

# Albany Industrial Development Agency

21 Lodge Street  
Albany, New York 12207  
Telephone: (518) 434-2532  
Fax: (518) 434-9846

Anthony J. Ferrara, *Chairman*  
Kathy Sheehan, *Treasurer*  
Susan Pedo, *Secretary*  
Martin Daley  
C. Anthony Owens  
Tracy Metzger

Michael Yevoli, *Chief Executive Officer*  
Erik J. Smith, *Chief Financial Officer*  
John Reilly, *Agency Counsel*

To: Martin Daley  
Kathy Sheehan  
Susan Pedo  
Anthony Owens  
Tracy Metzger

Mike Yevoli  
Erik Smith  
John Reilly  
Joe Scott  
Sarah Reginelli  
Brad Chevalier

Date: April 16, 2013

## AGENDA

A meeting of the Finance Committee of the City of Albany Industrial Development Agency will be held on **Thursday, April 18th at 12:15PM** at 21 Lodge Street, Albany, NY 12207 (Conference Room)

### Roll Call

Reading of Minutes of the Finance Committee Meeting of February 13th, 2013

Approval of Minutes of the Finance Committee Meeting of February 13th, 2013

### Unfinished Business

### New Business

— Fuller Road Management Corporation

### Other Business

— 733 Broadway, LLC

### Adjournment

**\*The next regularly scheduled Board meeting will be held Thursday, April 25th, at 21 Lodge Street, Albany, NY 12207**

# Albany Industrial Development Agency

21 Lodge Street  
Albany, New York 12207  
Telephone: (518) 434-2532  
Fax: (518) 434-9846

Anthony J. Ferrara, *Chairman*  
John Vero, *Vice Chairman*  
Susan Pedo, *Secretary*  
Kathy Sheehan, *Treasurer*  
Martin Daley  
C. Anthony Owens  
Tracy Metzger

Michael Yevoli, *Chief Executive Officer*  
Erik J. Smith, *Chief Financial Officer*  
John Reilly, *Agency Counsel*

## IDA MINUTES OF FINANCE COMMITTEE MEETING Wednesday, February 13th

Attending: Martin Daley, Kathy Sheehan, Susan Pedo, Tracy Metzger & C. Anthony Owens

Absent:

Also Present: Tony Ferrara, John Vero, Mike Yevoli, Erik Smith, Joe Scott, Sarah Reginelli,  
Brad Chevalier, Amanda Vitullo & Amy Gardner

Chairman Martin Daley called the Finance Committee meeting of the IDA to order at 12:15PM.

### Roll Call

Chairman Martin Daley reported that all Committee members were present.

### Reading of Minutes of the Finance Committee Meeting Minutes of December 13, 2012

Since the minutes of the December 13, 2012 meeting had been distributed to the Committee members in advance for review, Chairman Martin Daley made a proposal to dispense with the reading of the minutes.

### Approval of Minutes of the Finance Committee Meeting Minutes of December 13, 2012

Chairman Martin Daley made a proposal to approve the minutes of the Finance Committee meeting of December 13, 2012. A motion to accept the minutes, as presented, was made by Susan Pedo and seconded by Kathy Sheehan. A vote being taken, the minutes were accepted unanimously.

### Unfinished Business

### New Business

### Other Business

#### Proposed Sales & Use Tax Exemption Legislation Update

Counsel advised the