for the redevelopment of the James A. Farley Building property (“Farley”) and Pennsylvania Station New York (“Penn Station”).

Contract Term: Through 12/31/18 with two one year renewal options

Original Contract Amount: \$250,000

Proposed Contract Amendment: \$200,000

Total Proposed Contract Amount: \$450,000

II. Funding Source:

Funding for this amendment will be paid for out of, (1) an imprest account funded by the Designated Developer for the Moynihan Phase 2, and (2) funds provided by the Metropolitan Transportation Authority and the Port Authority of New York and New Jersey.

III. Background

In January of 2016, Governor Andrew M. Cuomo commenced implementation of an initiative for the redevelopment of the Penn-Farley Railway Station Complex. In furtherance of that initiative, New York State Urban Development Corporation d/b/a Empire State Development ("ESD" or the "Corporation") with the Metropolitan Transportation Authority ("MTA"), MTA's operating entity Long Island Rail Road ("LIRR") and National Passenger Railroad Corporation ("Amtrak") are jointly pursuing the private redevelopment of the ESD-owned James A. Farley Building property ("Farley") to include (i) a new railroad passenger train hall (the "Moynihan Train Hall"), (ii) new facilities in the Penn Station train-shed (the "Train Shed") that will provide vertical circulation between the Moynihan Train Hall and the Train Shed's passenger platforms and concourses, (iii) and passenger facing operations and back office facilities for LIRR and Amtrak.

A competitive solicitation for the redevelopment of the James A. Farley Building and the completion of the Moynihan Train Hall was initiated in January 2016. In September 2016, RVS Partners ("RVS"), a venture between the Related Companies, Vornado Realty Trust, and Skanska USA was designated the preferred developer-builder team for Phase 2. RVS will carry out the Phase 2 plans in accordance with designs developed by Skidmore, Owings, Merrill as approved by the Project Sponsors. The ESD Directors authorized the final transaction documents in April 2017, and financial close for the project was achieved on June 15, 2017.

Phase 2 of the Empire Station initiative will involve design, development, and construction by RVS. As part of this process, ESD must analyze redevelopment proposals, and negotiate real estate related agreements with MTA, LIRR and Amtrak and one or more developers. These aspects of the Farley redevelopment require legal expertise and response times that cannot be provided by ESD's in-house counsel alone. In order to assist ESD's in-house counsel and advise ESD during the planning and negotiations related to the Empire Station including Farley's Phase 2, it is necessary that ESD and MSDC continue to have the services of experienced real estate and public/private partnership legal counsel that is familiar with the with the complexities of the Farley redevelopment.

On March 24, 2016, the Directors authorized ESD to enter into a contract with Bryant Rabbino LLP, as counsel to assist ESD with legal work relating to the Empire Station Complex Initiative, including general real estate and public/private partnership matters for the redevelopment of the James A. Farley Building property and Pennsylvania Station. Because of Counsel's legal expertise and unique project experience and knowledge, continued services remain necessary for Phase 2 of the Moynihan Station Civic and Land Use Improvement Project. Accordingly, your approval is sought for this contract amendment.

IV. Summary of Contractor Selection Process

ESD (for itself and its subsidiaries) pre-qualified legal counsel in selected areas of expertise.

This was done in order to make the firms available for legal work on an as-needed basis, after approval of individual retention contracts, without need for further public solicitation. As a result, ESD and its subsidiaries can respond to project needs expeditiously, while having available the benefits of a broad solicitation of qualified outside law firms. The ESD Directors approved the list of pre-qualified counsel, which includes Bryant Rabbino LLP, on February 16, 2017, and Counsel was also on the prior approved list in effect in 2012.

On July 10, 2014, MSDC awarded Counsel a contract for legal services to represent MSDC and ESD. The procurement of Bryant Rabbino was based on: (a) its demonstrated real estate and public/private transaction expertise; (b) an interview with the firm partner who will be responsible for the work; (c) the need for experienced real estate counsel to work on general real estate matters; and (d) the firm's acceptance of ESD's "Maximum Rate Structure for Outside Counsel". On March 24, 2016, in order to proceed with the Farley Phase 2 work as part of the new Empire Station Complex, ESD entered into a new direct contract with Counsel. The Firm has satisfactorily performed legal services for MSDC and ESD. The Firm has project experience and knowledge and legal expertise that will be essential to ESD in advancing Phase 2 of the Farley project.

V. Responsible Parties

Pursuant to State Finance Law Sections 139-j and 139-k and the Corporation's policy related thereto, staff has: (a) considered Bryant Rabbino's ability to perform the services provided for in the proposed agreement; and (b) consulted the list of officers determined to be non-responsible bidders and debarred officers maintained by the New York State Office of General Services. Based on the foregoing, staff considers Bryant Rabbino to be responsible.

VI. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Affirmative Action policy will apply to this contract. There is a 20% Minority/Women-owned Business Enterprise contractor and/or subcontractor participation goal during the development of the Moynihan Project and an overall goal of 25% minority and female workforce participation during construction.

Bryant Rabbino is a New York State certified Minority-owned Business Enterprise and will provide legal services related to the construction, leasing, and other general real estate matters related to Phase 2 of the Project, including construction contracts, negotiating and documenting interim uses of the Farley Building, negotiation with current and future tenants of the Farley Building, and general real estate matters.

Pursuant to New York State Executive Law Article 17-B, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified Service-Disabled Veteran-Owned Businesses ("SDVOBs") in the performance of ESD contracts. For purposes of

this Contract, however, goals will not be established due to the unavailability of SDVOBs for performance of this Contract.

VII. Environmental Review

The request to amend a consultant contract constitutes a Type II action as defined by the New York State Environmental Quality Review Act (SEQRA) and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required in connection with the authorization.

VIII. Requested Actions

The Directors are requested to: (1) make a determination of responsibility with respect to Bryant Rabbino LLP; (2) authorize the Corporation to amend its contract with Bryant Rabbino LLP to add an additional Two Hundred Thousand Dollars (\$200,000) to the current contract maximum of Two Hundred Fifty Thousand Dollars (\$250,000) for a new proposed total contract amount not to exceed \$450,000.

IX. Recommendation

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

X. Attachments

Resolution

June 29, 2017

NEW YORK CITY (New York County) – Empire Station Complex - Moynihan Station Civic and Land Use Improvement Project – Authorization to Amend a Contract with Bryant Rabbino LLP; Authorization to Take Related Actions

RESOLVED, that in accordance with the materials presented to this meeting, a copy of which are hereby ordered filed with the records of the Corporation (the “Materials”), the Corporation hereby finds Bryant Rabbino LLP to be responsible; and be it further

RESOLVED, that in accordance with the materials, the Corporation is hereby authorized to amend its contract with Bryant Rabbino LLP relating to the Moynihan Station Civic and Land Use Improvement Project to add an additional Two Hundred Thousand Dollars (\$200,000) to the current contract maximum of Two Hundred Fifty Thousand Dollars (\$250,000) for a new proposed total contract amount not to exceed Four Hundred Fifty Thousand Dollars (\$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, or another Officer of the Corporation, or their 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 actions as may be necessary or proper to implement the foregoing resolutions.

* * *

Item V. H.



FOR CONSIDERATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Procurement of Real Estate Financial Advisory Services for Review of Olympic Regional Development Authorities ("ORDA") Facilities

REQUEST FOR: Authorization to Enter into a Contract for Real Estate Financial Advisory Services for Review of ORDA Facilities

CONTRACT NEEDS AND JUSTIFICATION

I. Contract Summary

Contractor: Ernst and Young LLP

Scope of Agreement: Real estate advisory services for review of ORDA facilities

Contract Term: One year with ESD option to extend for one year

Contract Amount: Not to exceed \$420,000 (includes a 5% contingency)

Funding Source(s): Economic Development Purposes Fund

II. Background

ESD has been working with ORDA on a review of their existing facilities to assist them in prioritizing investments that will both enhance the properties and yield further economic development in and around each facility.

III. Contractor Selection Process

On May 24, 2017, ESD issued a solicitation ("Solicitation") for real estate financial advisory services to three firms on its pre-qualified list of real estate and planning consultants which list was adopted by the board in the summer of 2013. In issuing the Solicitation, ESD noted the following selection criteria and weightings:

- Qualification of firm and team (50%)

- Proposed Technical Approach and Methodology (25%)
- Proposed Cost Based on Pre-qualified Rates (25%)

The scope of the Solicitation included a survey of current operations at each site within ORDA's portfolio, financial structuring recommendations and the preparation of briefings.

ESD only received one proposal in response to this Solicitation, which was from Ernst and Young LLP to prepare a market and site analysis, recommendation for investment opportunities and the preparation of a financial model. A selection committee was formed to review the proposal and the scope of services and the recommendation of the committee was to move ahead with Ernst and Young LLP.

IV. Description of Services

The responsibilities of the contractor shall include, but not be limited to the following:

- Market and Site Analysis
- Competitive Assessment and Benchmarking
- Strategic Enhancement Opportunities Report
- Financial Modeling
- Staff Briefings

V. Contract Term, Price and Funding

The contract term is expected to be for one (1) year with an option at ESD's sole discretion to extend for an additional year. Total costs under the agreement are anticipated to be approximately \$420,000 (this number includes a 5% contingency). As noted above, the source of funding will be Economic Development Purposes Fund.

VI. Responsible Parties

Staff has examined the proposed contractor's "responsibility" as defined in State Finance Law §163, and as provided in ESD's Procurement Guidelines. Based on this analysis of financial and organizational capacity, legal authority to do business in New York, integrity of principals, and past performance on contracts, staff concludes that the proposed contractor is a responsible vendor.

VII. Contractor and Supplier Diversity

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this contract. The Contractor shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority-owned and Women-owned Business Enterprises ("MWBES") for any contractual opportunities generated in connection with this contract, 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.

Pursuant to New York State Executive Law Article 17-B, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of Service Disabled Veteran-Owned Businesses ("SDVOB") in the performance of ESD projects and procurements. The ESD Office of Contract and Supplier Diversity has reviewed the contract and have determined that there exists no potential for SDVOB participation. As such, participation goals will not be established or required for this procurement.

VIII. Environmental Review

ESD staff has determined that the requested authorization to enter into a contract for Real Estate Financial Advisory Services constitutes a Type II action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required in connection with the authorization.

IX. Requested Actions

The Directors are requested to authorize the Corporation to enter into a contract with Ernst and Young LLP for real estate financial advisory services for the review of ORDA facilities, on the terms described in these materials.

X. Recommendation

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

**X. Attachments
Resolutions**

June 29, 2017

**NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT -
Procurement of Real Estate Financial Advisory Services for Review of Olympic Regional
Development Authorities ("ORDA") Facilities - Authorization to Enter into a Contract for Real
Estate Financial Advisory Services for Review of ORDA Facilities**

BE IT RESOLVED, that based on the materials presented at this meeting (the "Materials"), a copy of which is hereby ordered filed with the records of the Corporation, the Corporation hereby finds Ernst and Young LLP to be responsible; and be it further

RESOLVED, that in accordance with the Materials, the Corporation is hereby authorized to enter into a contract with Ernst and Young LLP for real estate financial advisory services for the Review of ORDA facilities in an amount not to exceed \$420,000 (includes a 5% contingency) for the purposes and services, and substantially on the terms and conditions, as set forth in the Materials; and be it further

RESOLVED, that the President, or his designee, be and they hereby are authorized and empowered to exercise on behalf of the Corporation to take such other action and execute such documents as may be necessary or appropriate to carry out the foregoing Resolutions.

* * *

Item VI. A

FOR INFORMATION

June 29, 2017

TO: The Directors

FROM: Howard Zemsky

SUBJECT: Annual Report on Utilization of Certified Minority and Women-Owned Business Enterprises (MWBE) and Commitments to MWBE Firms in Fiscal Year 2016-17

Disbursements on FY2016-17 Procurements and Grants:

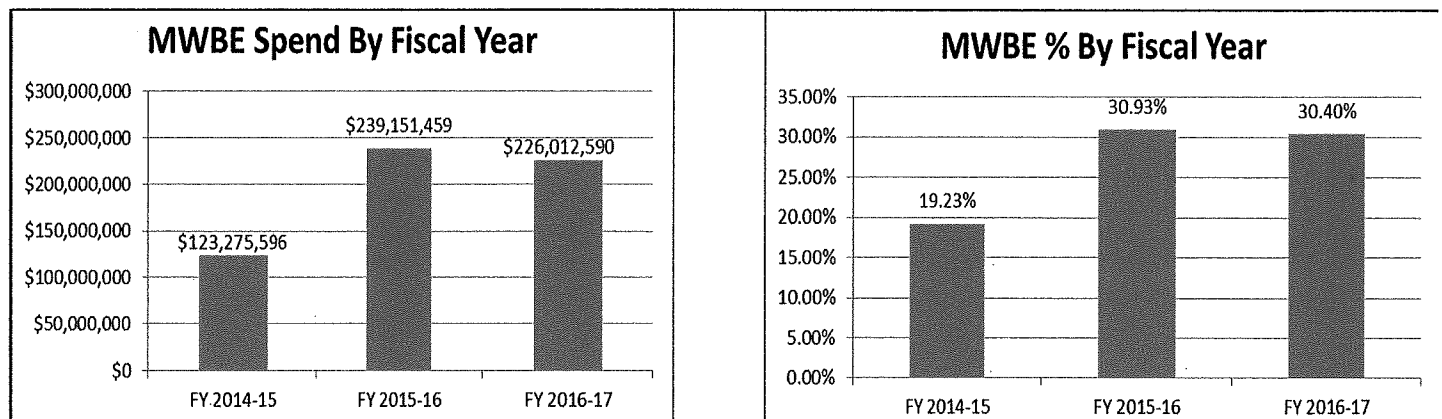
During the FY2016-17, ESD's total eligible disbursements were \$743.3 million, including approximately \$151 million for procurements and \$592.3 million for ESD loans and grants.

Utilization of Certified MWBE Firms:

During FY2016-17 ESD achieved MWBE participation of 30.4% based on eligible disbursements and paid more than \$226 million paid to certified MWBE firms. In FY 2015-16 ESD disbursed \$773.3 million on eligible contracts and grants and it achieved MWBE participation of 30.93% or \$239.2 million.

Commitments to Certified MWBEs:

On loans, grants, and procurements managed in FY2016-17, ESD awarded over \$49 million in new contracts and amendments to certified MWBEs either with direct ESD awards or through its prime contractors. As shown below, ESD has exceeded its 30% MWBE goal for the past two fiscal years.*



* Please note that the attached report is only for procurements in FY2016-17 and does not include loans and grants but the commitments listed above were inclusive of loans, grants, and procurements.

Item VI. B



FOR INFORMATION

June 29, 2017

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Annual Report on Procurement Contracts for Fiscal Year 2016-2017

During FY2016-2017 Empire State Development (“ESD”) and its subsidiaries procured 112 contracts and amendments totaling \$89.5 million. These contracts were primarily for legal, real estate, financial and other services related to many ESD economic development projects. ESD and its subsidiaries disbursed \$223 million of that amount approximately \$173.5 million was directly related to procurements and amendments executed on or prior to March 31, 2016 and \$49.8 million on contracts executed or amended this fiscal year.

Compared to FY2015-2016 the total contract value decreased from \$154 million to \$89.5 million in FY2016-2017, while the total number of contracts increased from 67 contracts to 112 contracts. This was primary due to a \$100 million marketing contract with Lowe Campbell that was executed in FY2015-2016.

In FY2017-2018 we anticipate the total contract amount to increase significantly due to large construction contracts for both the Javits expansion and Moynihan Train Hall projects.

FY2016-2017 Procurement Contracts Summary			
Category	Number of Contracts	Contract Totals	FY Spend Against Contracts
New Contracts	75	\$66,946,457	\$12,719,336
Amendments	37	\$22,573,829	\$37,100,381
Total	112	\$89,520,286	\$49,819,717

Empire State Development
Annual Procurement Contracts
Entered During the Fiscal Year 2017 (04/01/2016-03/31/2017)

CO.	VENDOR NAME	ORIGINAL CONTRACT DATE	CONT #	CONTRACT AMOUNT	INITIAL SCOPE OF SERVICES	PAYMENTS DURING FISCAL YEAR	CURRENT STATUS	COMPETITIVE SEARCH	MWBE ELIGIBLE CONTRACTS/ASSIGNED GOALS	COMMENTS
EMPIRE STATE DEVELOPMENT										
ESD	Newmark & Company Real Estate, Inc. d/b/a Newmark Grubb Knight Frank 125 Park Avenue New York, NY 10017	7/5/2016	9931	Payment is equal to a % of the transaction	Provide real estate transaction management services at Start-Up NY sites, including valuing, marketing and facilitating transactions.	0	On-going	Legally Exempt	YES/20%	Single Source
ESD	Stantec Consulting Services, Inc. 50 West 23rd Street, 8th Floor New York, NY 10010-5272	12/6/2016	10022	900,000	Provide planning services to three (3) areas designated as part of the Downtown Revitalization Initiative under the management of the New York State Department in partnership with New York State Homes and Community Renewal and Empire Sate Development.	0	On-going	YES	YES/30%	Pre-Qualified Real Estate Development & Planning Related Consultants List
ESD	HR & A Advisors 99 Hudson Street New York, NY 10013	12/6/2016	10024	900,000	Provide planning services to three (3) areas designated as part of the Downtown Revitalization Initiative under the management of the New York State Department in partnership with New York State Homes and Community Renewal and Empire Sate Development.	217,460	On-going	YES	YES/30%	Pre-Qualified Real Estate Development & Planning Related Consultants List
ESD	GCOM Software 24 Madison Avenue Extension Albany, NY 12203	3/17/2017	10318	848,517	Perform the necessary program and development work required to implement and customize Microsoft Dynamics to the specific data structure, business functions and needs of ESD.	0	On-going	YES	YES/30%	Certified MBE
ESD	The Research Foundation for SUNY 402 Crofts Hall Buffalo, NY 14202	8/3/2016	9979	750,000	Provide full-service project management services for implementation support of the critical Buffalo Billion projects and initiatives.	0	On-going	YES	YES/30%	
ESD	Hawkins Delafield & Wood, LLP 28 Liberty Street New York, NY 10005	12/7/2016	10156	434,000	Provide co-bond counsel services (together with The Law Offices of Joseph C. Reid) in connection with the issuance of one or more series of Personal Income Tax Revenue Bonds (Series 2016 and 2017).	0	On-going	YES	NO	Pre-Qualified Counsel List Certified MWBE
ESD	The Law Offices of Joseph C. Reid, P.A. 230 Park Avenue, Suite 1000 New York, NY 10169	12/12/2016	10157	186,000	Provide bond counsel services (together with Hawkins Delafield & Wood, LLP) in connection with the issuance of Personal Income Tax Revenue Bonds series 2016 and 2017.	0	On-going	YES	YES/30%	Pre-Qualified Counsel List Certified MWBE

Empire State Development
Annual Procurement Contracts
Entered During the Fiscal Year 2017 (04/01/2016-03/31/2017)

CO.	VENDOR NAME	ORIGINAL CONTRACT DATE	CONT #	CONTRACT AMOUNT	INITIAL SCOPE OF SERVICES	PAYMENTS DURING FISCAL YEAR	CURRENT STATUS	COMPETITIVE SEARCH	MWBE ELIGIBLE	COMMENTS
									CONTRACTS/ASSIGNED GOALS	
ESD	Dell Marketing LP Dell USA LP. P.O. Box 643561 Pittsburgh, PA 15264	11/17/2016	10142	734,097	Provide up to 400 software licenses of Microsoft Dynamics CRM and related support services to assist with how data is captured and stored.	200,928	On-going	YES	NO	Vendor under State OGS competitive contract.
ESD	Buckhurst Fish & Jacquemart, Inc. 115 5th Avenue New York, NY 10003	11/23/2016	10041	600,000	Provide planning services to two (2) areas designated as part of the Downtown Revitalization Initiative under the management of the New York State Department of State in partnership with New York State Homes and Community Renewal and Empire State Development.	293,580	On-going	YES	YES/30%	Pre-Qualified Real Estate Development & Planning Related Consultants List
ESD	Milk for Health on the Niagara Frontier, Inc. 4185 Seneca Street West Seneca, NY 14224	12/29/2016	10205	458,750	Provide marketing and promotion of the New York State dairy industry through seven marketing promotion platforms: television ads, radio ads, school assemblies, county fairs, Festival of Lights, billboard ads, and public relations.	0	On-going	N/A	YES/30%	Administered by the NYS Department of Agriculture & Markets and transferred to ESD
ESD	Holland & Knight LLP. 31 West 52nd Street New York, NY 10019	11/21/2016	10147	450,000	Provide legal services related to the Empire Station Complex initiative, including construction, operation, maintenance, insurance and public/private partnership matters for the redevelopment of Penn Station/Farley Complex.	258,637	On-going	YES	YES/0%	Pre-Qualified Counsel List
ESD	BJH Advisors 182 Dean Street Brooklyn, NY 11217	11/30/2016	10020	300,000	Provide planning services to one area designated of the Downtown Revitalization Initiative under the management of NYS Department -Long Island Region.	138,511	On-going	YES	YES/30%	Pre-Qualified Real Estate Development & Planning Related Consultants List
ESD	Bergmann Associates 200 First Federal Plaza Rochester, NY 14614	1/9/2017	10023	300,000	Provide planning services to one (1) area designated as part of the Downtown Revitalization Initiative under the management of the New York State Department of State in partnership with New York State Homes and Community Renewal and Empire State Development.	0	On-going	YES	YES/30%	Pre-Qualified Real Estate Development & Planning Related Consultants List
ESD	Baker, Donelson, Bearman, Caldwell & Berkowitz 920 Massachusetts Ave. NW, Suite 900 Washington, DC 20001	7/21/2016	9939	252,945	Provide consulting services to identify growth opportunities and retention strategies that keep New York State military installations as economic contributors and job generators for the State.	175,000	On-going	YES	NO	

Empire State Development
Annual Procurement Contracts
Entered During the Fiscal Year 2017 (04/01/2016-03/31/2017)

CO.	VENDOR NAME	ORIGINAL CONTRACT DATE	CONT #	CONTRACT AMOUNT	INITIAL SCOPE OF SERVICES	PAYMENTS DURING FISCAL YEAR	CURRENT STATUS	COMPETITIVE SEARCH	MWBE ELIGIBLE CONTRACTS/ASSIGNED GOALS	COMMENTS
ESD	Bryant Rabbino LLP 1180 Avenue of the Americas, Suite 610 New York, NY 10036	6/15/2016	9877	250,000	Provide legal services related to the Empire Station Complex initiative, including general real estate and public/private partnership matters for the redevelopment of the James A. Farley Building property and Pennsylvania Station New York.	232,680	On-going	YES	YES/100%	Pre-Qualified Counsel List Certified MBE
ESD	Skadden, Arps, Slate, Meagher & Flom LLP. 4 Times Square New York, NY 10036	4/22/2016	10141	250,000	Provide legal services related to the planning, financing, and documentation for the Empire Station Initiative.	35,387	On-going	YES	YES/20%	Pre-Qualified Counsel List
ESD	STV Construction, Inc. 225 Park Avenue South New York, NY 10003-1604	6/13/2016	9892	249,960	Provide construction-related advisory services in conjunction with the review and evaluation of responses to the Joint Solicitation for the Development of the Empire Station Complex.	242,516	On-going	YES	YES/30%	Pre-Qualified Real Estate Development & Planning Related Consultants List
ESD	RedBrick Technologies 1470 Corteland Drive Pittsburgh, PA 15241	3/2/2017	10281	247,920	Provide advice, support and related services with respect to a second phase of ESD's implementation of a Customer Relationship Management software solution.	55,200	On-going	Legally Exempt	NO	Single Source
ESD	Tilson Technology Management, Inc. 245 Commercial Street, Suite 203 Portland, ME 04101	4/15/2016	9770	236,500	Provide support in the review of the applications to the New NY Broadband Program.	818,820	On-going	YES	YES/30%	
ESD	Schoeman Updike & Kaufman LLP 551 Fifth Avenue New York, NY 10176	5/3/2016	9790	225,000	Provide legal services in connection with the disposition of the undeveloped land within the Brooklyn Development Center ("Fountain Property").	222,717	On-going	YES	YES/30%	Pre-Qualified Counsel List Certified WBE
ESD	Schiff Hardin 233 South Wacker Drive, Suite 6600 Chicago, IL 60606	2/28/2017	10327	200,000	Provide outside counsel to negotiate and finalize contracts on behalf of the New NY Broadband Program as grant recipients are required to enter into a Security Agreement with ESD.	0	On-going	YES	NO	Pre-Qualified Counsel List

Empire State Development
Annual Procurement Contracts
Entered During the Fiscal Year 2017 (04/01/2016-03/31/2017)

CO.	VENDOR NAME	ORIGINAL CONTRACT DATE	CONT #	CONTRACT AMOUNT	INITIAL SCOPE OF SERVICES	PAYMENTS DURING FISCAL YEAR	CURRENT STATUS	COMPETITIVE SEARCH	MWBE ELIGIBLE CONTRACTS/ASSIGNED GOALS	COMMENTS
ESD	Renee Sacks Associates, Inc. d/b/a Sacks Communications 900 Third Avenue 17th Street New York, NY 10022	6/16/2016	9878	198,701	Provide full-service project management services including but not limited to event management, event marketing, pre-event and on-site registration and management of the 2016 NYS MWBE Forum.	195,201	On-going	YES	YES/100%	Discretionary Purchase under the Governor's MWBE Executive Order
ESD	Costquest Associates, Inc. 6261 Ashbourne Place Cincinnati, Ohio 45233	05/02/16	9789	184,184	Provide Geographic Information Systems (GIS) support and cost-modeling analyses in connection with the evaluation and selection of applications to the New NY Broadband Program.	423,368	On-going	YES	YES/0%	
ESD	Newmark & Company Real Estate, Inc. (dba NGKF) 125 Park Avenue 12th Floor New York, NY 10017	1/18/2017	10214	165,000	Provide real estate evaluation advisory services in conjunction with the review and evaluation of responses to the Joint Solicitation for the Development of the Empire Station Complex.	0	On-going	YES	YES/30%	Pre-Qualified Real Estate Development & Planning Related Consultants List
ESD	Etna Prestige Technology, Inc. 46 Harriet Place Lynbrook, NY 11563	6/23/2016	9923	151,915	Provide HVAC maintenance services on ESD owned installed equipment to insure operational reliability and efficiency.	7,648	On-going	YES	YES/30%	
ESD	Fitch Ratings, Inc. 33 Whitehall Street New York, NY 10004	8/12/2016	10012	150,000	Provide an indicative rating of ESD's credit to make available to entities that would seek to consider providing financing to ESD for the Empire Station Complex Project.	0	On-going	Legally Exempt	NO	Single Source
ESD	Kroll Bond Rating Agency, Inc. 845 Third Avenue, 4th Floor New York, NY 10022	3/9/2017	10476	140,000	Provide an indicative credit rating, and optionally a full rating in connection with Farley Complex - Moynihan Station Civic and Land Use Improvement Project.	0	On-going	YES	NO	
ESD	Moody's Investors Service, Inc. 7 World Trade Center, 250 Greenwich Street New York, NY 10007	3/9/2017	10485	135,000	Provide an indicative credit rating and optionally a full rating for Transportation Infrastructure Finance and Innovation Act financing.	0	On-going	YES	NO	

Empire State Development
Annual Procurement Contracts
Entered During the Fiscal Year 2017 (04/01/2016-03/31/2017)

CO.	VENDOR NAME	ORIGINAL CONTRACT DATE	CONT #	CONTRACT AMOUNT	INITIAL SCOPE OF SERVICES	PAYMENTS DURING FISCAL YEAR	CURRENT STATUS	COMPETITIVE SEARCH	MWBE ELIGIBLE	COMMENTS
									CONTRACTS/ASSIGNED GOALS	
ESD	Schoeman Updike & Kaufman LLP 551 Fifth Avenue New York, NY 10176	5/5/2016	9794	120,000	Provide legal services in connection with the disposition of the former Arthur Kill Correctional Facility on Staten Island.	64,938	On-going	YES	YES/30%	Pre-Qualified Counsel List Certified WBE
ESD	Newmark Grubb Knight Frank 125 South Wacker Drive, Suite 2550 Chicago, IL 60606	9/19/2016	10039	112,920	Provide consulting expertise to identify the appropriate location for the AIM Photonics Facility in Rochester, NY.	0	On-going	YES	NO	Pre-Qualified Real Estate Development & Planning Related Consultants List
ESD	AKRF 440 Park Avenue South, 7th Floor New York, NY 10016	11/21/2016	10146	100,000	Provide environmental review and SEQRA assessment for proposed uses in the Penn Station/Farley Complex based on developer proposals.	99,135	On-going	YES	NO	Pre-Qualified Real Estate Development & Planning Related Consultants List
ESD	Orrick Herrington & Sutcliffe LLP. 51 West 52nd Street New York, NY 10019	3/16/2017	9485	100,000	Provide legal services to ESD in connection with the financing for the construction of the Daniel Patrick Moynihan Station.	10,468	On-going	YES	NO	Pre-Qualified Counsel List
ESD	Skadden, Arps, Slate, Meagher & Flom, LLP. And Affiliates 1440 New York Ave., NW Washington, DC 20005	7/1/2016	10266	100,000	Provide legal services in connection with the disbursement of the final tranche of the federal fundings in reference with the Innovate NY Program.	65,750	On-going	YES	NO	Pre-Qualified Counsel List
ESD	Michael Baker Engineering, Inc. 11 Martine Ave, Suite 675 White Plains, NY 10606	5/9/2016	9795	93,500	Provide Geographic Information Systems (GIS) support and cost-modeling analyses in connection with the evaluation and selection of applications to the New NY Broadband Program.	177,138	On-going	YES	YES/0%	
ESD	Marcum Technology 10 Melville Park Road Melville, NY 11747	5/16/2016	9819	81,545	Provide primary storage to ensure that all of ESD's systems and files are backed up in the event of a disaster or loss.	81,545	On-going	YES	NO	Vendor under State OGS competitive contract.

Empire State Development
Annual Procurement Contracts
Entered During the Fiscal Year 2017 (04/01/2016-03/31/2017)

CO.	VENDOR NAME	ORIGINAL CONTRACT DATE	CONT #	CONTRACT AMOUNT	INITIAL SCOPE OF SERVICES	PAYMENTS DURING FISCAL YEAR	CURRENT STATUS	COMPETITIVE SEARCH	MWBE ELIGIBLE CONTRACTS/ASSIGNED GOALS	COMMENTS
ESD	Jones Lang LaSalle Americas, Inc 148 West 37th Street New York, NY 10018	1/24/2017	10239	80,000	Provide construction/feasibility assumptions for the Moynihan Train Hall as ESD is applying for a Federal TIFIA loan to fund the construction.	59,360	On-going	YES	YES/30%	Pre-Qualified Real Estate Development & Planning Related Consultants List
ESD	Integration Partners 71 West 23rd Street, Suite 614 New York, NY 10010	3/30/2017	10418	68,946	Provide switch upgrade which is critical for the NYC Datacenter and network.	0	On-going	YES	NO	Vendor under State OGS competitive contract.
ESD	Lighttower Fiber Network I, LLC. 80 Central Street, Boxborough, MA 01719	6/8/2016	9858	57,000	Provide redundant internet connectivity to support ESD's applications and communications for daily operations.	11,806	On-going	YES	NO	Vendor under State OGS competitive contract.
ESD	Law Offices of Joseph C. Reid, P.A 230 Park Avenue, Suite 1000 New York, NY 10169	5/3/2016	9791	52,272	Provide tax and bond counsel services related to the disposition of various correctional, juvenile and other facilities owned by, and/or financed with bonds issued by ESD.	0	On-going	YES	YES/23%	Pre-Qualified Counsel List Certified MWBE
ESD TOTAL:				\$10,864,672		\$4,087,794				
BROOKLYN ARENA LOCAL DEVELOPMENT CORPORATION										
BALDC	Law Offices of Joseph C. Reid, P.A 230 Park Avenue, Suite 1000 New York, NY 10169	12/12/2016	10158	Up to 2%	Provide legal services in connection with the issuance of the proceeds of the bonds to refund bonds that financed a portion of the construction of the Arena at Barclays Center in Brooklyn, NY.	0	On-going	YES	YES/30%	Pre-Qualified Counsel List Certified MWBE
BALDC	Hardwick Law Firm, LLC. 2405 Grand Boulevard, Suite 8000 Kansas City, Missouri 64105	10/6/2016	10089	Up to 2%	Provide legal services (together with Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.) in connection with the issuance of the bonds to refund bonds that financed a portion of the construction of the Arena at Barclays Center in Brooklyn, NY.	0	On-going	YES	YES/30%	Pre-Qualified Counsel List Certified MBE
BALDC	Mintz, Levin, Cohn, Ferris, Glovsky & Popeo, P.C. 66 Third Avenue New York, NY 10017	10/14/16	10099	Up to 2%	Provide legal services (together with Hardwick Law Firm) of the proceeds in connection with the issuance of the bonds to refund of the bonds that financed a portion of the construction of the Arena at Barclays Center in Brooklyn, NY.	0	On-going	YES	N/A	Pre-Qualified Counsel List
BALDC TOTAL:				Up to 2% of the proceeds of the bonds		\$0				

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CO.	VENDOR NAME	ORIGINAL	CONT	CONTRACT	INITIAL SCOPE	PAYMENTS DURING	CURRENT	COMPETITIVE	MWBE ELIGIBLE	COMMENTS
		CONTRACT							DATE	
CONVENTION CENTER DEVELOPMENT CORPORATION										
CCDC	D. Seaton & Associates, P.A., P.C. 245 Park Ave. 39th Floor New York, NY 10167	6/21/2016	9913		Up to 2% Provide legal services in connection with the issuance of the proceeds bonds to fund the continuing expansion and renovation of of the bonds the Jacob K. Javits Convention Center.	165,000	On-going	YES	YES/30%	Pre-Qualified Counsel List Certified MBE
CCDC	Nixon Peabody LLP 437 Madison Ave, 23rd Floor New York, NY 10022	6/21/2016	9914		Up to 2% Provide co-bond counsel services (together with the Law of the proceeds Office of Joseph C. Reid) in connection with the issuance of the bonds of bonds to fund the continuing expansion and renovation of the Jacob K. Javits Convention Center.	150,000	On-going	YES	YES/50%	Pre-Qualified Counsel List
CCDC	Law Offices of Joseph C. Reid, P.A. 230 Park Ave, Suite 1000 New York, NY 10169	7/13/2016	9932		Up to 2% Provide co-bond counsel services (together with Nixon of the proceeds Peabody LLP) in connection with the issuance of bonds to of the bonds fund the continuing expansion and renovation of the Jacob K. Javits Convention Center.	150,000	Completed	YES	YES/50%	Pre-Qualified Counsel List Certified MWBE
CCDC	Tishman Construction Corporation of New York 100 Park Avenue New York, NY 10017	2/7/2017	10155	38,000,000	Provide project management services for the design-build plan of the Jacob Javits Center Expansion Project.	0	On-going	YES	YES/30%	
CCDC	Tishman Construction, an AECOM Company 100 Park Avenue New York, NY 10017	6/9/2016	9885	8,000,000	Provide construction management services related to the relocation of the transformer yard and a number of utilities at the Jacob K. Javits Center.	5,075,910	On-going	YES	YES/30%	
CCDC	Hawkins, Delafield & Wood LLP 28 Liberty Street New York, NY 10005	7/13/2016	9935	2,000,000	Provide legal services in connection with the Jacob K. Javits Convention Center Expansion and Renovation Civic and Land Use Improvement Project.	500,906	On-going	YES	NO	Pre-Qualified Counsel List
CCDC	Langan Engineering, Environmental, Surveying and Landscape Architecture, D.P.C. 21 Penn Plaza, 360 West 31st St. 8th Fl. New York, NY 10001	6/2/2016	9843	750,000	Provide geotechnical advisory services and design work related to the relocation of the transformer yard and a number of utilities and the overall expansion project at the Jacob K. Javits Center.	703,647	On-going	Legally Exempt	NO	Single Source

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CO.	VENDOR NAME	ORIGINAL CONTRACT DATE	CONT #	CONTRACT AMOUNT	INITIAL SCOPE OF SERVICES	PAYMENTS DURING FISCAL YEAR	CURRENT STATUS	COMPETITIVE SEARCH	MWBE ELIGIBLE CONTRACTS/ASSIGNED GOALS	COMMENTS
CCDC	Ernst & Young Infrastructure Advisors, LLC. 5 Times Square New York, NY 10036	9/21/2016	10033	750,000	Provide procurement support and advisory services to administer the design-build RFP for the Javits Center Expansion Project.	309,357	On-going	Legally Exempt	YES/30%	Single Source
CCDC	Lehrer, LLC. 888 7th Avenue, Suite 1503 New York, NY 10019	8/17/2016	9986	750,000	Provide advisory services to assist CCDC in the supervision and management of the Jacob K. Javits Convention Center Expansion Project.	631,686	On-going	Legally Exempt	NO	Single Source
CCDC	Tishman Construction Corporation of New York 100 Park Avenue New York, NY 10017	7/13/2016	9977	529,000	Provide construction advisory services to assist in the preparation of bridging documents for a proposed Design-Build Request for Proposals and related services for the Jacob K. Javits Convention Center Expansion Project.	672,484	On-going	Legally Exempt	NO	Single Source
CCDC	K2 Intelligence, LLC. 845 3rd Avenue New York, NY 10022	1/3/2017	10192	400,000	Provide CCDC with procurement integrity monitoring and reporting services for the Javits Center Expansion Project.	157,231	On-going	YES	YES/30%	
CCDC	Tectonic Engineering & Surveying Consultants PC 29-24 40th Avenue Long Island City, NY 11101	11/28/2016	10148	182,730	Provide inspection services in connection with the requirements of DASNY for the construction of a new transformer yard at the Javits Center.	10,911	On-going	YES	YES/30%	
CCDC	AKRF 440 Park Avenue South, 7th Floor New York, NY 10016	6/22/2016	9915	150,000	Provide environmental consulting services in connection with the Javits Convention Center Project.	109,880	On-going	YES	YES/30%	Pre-Qualified Real Estate Development & Planning Related Consultants List
CCDC	WSP USA, Corp. 512 Seventh Avenue, 13th Floor New York, NY 10018	8/16/2016	9987	119,000	Provide advisory services for mechanical, electrical, plumbing and fire protection engineering related to cost estimation for Jacob K. Javits Convention Center Expansion Project.	119,000	Completed	Legally Exempt	NO	Single Source
CCDC	Public Resources Advisory Group 39 Broadway, Suite 1210 New York, NY 10006	6/6/2016	9897	115,000	Provide bond counsel services to assist with various aspects of the bond issuance, including structuring and pricing of the bonds.	115,000	Completed	YES	YES/30%	Pre-Qualified Underwriters, Financial Advisors List
CCDC TOTAL:				\$51,745,730		\$8,871,012				

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ERIE CANAL HARBOR DEVELOPMENT CORPORATION										
ECHDC	Trowbridge Wolf Michaels Landscape Architects LLP. 1001 West Seneca Street Suite 201 Ithaca, NY 14850	12/21/2016	10193	1,560,000	Provide architectural/engineering design and construction inspection services to improve seasonal, recreational and tourist access use and enjoyment of the Outer Harbor.	0	On-going	YES	YES/30%	
ECHDC	Entro Communications, Inc. 33 Harbour Square, Suite 202 Toronto, Ontario M5J 2G2	11/17/2016	10143	1,150,000	Provide design and fabrication services of the Canalside Wayfinding & Interpretive Signage Project.	0	On-going	YES	YES/30%	
ECHDC	LeChase Construction Services, LLC. 487 Main Street, Suite 200 Buffalo, NY 14203	7/14/2016	9968	254,000	Provide construction management services for the pre-construction phase of the Explore & More Children's Museum core and shell building in Buffalo.	175,633	On-going	YES	YES/30%	
ECHDC	City of Buffalo 65 Niagara Square Buffalo, NY 14202	6/2/2016	9912	250,000	Management agreement between the City of Buffalo and Erie Canal Harbor Development Corporation (ECHDC), which allows ECHDC to have site management rights and responsibilities on the city owned land as a part of the greater Canalside Project.	50,000	On-going	N/A		
ECHDC	NYS Office of Parks, Recreation & Historic Preservation, Niagara Regional Office Prospect Park, PO Box 1132 Niagara Falls, NY 14303	4/13/2016	9772	158,092	Memorandum of Understanding to provide operations and maintenance of land associated with ECHDC owned property on Buffalo's Outer Harbor.	105,395	On-going	N/A		
ECHDC	Lake Erie Marina, LLC 308 Letterman Road Knoxville, TN 37919	3/31/2017		0	Provide marina operations at First Buffalo River Marina and in return ECHDC will receive a base rent and percentage of revenue.	0	On-going	YES	YES/30%	
ECHDC TOTAL:				\$3,372,092		\$331,028				

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HARLEM COMMUNITY DEVELOPMENT CORPORATION										
HCDC	Brooklyn Mechanical Heating Corp. 1429 Mill Avenue Brooklyn, NY 11234	11/4/2016	10139	158,200	Provide heating system replacement at 1878 7th Avenue.	142,380	On-going	YES	NO	Vendor under NYS DHCR competitive contract
HCDC	A & C Heating Services, Inc. 111 Clay Street Brooklyn, NY 11222	2/7/2017	10264	93,347	Provide heating system replacement at 100 West 121st Street.	16,694	On-going	YES	NO	Vendor under NYS DHCR competitive contract
HCDC	Bondee Enterprises Inc. T/A Ranshaw Fuel Plumbing and Heating 151-01 14th Avenue Whitestone, New York 11357	4/11/2016	9744	89,500	Provide heating system replacement at 240E 119 Street.	89,500	Completed	YES	NO	Vendor under NYS DHCR competitive contract
HCDC	A & C Heating Services, Inc. 111 Clay Street Brooklyn, NY 11222	12/13/2016	10161	75,700	Provide heating system replacement at 139 West 138th Street.	11,400	On-going	YES	NO	Vendor under NYS DHCR competitive contract
HCDC	Heat, Inc. 1215 Second Avenue New Hyde Park, NY 11040	1/18/2017	10218	52,700	Provide heating system replacement at 360 West 117th Street.	28,291	Completed	YES	NO	Vendor under NYS DHCR competitive contract
HCDC	Heat, Inc. 1215 Second Avenue New Hyde Park, NY 11040	1/18/2017	10217	52,700	Provide heating system replacement at 304 West 120th Street.	28,291	Completed	YES	NO	Vendor under NYS DHCR competitive contract
HCDC TOTAL:				\$522,147		\$316,556				

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LOWER MANHATTAN DEVELOPMENT CORP										
LMDC	Texas A&M University, Sponsored Research Services 400 Havey Mitchell Parkway South, Suite 300 College Station, Texas 77845-4375	7/19/2016	9976	800,000	Provide conservation of the World Trade Center Ship that was excavated at the WTC Site in July 2010 and August 2011.	116,130	On-going	Legally Exempt	YES/20%	Single Source
LMDC	EFPR Group, LLP 6390 Main Street, Suite 200 Williamsville, NY 14221	4/20/2016	9779	120,000	Provide audit of the general purpose financial statements of the LMDC as of and for the years Ending March 31, 2016, 2017, and 2018. To include a Single Audit of Federal Awards.	40,000	On-going	YES	YES/20%	
LMDCTOTAL:				\$920,000		\$156,130				
NY TRANSPORTATION DEVELOPMENT CORP										
TDC	Winston & Strawn LLP 200 Park Ave. New York, NY 10166	6/6/2016	9849		Up to 2% Provide counsel regarding the refunding of revenue bonds of the proceeds related to JFK Airport - Terminal 8. of the bonds	0	On-going	YES	YES/30%	
TDC	Hardwick Law Firm, LLC. 1501 Broadway, 12th Floor New York, NY 10036	6/13/2016	9869	250,000	Provide bond counsel services (together with Winston & Strawn LLP) in connection with the refunding of revenue bonds related to John F. Kennedy Airport - Terminal 8.	0	On-going	YES	YES/30%	Pre-Qualified Counsel List Certified MBE
TDC	D. Seaton & Associates, P.A., P.C. 245 Park Ave. 39th Floor New York, NY 10167	6/17/2016	9896	250,000	Provide disclosure bond counsel services in connection with the refunding of revenue bonds related to John F. Kennedy Airport - Terminal 8.	0	On-going	YES	YES/30%	Pre-Qualified Counsel List Certified MBE
TDC	D. Seaton & Associates, P.A., P.C. 245 Park Ave. 39th Floor New York, NY 10167	5/13/2016	9818	65,000	Provide counsel services regarding securities laws, bonds, taxes, and the required disclosure of these related legal matters in connection with the refunding of bonds used to finance Terminal One at John F. Kennedy International Airport.	0	On-going	YES	YES/30%	Pre-Qualified Counsel List Certified MBE
TDCTOTAL:				\$565,000		\$0				
				<u>66,946,457</u>	Contract Totals	<u>\$12,719,336</u>				
				<u>22,573,829</u>	Amendment Totals	<u>\$37,100,381</u>				
				<u>89,520,286</u>	GRAND TOTALS	<u>\$49,819,717</u>				

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CO.	VENDOR NAME	BEGIN DATE	AMEND. DATE	CONTRACT NUMBER	ORIGINAL CONTRACT AMOUNT	AMEND AMOUNT	SCOPE OF SERVICES	REVISED CONTRACT AMOUNT	AMOUNT EXPENDED FOR FISCAL YEAR	CURRENT STATUS	CONTRACT REPORTER	MWBE ELIGIBLE CONTRACTS/ ASSIGNED GOALS	COMMENTS
EMPIRE STATE DEVELOPMENT													
ESD	National Railroad Passenger Corp. (Amtrak) 2955 Market Street Philadelphia, PA 19104	5/31/2012	2/2/2017	7797	33,000,000	3,750,000	Provide MSDC with Amtrak's Force Account services required for the early action work of the Phase 2 project, as well as the transition from Phase 1 to Phase 2.	36,750,000	2,193,989	On-going	Legally Exempt	YES/30%	Sole Source
ESD	Tilson Technology Management, Inc. 245 Commercial Street, Suite 203 Portland, ME 04101	4/15/2016	11/2/2016	9770	236,500	588,500	Provide support in the review of the applications for Phase 2 of the New NY Broadband Program.	825,000	818,820	On-going	Legally Exempt	YES/30%	Single Source
ESD	Landair Inc. 350 5th Avenue New York, NY 10018	11/21/2014	1/9/2017	9068	375,000	375,000	Provide General Project Plan monitoring services in relation with the Columbia Manhattanville Project.	1,050,000	309,149	On-going	YES	YES/50%	Certified WBE
ESD	Orrick Herrington & Sutcliffe LLP 51 West 52 Street New York, NY 10019	8/13/2015	3/31/2017	9485	100,000	350,000	Continue to provide legal services to ESD in connection with the financing for the construction of the Daniel Patrick Moynihan Station, relating to tax exempt bond, TIFIA and RRIF financing.	450,000	10,468	On-going	N/A	NO	Pre- Qualified Counsel List
ESD	Costquest Associates, Inc. 6261 Ashbourne Place Cincinnati, Ohio 45233	5/2/2016	11/10/2016	9789	184,184	239,184	Provide Geographic Information Systems (GIS) support and cost-modeling analyses in connection with the Phase 2 evaluation and selection of applications to the New NY Broadband Program.	423,368	423,368	On-going	Legally Exempt	YES/0%	Single Source
ESD	Carter Ledyard Two Wall Street New York, NY 10005	9/26/2016	12/21/2016	10175	24,500	200,000	Continue to provide legal services regarding condemnation and related matters in connection with the Moynihan Station Project.	224,500	17,218	On-going	N/A	NO	Pre-Qualified Counsel List
ESD	Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. 666 Third Avenue New York, NY 10017	3/27/2015	3/22/2017	9202	80,000	195,000	Provide legal services in connection with entering into limited partnership arrangements with investment entities pursuant to the Technology Commercialization segment of the NYS Innovation Venture Capital Fund.	275,000	140,476	On-going	N/A	YES/30%	Pre-Qualified Counsel List

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CO.	VENDOR NAME	BEGIN DATE	AMEND. DATE	CONTRACT NUMBER	ORIGINAL CONTRACT AMOUNT	AMEND AMOUNT	SCOPE OF SERVICES	REVISED CONTRACT AMOUNT	AMOUNT EXPENDED FOR FISCAL YEAR	CURRENT STATUS	CONTRACT REPORTER	MWBE ELIGIBLE CONTRACTS/ ASSIGNED GOALS	COMMENTS
ESD	Dell Marketing, LP CO Dell USA L.P. P. O. Box 371964 Pittsburgh, PA 15240	11/17/2016	2/6/2017	10142	602,784	131,312	Purchase of SharePoint and Power BI Licenses in connection with ESD's storage, sharing and reporting initiatives.	734,096	200,928	On-going	N/A	NO	Vendor under State OGS competitive contract.
ESD	Michael Baker Engineering, Inc. 11 Martine Avenue White Plains, NY 10606	5/9/2016	12/20/2016	9795	93,500	93,500	Provide Geographic Information Systems (GIS) support and cost-modeling analyses in connection with the evaluation and selection of applications to the New NY Broadband Program.	187,000	177,138	On-going	Legally Exempt	NO	Single Source
ESD	Li/Saltzman Architects, PC 50 Broadway New York, NY 10004	11/18/2015	10/4/2016	9436	200,000	73,000	Provide historic preservation consulting services to ESD in reference to the long-term lease and adaptive reuse of the Bayview Correctional Facility located at 550 West 20th Street, NY, NY.	273,000	262,746	Completed	N/A	YES/30%	Pre-Qualified Real Estate Development & Planning Related Consultant List
ESD	William Alicea Calle Imperial 3 PH Old San Juan 00901	10/20/2015	4/20/2016	9829	38,828	59,325	Renew lease agreement for office space located at 260 Calle San Francisco in Old San Juan, PR, in connection with the promotion of economic development and tourism efforts.	98,154	56,807	On-going	N/A	N/A	
ESD	Hoguet NewmanRegal & Kenney, LLP 10 East 40th New York, NY 10016	6/9/2015	8/24/2016	10006	45,000	55,000	Provide legal services in connection with labor and employment matters.	100,000	33,766	On-going	N/A	YES/30%	Pre-Qualified Counsel List
ESD	EFPR Group 6390 Main Street Williamsville, NY 14221	12/20/2016	2/2/2017	10253	45,000	45,000	Continue to provide a forensic audit on behalf of ESD in connection with the financial records and transactions of SUNY Polytechnic, Fuller Road Management and Fort Schuyler Management Corporation.	90,000	44,821	Completed	Legally Exempt	NO	Single Source
ESD	AECOM 605 Third Avenue New York, NY 10017	1/27/2016	6/15/2016	9552	100,000	25,000	Provide real estate consulting services for engineering, design, and cost estimation on an as needed basis.	125,000	120,970	On-going	N/A	NO	Pre-Qualified Real Estate Development & Planning Related Consultant List

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ESD	Replace Urban Studio 12-16 Vestry Street New York, NY 10013	9/15/2015	11/7/2016	10138	50,000	15,000	Provide rendering and graphic services for a presentation on Brooklyn Bridge Developmental Center.	65,000	15,000	Completed	N/A	YES/20%	Pre-Qualified Real Estate Development & Planning Related Consultant List
ESD	Ernst & Young Infrastructure Advisors, LLC. 5 Times Square New York, NY 10036		3/30/2017	8699	973,500	1,500,000	Continue to provide a financial strategy for Phase 2 of the Moynihan Station project and associated passenger rail and transit improvements, as well as advise the corporation through financial close.			On-going	N/A	YES/23%	Pre-Qualified Real Estate Development & Planning Related Consultants List
ESD	Ernst & Young Infrastructure Advisors, LLC. 5 Times Square New York, NY 10036		7/20/2016	8699		600,000	Provide a financial strategy for Phase 2 of the Moynihan Station project and associated passenger rail and transit improvements.			On-going	N/A	YES/23%	Pre-Qualified Real Estate Development & Planning Related Consultants List
ESD	Ernst & Young Infrastructure Advisors, LLC. 5 Times Square New York, NY 10036	5/16/2014	11/2/2016	8699		350,000	Provide a financial strategy for Phase 2 of the Moynihan Station project and associated passenger rail and transit improvements.	3,423,500	600,374	On-going	N/A	YES/23%	Pre-Qualified Real Estate Development & Planning Related Consultants List
ESD	Bryan Cave 1290 Avenue of the Americas New York, NY 10104	6/4/2015	12/27/2016	9975	50,000	25,000	Provide legal services in connection with the long-term lease of the former Bayview Correctional Facility.			On-going	N/A	NO	Pre-Qualified Counsel List
ESD	Bryan Cave 1290 Avenue of the Americas New York, NY 10104		7/12/2016	9975		25,000	Continue to provide legal services in connection with the long-term lease of the former Bayview Correctional Facility.	100,000	92,497	On-going	N/A	NO	Pre-Qualified Counsel List
ESD	Wilmer Cutler Pickering Hale and Dorr LLP 250 Greenwich Street New York, NY 10007	8/4/2015	12/19/2016	9336	200,000	920,000	Continue to provide legal advice and counsel in connection with a subpoena served upon the Corporation by the United States Attorney for the Southern District of New York.			On-going	Legally Exempt	NO	Single Source

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ESD	Wilmer Cutler Pickering Hale and Dorr LLP 250 Greenwich Street New York, NY 10007	8/4/2015	12/19/2016	9336		400,000	Provide legal advice and counsel in connection with a subpoena served upon the Corporation by the United States Attorney for the Southern District of New York.			On-going	Legally Exempt	NO	Single Source
ESD	Wilmer Cutler Pickering Hale and Dorr LLP 250 Greenwich Street New York, NY 10007	8/4/2015	12/19/2016	9336		375,000	Provide legal advice and counsel in connection with a subpoena served upon the Corporation by the United States Attorney for the Southern District of New York.	1,895,000	1,639,498	On-going	Legally Exempt	NO	Single Source
ESD	Skidmore Owings & Merrill LLP 14 Wall Street New York, NY 10005	5/31/2011	1/27/2017	7273	7,116,930	8,521,789	Provide design and construction advisory services for the West End Concourse enhancements pertaining to Phase II and construction advisory services for Moynihan Train Hall Early Work.			On-going	Legally Exempt	YES/20%	Single Source
ESD	Skidmore Owings & Merrill LLP 14 Wall Street New York, NY 10005	5/31/2011	1/27/2017	7273		2,370,000	Provide design and construction advisory services for the West End Concourse enhancements pertaining to Phase II and construction advisory services for Moynihan Train Hall Early Work.			On-going	Legally Exempt	YES/20%	Single Source
ESD	Skidmore Owings & Merrill LLP 14 Wall Street New York, NY 10005	5/31/2011	2/17/2017	7273		987,023	Provide Phase I enhancement services as well as revisions and completion of final contract documents pertaining to Phase II of the Moynihan Project.	41,379,555	7,019,933	On-going	Legally Exempt	YES/20%	Single Source
ESD TOTAL:					\$43,515,726	\$22,268,633		\$88,468,173	\$ 14,177,966				

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CONVENTION CENTER DEVELOPMENT CORPORATION													
CCDC	Javits II Architects 25 West 19th Street New York, NY 10011	10/11/2005	4/1/2016	3218	43,734,999	18,987,488	Provide design and construction documents in connection with the Expansion Scope of Services program component of the agreement, which will require the relocation of a transformer yard and other utilities.			On-going	Legally Exempt	YES/20%	Single Source
CCDC	Javits II Architects 25 West 19th Street New York, NY 10011	10/11/2005	10/24/2016	3218		515,000	Assist with providing completion of convention center expansion bridging documents and support through the design-build procurement process.	116,204,422	19,584,732	On-going	Legally Exempt	YES/20%	Single Source
CCDC	Tishman Construction Corporation of New York 100 Park Avenue New York, NY 10017	7/13/2016	9/19/2016	9977	529,000	421,000	Provide support with review of alternative technical concepts and compliance with programs requirements.	950,000	672,484	On-going	Legally Exempt	NO	Single Source
CCDC TOTAL:					\$44,263,999	\$936,000		\$117,154,422	\$20,257,215				
LOWER MANHATTAN DEVELOPMENT CORPORATION													
LMDC	Carter, Ledyard & Milburn LLP 2 Wall Street New York, NY 10005	2/18/2009	1/26/2017	5833	365,000	75,000	Provide real estate, condemnation, and any related litigation services in connection with the ongoing implementation of the General Project Plan for the WTC Memorial and Cultural Program.	1,165,000	29,171	On-going	N/A	NO	Pre-Qualified Counsel List
LMDC	Something Digital 58 West 40th Street New York, NY 10018	3/20/2009	1/26/2017	5978	109,840	50,000	Provide website design, hosting, and maintenance services to LMDC through December 31, 2015.	398,160	32,450	On-going	Legally Exempt	NO	Single Source
LMDC	Venable LLP 575 7th Street, NW Washington, DC 20004	6/13/2008	1/26/2017	5405	15,000	175,000	Provide legal services related to environmental and insurance matters on an as needed basis thru March 31, 2018.			On-going	N/A	YES/20%	Pre-Qualified Counsel List
LMDC	Venable LLP 575 7th Street, NW Washington, DC 20004	6/13/2008	1/26/2017	5405		44,196	Provide legal services related to environmental and insurance matters on an as needed basis thru March 31, 2018.	844,196	70,189	On-going	N/A	YES/20%	Pre-Qualified Counsel List
LMDC	Winston & Strawn LLP 200 Park Avenue New York, NY 10166	10/16/2012		7918	6,600,000	-2,725,000	Provide legal services in connection with 130 Liberty Street, including advise and services in connection with pending or potential claims, disputes and/or litigation relating to the abatement and deconstruction of the building.	15,700,000	48,469	On-going	Legally Exempt	YES/20%	Single Source
LMDC TOTAL:					\$7,089,840	-\$2,380,804		\$18,107,356	\$180,279				

Empire State Development
Annual Procurement Contracts (Amendments)
Executed During Fiscal Year 2017 (04/01/2016-03/31/2017)

CO.	VENDOR NAME	BEGIN DATE	AMEND. DATE	CONTRACT NUMBER	ORIGINAL CONTRACT AMOUNT	AMEND AMOUNT	SCOPE OF SERVICES	REVISED CONTRACT AMOUNT	AMOUNT EXPENDED FOR FISCAL YEAR	CURRENT STATUS	CONTRACT REPORTER	MWBE ELIGIBLE CONTRACTS/ ASSIGNED GOALS	COMMENTS
MOYNIHAN STATION DEVELOPMENT CORPORATION													
MSDC	Port Authority of New York & New Jersey 4 World Trade Center 150 Greenwich Street New York, NY 10007	7/11/2011	1/17/2017	7396	4,500,000	1,500,000	Provide project management services for construction of Phase 2 in connection with the Moynihan Station Project.	6,000,000	2,234,921	On-going	Legally Exempt	NO	Single Source
MSDC TOTAL:					\$4,500,000	\$1,500,000		\$6,000,000	\$2,234,921				
NEW YORK TRANSPORTATION DEVELOPMENT CORPORATION													
TDC	Winston & Strawn, LLP 200 Park Avenue New York, NY 10166	12/22/2015	5/20/2016	9504	245,000	130,000	Provide bond counsel services in connection with the refunding of revenue bonds related to John F. Kennedy Airport-Terminal 1.	375,000	130,000	Completed	N/A	YES/30%	Pre-Qualified Counsel List
TDC	Hardwick Law Firm 1501 Broadway New York, NY 10036	1/8/2016	6/13/2016	9555	105,000	120,000	Provide co-bond counsel services in connection with the refunding of revenue bonds related to John F. Kennedy Airport-Terminal 1.	225,000	120,000	On-going	N/A	YES/30%	Pre-Qualified Counsel List MWBE co-counsel to Winston & Strawn
TDC TOTAL:					\$350,000	\$250,000		\$600,000	\$250,000				
GRAND TOTAL:					\$99,719,565	\$22,573,829		\$230,329,951	\$37,100,381				

**EMPIRE STATE DEVELOPMENT
PROCUREMENT CONTRACTS EXECUTED
PRIOR TO 04/01/2016 WITH FY' 2017 PAYMNETS**

Contract Number	Contract Date	Vendor Name	Program Name	Contract Amount	Total Disbursement	Balance As of 03-31-2017	Payment During FY 2017
8301	07/30/13	Arts Services Initiative Of Western NY	ECHDC	264,550	259,680	4,870	18,827
8025	02/07/13	Audubon Architecture, Engineering	ECHDC	1,331,280	1,331,280	-	5,832
8272	06/21/13	Biederman Redevelopment Ventures Corp.	ECHDC	846,192	731,661	114,530	53,510
7359	06/22/11	C And S Engineers, Inc.	ECHDC	2,827,000	2,693,382	133,618	2,925
8836	09/18/14	City Of Buffalo	ECHDC	2,038,000	1,987,140	50,860	99,200
9912	06/02/14	City Of Buffalo	ECHDC	250,000	50,000	200,000	50,000
9269	05/19/15	Didonato Associates	ECHDC	140,000	132,378	7,622	47,901
8300	07/30/13	Eric Mower And Associates	ECHDC	548,900	513,662	35,238	76,520
7767	06/04/12	Foit-Albert Associates	ECHDC	1,840,797	1,633,989	206,808	25,479
8678	04/29/14	Fontanese Folts Aubrecht Ernst	ECHDC	2,076,726	2,041,118	35,608	548,470
8672	04/01/14	Global Spectrum L.P.	ECHDC	6,654,570	6,459,885	194,685	1,998,021
6589	03/19/10	Liro Engineers, Inc.	ECHDC	2,271,693	2,216,937	54,756	23,815
6206	07/27/09	PB Americas, Inc.	ECHDC	3,990,214	3,209,084	781,130	84,027
7281	06/06/11	Perkins Eastman Architects, P.C.	ECHDC	1,012,549	958,466	54,083	52,229
7957	10/31/12	Phillips Lytle LLP	ECHDC	2,600,000	2,189,956	410,044	516,006
9531	12/22/15	Pinto Construction Services	ECHDC	757,040	743,672	13,368	743,672
9003	12/10/14	Queen City Ferry Company Inc	ECHDC	774,818	321,531	453,287	141,376
9339	08/06/15	Scott Lawn Yard Inc	ECHDC	2,151,600	2,151,600	-	515,312
			ECHDC Total	32,375,928	29,625,423	2,750,506	5,003,123
8378	10/01/13	Baker, Donelson, Berman, Caldwell & Berkowitz PC	Economic Development	984,480	900,630	83,850	92,447
			Economic Development Total	984,480	900,630	83,850	92,447
8495	07/01/13	633 Third 33 Equities LLC	ESDC - 633 Third Ave.- Lease	33,362,245	25,353,894	8,008,351	7,032,920
			ESDC - 633 Third Ave.- Lease Total	33,362,245	25,353,894	8,008,351	7,032,920
9136	03/11/15	Ricoh USA, Inc	ESDC - Administration	370,866	134,988	235,878	69,255
			ESDC - Administration Total	370,866	134,988	235,878	69,255
9588	02/05/16	EFPR Group, LLP	ESDC - Annual Audit	631,000	207,000	424,000	207,000
			ESDC - Annual Audit Total	631,000	207,000	424,000	207,000
1889	02/22/99	Orrick Herrington And Sutcliffe, LLP.	ESDC - Arbitrage Bond Services	671,000	354,500	316,500	12,000
			ESDC - Arbitrage Bond Services Total	671,000	354,500	316,500	12,000
8691	05/07/14	Gonzalez, Saggio & Harlan LLP	ESDC - Arthur Kill	300,000	78,178	221,822	248
9110	03/03/15	Vhb Engineering, Surveying And Landscape	ESDC - Arthur Kill	255,200	201,739	53,461	89,250

* No-Upset Contracts

**EMPIRE STATE DEVELOPMENT
PROCUREMENT CONTRACTS EXECUTED
PRIOR TO 04/01/2016 WITH FY' 2017 PAYMNETS**

Contract Number	Contract Date	Vendor Name	Program Name	Contract Amount	Total Disbursement	Balance As of 03-31-2017	Payment During FY 2017
			ESDC - Arthur Kill Total	555,200	279,918	275,282	89,498
3400	01/24/06	AKRF Inc.	ESDC - Atlantic Yards	7,700,000	7,403,158	296,842	4,910
3311	12/13/05	Berger And Webb, LLP	ESDC - Atlantic Yards	*	15,670,684	N/A	2,414,660
3738	06/08/06	Bryan Cave LLP	ESDC - Atlantic Yards	*	9,420,593	N/A	74,583
4869	06/11/07	Henningson, Durham And Richardson	ESDC - Atlantic Yards	4,145,000	3,755,558	389,442	532,920
3783	06/26/06	Skadden Arps Slate Meagher And Flom LLP	ESDC - Atlantic Yards	*	10,062,084	N/A	547,238
6717	05/25/10	STV Incorporated	ESDC - Atlantic Yards	5,000,000	4,091,910	908,090	631,147
			ESDC - Atlantic Yards Total	16,845,000	50,403,986	1,594,374	4,205,458
6630	03/23/10	Law Offices Of Donald J. Tobias	ESDC - Bankruptcy Matters	1,350,000	430,165	919,835	37,032
1911	05/18/04	McNamee Lochner Titus And Williams, P.C.	ESDC - Bankruptcy Matters	200,000	195,956	4,044	735
			ESDC -Bankruptcy Matters Total	1,550,000	626,121	923,879	37,766
9436	11/18/15	Li-Saltzman Architects P.C.	ESDC - Bayview Correctional Facility	273,000	272,138	862	262,746
9558	01/27/16	Philip Habib & Associates	ESDC - Bayview Correctional Facility	73,791	73,791	-	68,696
8891	10/22/14	Schoeman, Updike & Kaufman & Stern LLP	ESDC - Bayview Correctional Facility	300,000	199,971	100,029	174,483
			ESDC-Bayview Correctional Facility Total	646,791	545,900	100,891	505,925
9507	12/30/15	Dentons Us Llp	ESDC - Bond Counsel	175,000	100,257	74,743	25,240
9568	02/05/16	Hawkins Delafield And Wood Llp	ESDC - Bond Counsel	350,000	348,197	1,803	348,197
9605	02/18/16	Law Offices Of Joseph C. Reid, P.A.	ESDC - Bond Counsel	150,000	150,000	-	75,000
			ESDC-Bond Total	675,000	598,454	76,546	448,437
8267	07/03/13	Buffalo Bills	ESDC - Buffalo Bills	130,000,000	129,262,342	737,658	5,201,377
8680	05/06/14	Foley & Lardner LLP	ESDC - Buffalo Bills	350,000	207,124	142,876	1,057
			ESDC - Buffalo Bills Total	130,350,000	129,469,466	880,534	5,202,434
2577	12/15/04	Carter Ledyard And Milburn	ESDC-Columbia University	*	14,915,291	N/A	201,464
9068	11/21/14	Landair, Inc.	ESDC-Columbia University	1,125,000	699,939	425,061	309,149
			ESDC-Columbia University Total	1,125,000	15,615,230	425,061	510,613
10147	03/24/16	Holland And Knight LLP	ESDC - Empire Station Complex	450,000	258,637	191,363	258,637
			ESDC - Empire Station complex Total	450,000	258,637	191,363	258,637
8317	06/28/13	Liro Engineers, Inc.	ESDC - Episcopal Church				
8848	10/07/14	Total Wrecking & Environmental, LLC	ESDC - Episcopal Church	5,423,913	5,365,104	58,810	407,744

* No-Upset Contracts

**EMPIRE STATE DEVELOPMENT
PROCUREMENT CONTRACTS EXECUTED
PRIOR TO 04/01/2016 WITH FY' 2017 PAYMNETS**

Contract Number	Contract Date	Vendor Name	Program Name	Contract Amount	Total Disbursement	Balance As of 03-31-2017	Payment During FY 2017
			ESDC - Episcopal Church Total	5,423,913	5,365,104	58,810	407,744
2698	12/27/02	AKRF Inc.	ESDC - Farley Building	5,326,500	5,273,629	52,871	5,730
85	04/18/03	Bryan Cave LLP	ESDC - Farley Building	5,400,000	5,390,293	9,707	189,813
8935	11/05/14	Bryant Rabbino LLP	ESDC - Farley Building	200,000	197,110	2,890	17,200
8699	05/16/14	Ernst & Young	ESDC - Farley Building	3,423,500	1,572,456	1,851,044	600,374
9492	12/23/15	G&E Appraisal Services LLC	ESDC - Farley Building	100,000	100,000	-	25,000
6687	04/28/10	Holland And Knight LLP	ESDC - Farley Building	1,150,000	1,148,026	1,974	42,820
9203	03/26/15	Skadden Arps Slate Meagher And Flom LLP	ESDC - Farley Building	250,000	237,477	12,523	141,387
			ESDC - Farley Building Total	15,850,000	13,918,991	1,931,009	1,022,323
10138	09/15/15	Replace Urban Studio Architects, P.C.	ESDC - 888 Fountain Ave.	65,000	65,000	-	15,000
9355	09/02/15	STV Incorporated	ESDC - 888 Fountain Ave.	996,600	692,356	304,244	331,832
			ESDC - Fountain Ave Total	1,061,600	757,356	304,244	346,832
9066	01/23/15	Willis Of New York, Inc.	ESDC - Insurance	375,000	88,633	286,367	2,932
			ESDC - Insurance Total	375,000	88,633	286,367	2,932
9202	03/27/15	Mintz Levin Cohn Ferris Glovsky &	ESDC - Legal	275,000	162,995	112,005	140,476
9336	08/04/15	Wilmerhale	ESDC - Legal	1,895,000	1,839,474	55,526	1,639,498
8506	01/17/14	Winston And Strawn LLP	ESDC - Legal	300,000	256,408	43,592	193,800
			ESDC - Legal Total	2,470,000	2,258,877	211,123	1,973,774
8007	01/15/13	Menter Rudin Trivelpiece PC	ESDC- Legal Foreclosure Service *		19,430	N/A	3,168
			ESDC- Legal Foreclosure Service Total	-	19,430	-	3,168
9552	01/27/16	Aecom Usa Inc	ESDC - Real Estate	125,000	120,970	4,030	120,970
9617	03/01/16	BJH Advisors, LLC	ESDC - Real Estate	75,000	19,189	55,811	19,189
			ESDC - Legal Real Estate Total	200,000	140,159	59,841	140,159
1711	04/20/04	Putney Twombly Hall & Hirson	ESDC - Legal-Human Resource *		478,939	N/A	80
			ESDC - Legal-Human Resource Total	-	478,939	-	80
9084	02/19/15	Applied Business Software, Inc	ESDC - Loan Servicing	51,902	49,593	2,310	4,618
			ESDC - Loan Servicing Total	51,902	49,593	2,310	4,618
8155	04/03/13	Cherry Road Technologies, Inc.	ESDC - MIS	180,000	156,000	24,000	36,000

* No-Upset Contracts

**EMPIRE STATE DEVELOPMENT
PROCUREMENT CONTRACTS EXECUTED
PRIOR TO 04/01/2016 WITH FY' 2017 PAYMNETS**

Contract Number	Contract Date	Vendor Name	Program Name	Contract Amount	Total Disbursement	Balance As of 03-31-2017	Payment During FY 2017
			ESDC - MIS Total	180,000	156,000	24,000	36,000
9410	10/16/15	Columbia Telecommunications Corp	ESDC - NY Broadband	180,000	46,599	133,401	46,599
			ESDC - NY Broadband Total	180,000	46,599	133,401	46,599
7506	12/05/11	BBDO Usa LLC	ESDC - NY Open for Business	247,500,000	237,372,148	10,127,852	1,148,596
9399	10/02/15	Lowe & Partners Worldwide Inc	ESDC - NY Open for Business	100,000,000	72,653,562	27,346,438	56,966,811
			ESDC - NY Open for Business Total	347,500,000	310,025,710	37,474,290	58,115,407
9717	03/30/16	Goldman, Antonetti And Cordova, LLC	ESDC - Office Puerto Rico	99,500	24,525	74,975	24,525
			ESDC - Puerto Rico Office Total	99,500	24,525	74,975	24,525
9297	06/11/15	AKRF INC.	ESDC - Pyschiatric	800,000	634,863	165,137	634,863
8874	10/17/14	Bryant Rabbino LLP	ESDC - Pyschiatric	300,000	181,315	118,685	79,350
9247	04/21/15	Sive Paget And Riesel P.C.	ESDC - Pyschiatric	400,000	162,267	237,733	52,495
			ESDC - Pychiatric Total	1,500,000	978,445	521,555	766,708
9390	09/15/15	Voltedge Inc	ESDC - Strategic Business	73,000	63,676	9,324	3,966
			ESDC - Strategic Business Total	73,000	63,676	9,324	3,966
5651	07/01/08	Michigan Street Development LLC.	ESDC - Upstate	5,202,480	4,510,774	691,706	489,761
9254	05/01/15	Research Foundation For The Suny	ESDC - Upstate	499,907	371,138	128,769	21,962
			ESDC - Upstate Total	5,702,387	4,881,912	820,475	511,723
9423	10/26/15	Cohnreznick LLP	ESNMC	500,000	37,825	462,175	31,500
9434	11/13/15	Rise Community Capital LLC	ESNMC	500,000	95,000	405,000	65,000
			ESNMC Total	1,000,000	132,825	867,175	96,500
8294	07/18/13	Bryant Rabbino LLP	HCDC	150,000	52,715	97,285	13,790
			HCDC Total	150,000	52,715	97,285	13,790
9282	06/12/15	Channing Redford Architect	HCDC - Victoria Theatre	197,180	55,270	141,910	24,925
9365	09/09/15	Phillips Lytle LLP	HCDC - Victoria Theatre	230,000	166,945	63,055	20,745
5477	07/27/08	Sive Paget And Riesel P.C.	HCDC - Victoria Theatre	350,000	329,230	20,770	6,677
			HCDC-Victoria Theatre Total	777,180	551,446	225,734	52,347
9420	10/13/15	East Coast Petroleum, Inc	HCDC - Weatherization	125,000	125,000	-	2,596

* No-Upset Contracts

**EMPIRE STATE DEVELOPMENT
PROCUREMENT CONTRACTS EXECUTED
PRIOR TO 04/01/2016 WITH FY' 2017 PAYMNETS**

Contract Number	Contract Date	Vendor Name	Program Name	Contract Amount	Total Disbursement	Balance As of 03-31-2017	Payment During FY 2017
9516	12/29/15	Heat Inc	HCDC - Weatherization	69,700	69,700	-	29,545
9253	04/16/15	Maxxum Construction Corp	HCDC - Weatherization	321,800	320,860	940	67,200
9700	03/31/16	New York Heating Corporation	HCDC - Weatherization	91,450	91,450	-	91,450
			HCDC-Weatherization Total	607,950	607,010	940	190,791
9086	02/18/15	Applied Business Software, Inc	JDA	51,902	40,357	11,545	4,618
60	12/11/96	Central New York Regional Market	JDA	1,914,125	1,165,409	748,716	54,421
9556	01/27/16	EFPR Group, LLP	JDA	91,000	60,000	31,000	60,000
			JDA Total	2,057,027	1,265,767	791,260	119,038
5661	10/31/08	AKRF Inc.	LMDC	2,420,000	1,865,905	554,095	20,226
2545	11/19/04	BFP One Liberty Plaza Co. LLC	LMDC	9,801,634	9,674,515	127,118	24,586
5833	02/18/09	Carter Ledyard And Milburn	LMDC	1,165,000	1,032,307	132,693	29,171
9639	03/11/16	Door3	LMDC	400,000	233,408	166,592	183,408
6115	06/12/09	Faithful Gould Inc.	LMDC	441,585	185,437	256,148	90,337
6257	08/28/09	Miller Advertising Agency, Inc.	LMDC	260,000	194,971	65,029	7,652
5978	03/20/09	Something Digital	LMDC	398,160	351,870	46,290	32,450
5405	06/13/08	Venable LLP	LMDC	844,196	589,663	254,533	70,189
7918	10/16/12	Winston And Strawn LLP	LMDC	15,700,000	8,864,217	6,835,783	48,469
			LMDC Total	31,430,575	22,992,295	8,438,280	506,489
9113	02/18/14	Consolidated Edison Company Of NY, Inc	MSDC	800,000	292,281	507,719	47,918
7797	05/31/12	National Railroad Passenger Corporation	MSDC	36,750,000	34,453,837	2,296,163	2,193,989
9485	08/13/15	Orrick Herrington And Sutcliffe, LLP.	MSDC	450,000	37,032	412,968	10,468
7021	12/23/10	PB Americas, Inc.	MSDC	3,817,559	3,551,820	265,739	65,529
7396	07/11/11	Port Authority Of NY And NJ	MSDC	6,000,000	4,329,991	1,670,009	2,234,921
7833	06/13/12	Skanska USA Civil Northeast Inc.	MSDC	225,138,335	206,722,842	18,415,493	39,302,903
8262	06/24/13	Skanska Usa Civil Northeast Inc.	MSDC	17,652,204	16,903,440	748,765	5,525,048
7273	05/31/11	Skidmore Owings And Merrill LLP	MSDC	39,481,375	31,003,058	8,478,316	7,019,933
7497	11/09/11	STA Joint Venture	MSDC	22,868,897	21,892,195	976,701	3,404,503
7112	02/01/11	Systra Engineering, Inc.	MSDC	4,039,312	3,690,706	348,606	134,331
7914	10/12/12	Thacher Associates LLC	MSDC	2,241,115	1,704,825	536,290	345,706
8517	08/03/13	The Research Foundation For The State University o	MSDC	354,865	344,553	10,312	101,997
110	05/15/00	URS Corporation	MSDC	7,682,992	7,507,584	175,408	32,641
			MSDC Total	367,276,653	332,434,164	34,842,489	60,419,886
9699	03/30/16	Jacob K. Javits Convention Center Of NY	NYCCDC	11,800,000	2,691,022	9,108,978	2,691,022
3218	10/11/05	Javits li Architecture, LLC	NYCCDC	116,204,422	113,917,308	2,287,114	19,584,732

* No-Upset Contracts

**EMPIRE STATE DEVELOPMENT
PROCUREMENT CONTRACTS EXECUTED
PRIOR TO 04/01/2016 WITH FY' 2017 PAYMNETS**

Contract Number	Contract Date	Vendor Name	Program Name	Contract Amount	Total Disbursement	Balance As of 03-31-2017	Payment During FY 2017
7926	10/16/12	Shearman And Sterling	NYCCDC	500,000	68,108	431,892	5,427
3069	09/01/05	Sive Paget And Riesel P.C.	NYCCDC	840,000	808,774	31,226	27,326
			NYCCDC Total	129,344,422	117,485,212	11,859,210	22,308,506
9637	03/04/16	D. Seaton & Associates, P.A. P.C. Counsel	NY Transportaion Dev. Corp.		64,477	N/A	64,477
9555	01/08/16	Hardwick Law Firm, LLC	NY Transportaion Dev. Corp.	225,000	225,000	-	120,000
9504	08/18/15	Winston And Strawn LLP	NY Transportaion Dev. Corp.	375,000	375,000	-	130,000
			NY Transportation Dev. Corp. Total	600,000	664,477	-	314,477
106	08/20/01	Abel Bainnson Butz Landscape A	QWDC				
7383	07/15/11	Fleming-Lee Shue, Inc.	QWDC	1,298,768	1,296,592	2,176	59,690
6179	07/10/09	Galvin Brothers	QWDC	18,163,329	18,151,685	11,644	10,000
2144	03/20/01	Sive Paget And Riesel P.C.	QWDC		8,958,967	N/A	14,203
			QWDC Total	19,462,097	28,407,243	13,820	83,893
5142	03/01/08	First Street Group, LLC	USA Niagara	573,000	520,475	52,525	57,300
6418	12/03/09	Global Spectrum L.P.	USA Niagara	2,688,907	2,674,292	14,615	6,701
8525	01/28/14	Global Spectrum L.P.	USA Niagara	2,130,600	2,121,494	9,106	704,858
8676	01/01/14	Global Spectrum L.P.	USA Niagara	2,817,625	2,809,500	8,125	1,110,064
9267	10/30/14	NYS Office Of Parks, Recreation And	USA Niagara	1,595,000	1,498,416	96,584	482,165
			USA Niagara Total	9,805,132	9,624,177	180,955	2,361,088
			Grand Total	1,163,770,849	1,107,845,425	115,515,887	173,548,874

* No-Upset Contracts

Item VI. C

FOR INFORMATION

June 29, 2017

TO: The Directors

FROM: Howard Zemsky

SUBJECT: FY 2016-17 Budget Variance Reports

In accordance with applicable law, attached are the FY2016-17 Empire State Development (ESD) operating budget variance reports by department level, as well as subsidiary operating and capital reports.

Total corporate department operating spending was approximately \$55.9 million, or 87% of the total \$64.4 million budget. This variance is principally attributable to reduced spending in non-personal services, primarily related to the government assessment (cost recovery expense) which was not utilized during the fiscal year. In addition, personal services expenses, including salaries plus fringe benefits, were lower than budgeted due to several vacant positions during the fiscal year. It is expected that most of these vacant positions will be filled in the next fiscal year.

Total subsidiary operating expenditures, excluding LMDC and HCDC Weatherization, was approximately \$4.5 million, or 88.5% of the total \$5.1 million budget. This variance is primarily attributable to lower employee salaries and fringe benefit costs related to vacant positions of several subsidiaries. Most of these positions will be filled in the next fiscal year. LMDC and HCDC's Weatherization Program spending is reported separately because each is federally funded. Both LMDC and HCDC's Weatherization program finished the fiscal year within budget.

Total FY2016-17 subsidiary capital spending was approximately \$96 million, or 50% of the \$193 million total subsidiary capital budget. FY2016-17 capital spending was lower than budget due to delayed construction expenditures for a number of subsidiary projects. While each construction project is expected to be completed on time, a significant portion of the construction costs will be paid during forthcoming fiscal years.

Departmental Budget Variance Report
March 31, 2017

	Admin Services	CFO	Controller	Corporate	Contract Admin	Community Economic Development	Design & Construction	Economic Analysis & Research	Economic Incentives	Executive Office	Global NY	Human Resources	Info Technology
ANNUAL BUDGET													
Personal Services (incl. Benefits)	\$ 514,320	\$ 226,000	\$ 1,874,337	\$ 13,060,657	\$ 1,280,419	\$ 1,058,763	\$ 655,969	\$ 188,264	\$ 517,278	\$ 1,716,672	\$ 469,563	\$ 595,425	\$ 1,275,825
Occupancy Expenses	-	-	-	7,828,000	-	-	-	-	-	-	-	-	-
Government Assessment Fee	-	-	-	3,736,000	-	-	-	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv / Computers, Software & Telephone	229,530	500	32,500	277,047	-200	18,132	1,000	33,080	100	3,000	10,750	27,400	15,000
Legal / Consulting / Accounting Fees	-	-	147,000	50,000	-	3,868	-	-	-	-	-	-	924,390
Office Supplies / Printing / Advertising	172,135	200	-	4,000	-	1,500	-	-	50	-	100	-	-
Insurance	-	-	-	361,870	-	-	-	-	-	-	-	-	-
Travel & Meals	8,500	3,000	2,000	-	3,500	20,000	8,000	10,500	2,500	80,000	30,000	1,000	10,500
On-Line Services, Dues & Subscriptions	-	1,500	550	6,000	-	12,500	2,000	500	150	4,000	-	1,800	-
Other Post Employment Cost	-	-	-	4,500,000	-	-	-	-	-	-	-	-	-
Total	\$ 924,485	\$ 231,200	\$ 2,056,387	\$ 29,823,574	\$ 1,284,119	\$ 1,114,763	\$ 666,969	\$ 232,344	\$ 520,078	\$ 1,803,672	\$ 510,413	\$ 625,625	\$ 2,225,715
ACTUAL TO DATE													
Personal Services (incl. Benefits)	\$ 511,443	\$ 163,477	\$ 1,839,459	\$ 10,422,497	\$ 1,075,303	\$ 874,968	\$ 395,632	\$ 187,881	\$ 516,978	\$ 1,480,718	\$ 456,723	\$ 587,663	\$ 1,152,053
Occupancy Expenses	-	-	-	7,486,059	-	-	-	-	-	-	-	-	-
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv / Computers, Software & Telephone	116,450	6	32,492	486,203	59,930	18,132	28	33,080	0	27,951	10,661	27,400	20,946
Legal / Consulting / Accounting Fees	-	-	147,000	1,797,064	-	3,272	-	-	-	-	-	-	978,369
Office Supplies / Printing / Advertising	172,135	-	-	1,500	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	305,152	-	-	-	-	-	-	-	-	-
Travel & Meals	1,460	273	34	-	877	17,944	2,134	438	2,950	125,045	29,315	875	8,917
On-Line Services, Dues & Subscriptions	-	-	285	5,773	-	4,313	-	-	-	785	-	1,849	-
Other Post Employment Cost	-	-	-	4,565,660	-	-	-	-	-	-	-	-	-
Total	\$ 801,488	\$ 163,755	\$ 2,019,270	\$ 25,069,908	\$ 1,136,110	\$ 918,630	\$ 397,794	\$ 221,399	\$ 519,929	\$ 1,634,499	\$ 496,699	\$ 617,788	\$ 2,160,284
Balance Remaining													
Personal Services (incl. Benefits)	\$ 2,877	\$ 62,523	\$ 34,878	\$ 2,638,160	\$ 205,116	\$ 183,795	\$ 260,337	\$ 383	\$ 300	\$ 235,954	\$ 12,840	\$ 7,762	\$ 123,772
Occupancy Expenses	-	-	-	341,941	-	-	-	-	-	-	-	-	-
Government Assessment Fee	-	-	-	3,736,000	-	-	-	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv / Computers, Software & Telephone	113,080	494	8	(209,156)	(59,730)	-	972	-	100	(24,951)	89	-	(5,946)
Legal / Consulting / Accounting Fees	-	-	-	(1,747,064)	-	-	-	-	-	-	-	-	(53,979)
Office Supplies / Printing / Advertising	-	200	-	2,500	-	1,500	-	-	50	-	100	-	-
Insurance	-	-	-	56,718	-	-	-	-	-	-	-	-	-
Travel & Meals	7,040	2,727	1,966	-	2,623	2,056	5,866	10,063	(450)	(45,045)	685	125	1,583
On-Line Services, Dues & Subscriptions	-	1,500	265	227	-	8,187	2,000	500	150	3,215	-	(49)	-
Other Post Employment Cost	-	-	-	(65,660)	-	-	-	-	-	-	-	-	-
Total	\$ 122,997	\$ 67,445	\$ 37,117	\$ 4,753,666	\$ 148,009	\$ 196,133	\$ 269,175	\$ 10,945	\$ 149	\$ 169,173	\$ 13,714	\$ 7,838	\$ 65,431
OVERVIEW													
Annual Budget	\$ 924,485	\$ 231,200	\$ 2,056,387	\$ 29,823,574	\$ 1,284,119	\$ 1,114,763	\$ 666,969	\$ 232,344	\$ 520,078	\$ 1,803,672	\$ 510,413	\$ 625,625	\$ 2,225,715
Actual to Date	\$ 801,488	\$ 163,755	\$ 2,019,270	\$ 25,069,908	\$ 1,136,110	\$ 918,630	\$ 397,794	\$ 221,399	\$ 519,929	\$ 1,634,499	\$ 496,699	\$ 617,788	\$ 2,160,284
Balance Remaining	\$ 122,997	\$ 67,445	\$ 37,117	\$ 4,753,666	\$ 148,009	\$ 196,133	\$ 269,175	\$ 10,945	\$ 149	\$ 169,173	\$ 13,714	\$ 7,837	\$ 65,431
% of Annual Budget Used	87%	71%	98%	84%	88%	82%	60%	95%	100%	91%	97%	99%	97%

Departmental Budget Variance Report
March 31, 2017

	Innovation & Broadband (Broadband)	Innovation & Broadband (Venture)	Internal Audit	Intergov./ Legis. Affairs	Legal	Loans & Grants	Marketing	Minority Women's Business Div	Motion Pictures & TV	Portfolio Mgt	Public Affairs	Real Estate Dev	Regional Councils	Reg Off Cap
ANNUAL BUDGET														
Personal Services (incl. Benefits)	\$ 1,330,000	\$ 786,879	\$ 350,210	\$ 417,832	\$ 2,695,648	\$ 1,400,231	\$ 1,632,375	\$ 370,020	\$ 232,190	\$ 593,533	\$ 1,218,616	\$ 1,138,012	\$ 1,338,106	\$ 163,500
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv / Computers, Software & Telephone	50,000	10,000	-	500	21,195	-	26,000	1,250	300	12,000	3,435	4,966	135,000	-
Legal / Consulting / Accounting Fees	1,070,000	10,000	-	-	383,666	-	10,000	5,000	-	-	-	600,000	500,000	-
Office Supplies / Printing / Advertising	-	2,500	-	-	1,000	-	3,100	1,500	-	100	-	-	2,500	1,000
Insurance	-	2,500	-	-	-	-	-	-	-	-	-	-	-	-
Travel & Meals	25,000	10,000	1,000	18,000	12,102	3,000	55,000	15,000	8,000	8,000	16,000	8,316	32,500	2,000
On-Line Services, Dues & Subscriptions	25,000	5,000	1,425	1,500	81,037	200	-	3,000	-	-	1,165	1,718	50	-
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 2,500,000	\$ 826,879	\$ 352,635	\$ 437,832	\$ 3,194,648	\$ 1,403,431	\$ 1,726,475	\$ 395,770	\$ 240,490	\$ 613,633	\$ 1,239,216	\$ 1,753,012	\$ 2,008,156	\$ 166,500
ACTUAL TO DATE														
Personal Services (incl. Benefits)	\$ 708,434	\$ 776,990	\$ 297,779	\$ 404,974	\$ 2,563,782	\$ 1,383,924	\$ 1,472,978	\$ 184,958	\$ 229,633	\$ 455,110	\$ 1,067,072	\$ 936,569	\$ 1,106,231	\$ 139,171
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv / Computers, Software & Telephone	44,487	145	-	47	21,195	-	23,059	75,645	143	4,618	3,435	4,966	96,619	-
Legal / Consulting / Accounting Fees	1,875,182	6,950	-	-	246,977	-	-	-	-	-	-	307,351	-	-
Office Supplies / Printing / Advertising	-	-	-	-	-	-	2,572	1,050	-	-	-	-	2,144	250
Insurance	-	75	-	-	-	-	-	-	-	-	-	-	-	-
Travel & Meals	19,832	9,147	881	6,888	12,102	2,999	51,347	7,019	743	3,022	16,588	5,318	9,700	1,948
On-Line Services, Dues & Subscriptions	1,220	300	626	75	81,037	-	-	600	-	-	1,045	1,718	-	-
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 2,649,155	\$ 793,607	\$ 299,286	\$ 411,984	\$ 2,925,093	\$ 1,386,923	\$ 1,549,955	\$ 269,272	\$ 230,519	\$ 462,750	\$ 1,088,140	\$ 1,255,922	\$ 1,214,694	\$ 141,369
Balance Remaining														
Personal Services (incl. Benefits)	\$ 621,566	\$ 9,889	\$ 52,431	\$ 12,858	\$ 131,866	\$ 16,307	\$ 159,397	\$ 185,062	\$ 2,557	\$ 138,423	\$ 151,544	\$ 201,443	\$ 231,875	\$ 24,329
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv / Computers, Software & Telephone	5,513	9,855	-	453	-	-	2,941	(74,395)	157	7,382	-	-	38,381	-
Legal / Consulting / Accounting Fees	(805,182)	3,050	-	-	136,689	-	10,000	5,000	-	-	-	292,649	500,000	-
Office Supplies / Printing / Advertising	-	2,500	-	-	1,000	-	528	450	-	100	-	-	356	750
Insurance	-	2,425	-	-	-	-	-	-	-	-	-	-	-	-
Travel & Meals	5,168	853	119	11,112	-	1	3,654	7,981	7,257	4,978	(588)	2,998	22,800	52
On-Line Services, Dues & Subscriptions	23,780	4,700	799	1,425	-	200	-	2,400	-	-	120	-	50	-
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ (149,155)	\$ 33,272	\$ 53,349	\$ 25,848	\$ 269,555	\$ 16,508	\$ 176,520	\$ 126,498	\$ 9,971	\$ 150,884	\$ 151,076	\$ 497,090	\$ 793,462	\$ 25,131
OVERVIEW														
Annual Budget	\$ 2,500,000	\$ 826,879	\$ 352,635	\$ 437,832	\$ 3,194,648	\$ 1,403,431	\$ 1,726,475	\$ 395,770	\$ 240,490	\$ 613,633	\$ 1,239,216	\$ 1,753,012	\$ 2,008,156	\$ 166,500
Actual to Date	\$ 2,649,155	\$ 793,607	\$ 299,286	\$ 411,984	\$ 2,925,093	\$ 1,386,923	\$ 1,549,955	\$ 269,272	\$ 230,519	\$ 462,750	\$ 1,088,140	\$ 1,255,922	\$ 1,214,694	\$ 141,369
Balance Remaining	\$ (149,155)	\$ 33,272	\$ 53,349	\$ 25,848	\$ 269,555	\$ 16,508	\$ 176,520	\$ 126,498	\$ 9,971	\$ 150,884	\$ 151,076	\$ 497,090	\$ 793,462	\$ 25,131
% of Annual Budget Used	106%	96%	85%	94%	92%	99%	90%	68%	96%	75%	88%	72%	60%	85%

Departmental Budget Variance Report
March 31, 2017

	Reg Off CNY	Reg Off LI	Reg Off MH	Reg Off MV	Reg Off NC	Reg Off NYC	Reg Off ST	Reg Off WNY	Start-Up NY	Strategic Business Development	Tech & New Media	Trade & Tourism Puerto Rico	Treasury	Total of Departments
ANNUAL BUDGET														
Personal Services (incl. Benefits)	\$ 199,725	\$ 269,009	\$ 348,009	\$ 131,819	\$ 124,494	\$ 228,843	\$ 270,833	\$ 1,053,815	\$ 311,644	\$ 867,420	\$ 322,109	\$ 241,669	\$ 792,256	\$ 42,262,289
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	57,600	-	7,885,600
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	3,736,000
Repairs / Maint / Prop Mgmt / Other Outside Serv / Computers, Software & Telephone	750	200	500	500	-	-	50	2,500	3,000	500	-	30,358	-	951,243
Legal / Consulting / Accounting Fees	-	-	-	-	-	-	-	-	-	-	-	6,509	-	940,899
Office Supplies / Printing / Advertising	-	-	-	-	-	-	-	5,000	-	500	-	8,432	-	203,617
Insurance	-	-	-	-	-	-	-	-	-	-	-	5,144	-	369,514
Travel & Meals	3,500	2,500	4,500	2,500	5,500	2,350	1,500	20,000	22,000	25,000	8,750	12,000	1,483	505,001
On-Line Services, Dues & Subscriptions	250	100	500	200	100	450	250	1,000	-	2,000	250	1,350	29,517	185,062
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	4,500,000
Total	\$ 204,225	\$ 271,809	\$ 353,509	\$ 135,019	\$ 130,094	\$ 231,643	\$ 272,633	\$ 1,082,315	\$ 336,644	\$ 895,420	\$ 331,109	\$ 414,262	\$ 823,256	\$ 64,359,959
ACTUAL TO DATE														
Personal Services (incl. Benefits)	\$ 199,725	\$ 207,145	\$ 348,009	\$ 79,548	\$ 124,494	\$ 228,843	\$ 231,169	\$ 1,039,050	\$ 120,591	\$ 835,112	\$ 312,084	\$ 241,669	\$ 792,256	\$ 36,152,095
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	56,806	-	7,542,865
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs / Maint / Prop Mgmt / Other Outside Serv / Computers, Software & Telephone	40	9,128	183	25	-	-	-	1,445	21	426	-	3,147	-	1,122,053
Legal / Consulting / Accounting Fees	-	-	-	-	-	-	-	-	-	-	-	32,420	-	4,409,265
Office Supplies / Printing / Advertising	-	-	-	-	-	-	-	-	-	-	-	5,655	-	185,306
Insurance	-	-	-	-	-	-	-	-	-	-	-	5,144	-	310,371
Travel & Meals	3,440	1,675	2,078	1,775	4,981	2,329	1,789	36,187	4,619	37,983	3,221	9,485	1,380	448,737
On-Line Services, Dues & Subscriptions	250	250	242	-	-	440	230	848	250	1,411	250	56	29,517	133,370
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	4,565,660
Total	\$ 203,455	\$ 218,198	\$ 350,512	\$ 81,348	\$ 129,475	\$ 231,612	\$ 233,188	\$ 1,077,529	\$ 125,481	\$ 874,932	\$ 315,555	\$ 356,769	\$ 823,153	\$ 55,857,428
Balance Remaining														
Personal Services (incl. Benefits)	\$ -	\$ 61,864	\$ -	\$ 52,271	\$ -	\$ -	\$ 39,664	\$ 14,765	\$ 191,053	\$ 32,308	\$ 10,025	\$ -	\$ -	\$ 6,110,194
Occupancy Expenses	-	-	-	-	-	-	-	-	-	-	-	794	-	342,735
Government Assessment Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	3,736,000
Repairs / Maint / Prop Mgmt / Other Outside Serv / Computers, Software & Telephone	710	(8,928)	317	475	-	-	50	1,055	2,979	74	-	27,211	-	(170,809)
Legal / Consulting / Accounting Fees	-	-	-	-	-	-	-	-	-	-	-	4,122	-	(46,807)
Office Supplies / Printing / Advertising	-	-	-	-	-	-	-	5,000	-	500	-	18,780	-	(1,588,531)
Insurance	-	-	-	-	-	-	-	-	-	-	-	2,777	-	18,311
Travel & Meals	60	825	2,422	725	519	21	(289)	(16,187)	17,381	(12,983)	5,529	2,515	103	59,143
On-Line Services, Dues & Subscriptions	-	(150)	258	200	100	10	20	152	(250)	589	-	1,294	-	56,264
Other Post Employment Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	(65,660)
Total	\$ 770	\$ 53,611	\$ 2,997	\$ 53,671	\$ 619	\$ 31	\$ 39,445	\$ 4,786	\$ 211,163	\$ 20,488	\$ 15,554	\$ 57,493	\$ 103	\$ 8,502,532
OVERVIEW														
Annual Budget	\$ 204,225	\$ 271,809	\$ 353,509	\$ 135,019	\$ 130,094	\$ 231,643	\$ 272,633	\$ 1,082,315	\$ 336,644	\$ 895,420	\$ 331,109	\$ 414,262	\$ 823,256	\$ 64,359,959
Actual to Date	\$ 203,455	\$ 218,198	\$ 350,512	\$ 81,348	\$ 129,475	\$ 231,612	\$ 233,188	\$ 1,077,529	\$ 125,481	\$ 874,932	\$ 315,555	\$ 356,769	\$ 823,153	\$ 55,857,428
Balance Remaining	\$ 770	\$ 53,611	\$ 2,997	\$ 53,671	\$ 619	\$ 31	\$ 39,445	\$ 4,786	\$ 211,163	\$ 20,488	\$ 15,554	\$ 57,493	\$ 103	\$ 8,502,531
% of Annual Budget Used	100%	80%	99%	60%	100%	100%	86%	100%	37%	98%	95%	86%	100%	87%

Subsidiary Operating Budget Summary Variance Report
March 31, 2017

	Atlantic Yards Comm Dev	Convention Center	Empire State New Market Corp	Erie Canal Harbor	Empowerment Zone	HCDC	Moynihan Station	Queens West	USA Niagara	Total	HCDC Weatherization	LMDC
ANNUAL BUDGET												
Personal Services (incl. Benefits)	\$160,256	\$195,777	\$0	\$1,140,104	\$304,443	\$1,091,140	\$555,484	\$87,819	\$575,574	\$4,110,597	\$604,821	\$1,208,694
Occupancy Expenses	10,350	26,500	0	60,000	0	11,000	0	20,000	57,300	185,150	0	201,200
Government Assessment Fee	0	0	0	0	0	0	0	0	0	0	0	0
Repairs / Maint / Prop Mgmt / Other Outside Serv / Expenses	10,000	9,202	1,000	75,000	0	23,400	6,250	400	7,000	132,252	477,706	40,400
Computers, Software & Equipment	500	0	0	0	0	10,000	3,300	0	5,000	18,800	2,000	19,900
Telephone/Fax/Internet	500	2,298	378	7,000	650	29,935	35,000	0	16,000	91,761	6,000	60,740
Legal / Accounting Fees	0	22,000	18,500	5,000	24,075	68,500	0	630	500	139,205	13,500	107,175
Consulting Fees	10,297	7,000	58,750	0	0	9,000	10,000	0	0	95,047	0	44,000
Office Supplies / Printing / Advertising	500	1,000	0	4,352	0	22,065	16,750	0	3,750	48,417	8,000	36,900
Insurance	30,597	26,103	8,551	80,925	5,126	42,826	22,959	8,421	10,238	235,746	19,929	15,000
Travel & Meals	1,000	10,000	2,500	3,500	1,700	6,500	1,200	0	500	26,900	15,000	1,500
On-Line Services, Dues & Subscriptions	1,000	50	2,360	1,500	0	9,000	0	0	2,500	16,410	7,500	3,580
Total	\$225,000	\$299,930	\$92,039	\$1,377,381	\$335,994	\$1,323,366	\$650,943	\$117,270	\$678,362	\$5,100,285	\$1,154,456	\$1,739,089
ACTUAL SPENDING TO DATE												
Personal Services (incl. Benefits)	\$160,256	\$187,463	\$0	\$1,028,008	\$296,878	\$1,061,955	\$548,604	\$65,917	\$504,456	\$3,853,538	\$633,648	\$1,123,560
Occupancy Expenses	10,344	10,240	0	58,926	0	0	0	15,104	57,300	151,915	0	55,710
Government Assessment Fee	0	0	0	0	0	0	0	0	0	0	0	0
Repairs/Maint/Prop Mgmt/Other Outside Serv/Expenses	4,772	5,664	926	74,193	0	13,758	6,248	200	2,626	108,387	467,256	57,013
Computers, Software & Equipment	0	0	0	0	0	5,098	2,860	0	4,166	12,124	13	10,513
Telephone/Fax/Internet	0	2,298	378	5,474	603	29,935	34,142	0	6,606	79,436	2,850	12,417
Legal / Accounting Fees	0	22,000	18,500	0	24,000	16,740	0	630	352	82,222	12,500	40,000
Consulting Fees	0	0	58,750	0	0	0	0	0	0	58,750	0	36,263
Office Supplies / Printing / Advertising	0	643	0	4,352	0	11,075	0	0	981	17,051	5,083	3,754
Insurance	21,828	17,917	7,359	10,918	5,105	34,998	14,484	7,723	7,925	128,257	13,906	21,399
Travel & Meals	0	8,177	1,901	0	769	3,723	1,147	0	39	15,756	10,932	226
On-Line Services, Dues & Subscriptions	0	0	1,000	1,063	0	1,305	0	0	2,087	5,455	4,579	5,789
Total	\$197,201	\$254,401	\$88,814	\$1,182,935	\$327,355	\$1,178,586	\$607,486	\$89,575	\$586,538	\$4,512,890	\$1,150,767	\$1,366,644
BALANCE REMAINING												
Personal Services (incl. Benefits)	\$0	\$8,314	\$0	\$112,096	\$7,565	\$29,185	\$6,880	\$21,902	\$71,118	\$257,059	(\$28,827)	\$85,134
Occupancy Expenses	6	16,260	0	1,074	0	11,000	0	4,896	0	33,235	0	145,490
Government Assessment Fee	0	0	0	0	0	0	0	0	0	0	0	0
Repairs/Maint/Prop Mgmt/Other Outside Serv/Expenses	5,228	3,538	74	807	0	9,642	2	200	4,374	23,865	10,450	(16,613)
Computers, Software & Equipment	500	0	0	0	0	4,902	440	0	834	6,676	1,987	9,387
Telephone/Fax/Internet	500	0	0	1,526	47	0	858	0	9,394	12,325	3,150	48,323
Legal / Accounting Fees	0	0	0	5,000	75	51,760	0	0	148	56,983	1,000	67,175
Consulting Fees	10,297	7,000	0	0	0	9,000	10,000	0	0	36,297	0	7,737
Office Supplies / Printing / Advertising	500	357	0	0	0	10,990	16,750	0	2,769	31,366	2,917	33,146
Insurance	8,769	8,186	1,192	70,007	21	7,828	8,475	698	2,313	107,489	6,023	(6,399)
Travel & Meals	1,000	1,823	599	3,500	931	2,777	53	0	461	11,144	4,068	1,274
On-Line Services, Dues & Subscriptions	1,000	50	1,360	437	0	7,695	0	0	413	10,955	2,921	(2,209)
Total	\$27,799	\$45,528	\$3,225	\$194,446	\$8,639	\$144,780	\$43,457	\$27,695	\$91,824	\$587,395	\$3,689	\$372,445
OVERVIEW												
Annual Budget	\$225,000	\$299,930	\$92,039	\$1,377,381	\$335,994	\$1,323,366	\$650,943	\$117,270	\$678,362	\$5,100,285	\$1,154,456	\$1,739,089
Actual to Date	\$197,201	\$254,401	\$88,814	\$1,182,935	\$327,355	\$1,178,586	\$607,486	\$89,575	\$586,538	\$4,512,890	\$1,150,767	\$1,366,644
Balance Remaining	\$27,799	\$45,529	\$3,225	\$194,446	\$8,639	\$144,780	\$43,457	\$27,695	\$91,824	\$587,395	\$3,689	\$372,445
% of Annual Budget Used	87.64%	84.82%	96.50%	85.88%	97.43%	89.06%	93.32%	76.38%	86.46%	88.48%	99.68%	78.58%

Subsidiary Capital Budget Summary Variance Report
March 31, 2017

	Convention Center	Erie Canal Harbor	Moynihan Station	Farley	Queens West	USA Niagara	Total All Subsidiaries
<u>ANNUAL BUDGET</u>							
Acquisition Costs	\$0	\$100,000	\$0	\$250,000	\$0	\$305,717	\$655,717
Design & Other Soft Costs	25,000,000	7,164,561	8,065,410	3,380,000	50,000	993,028	44,652,999
Legal Costs	2,400,000	964,111	10,000	2,445,000	40,000	100,000	5,959,111
Property Management/Maintenance Costs	0	3,313,937	0	5,500,000	120,000	1,550,000	10,483,937
Insurance	4,000,000	143,000	0	3,050,000	0	30,000	7,223,000
Demolition & Site Clearance	3,200,000	0	0	0	20,000	0	3,220,000
Construction Costs	21,500,000	22,220,219	66,046,248	100,000	1,500,000	7,807,367	119,173,834
Other Misc. Costs	0	300,000	0	229,500	0	920,000	1,449,500
Total	\$56,100,000	\$34,205,828	\$74,121,658	\$14,954,500	\$1,730,000	\$11,706,112	\$192,818,098
<u>ACTUAL SPENDING TO DATE</u>							
Acquisition Costs	\$0	\$9,057	\$0	\$250,000	\$0	\$305,717	\$564,774
Design & Other Soft Costs	23,143,066	835,777	3,489,525	3,380,000	0	432,469	31,280,837
Legal Costs	990,358	310,043	0	242,098	5,293	160	1,547,952
Property Management/Maintenance Costs	0	2,138,837	0	0	43,920	1,526,356	3,709,113
Insurance	0	106,596	0	686,293	0	29,524	822,413
Demolition & Site Clearance	0	0	0	0	0	0	0
Construction Costs	6,727,468	1,160,207	44,545,017	0	10,000	5,530,808	57,973,501
Other Misc. Costs	0	149,137	0	0	0	121,655	270,792
Total	\$30,860,893	\$4,709,654	\$48,034,542	\$4,558,391	\$59,213	\$7,946,689	\$96,169,382
<u>BALANCE REMAINING</u>							
Acquisition Costs	\$0	\$90,943	\$0	\$0	\$0	\$0	\$90,943
Design & Other Soft Costs	1,856,934	6,328,784	4,575,885	0	50,000	560,559	13,372,162
Legal Costs	1,409,642	654,068	10,000	2,202,902	34,707	99,840	4,411,159
Property Management/Maintenance Costs	0	1,175,100	0	5,500,000	76,080	23,644	6,774,824
Insurance	4,000,000	36,404	0	2,363,707	0	476	6,400,587
Demolition & Site Clearance	3,200,000	0	0	0	20,000	0	3,220,000
Construction Costs	14,772,532	21,060,012	21,501,231	100,000	1,490,000	2,276,559	61,200,333
Other Misc. Costs	0	150,863	0	229,500	0	798,345	1,178,708
Total	\$25,239,107	\$29,496,174	\$26,087,116	\$10,396,109	\$1,670,787	\$3,759,423	\$96,648,716
<u>ANNUAL OVERVIEW</u>							
Annual Budget	\$56,100,000	\$34,205,828	\$74,121,658	\$14,954,500	\$1,730,000	\$11,706,112	\$192,818,098
Actual Spending to Date	\$30,860,893	\$4,709,654	\$48,034,542	\$4,558,391	\$59,213	\$7,946,689	\$96,169,382
Balance Remaining	\$25,239,107	\$29,496,174	\$26,087,116	\$10,396,109	\$1,670,787	\$3,759,423	\$96,648,716
% of Budget Used	55.01%	13.77%	64.81%	30.48%	3.42%	67.88%	49.88%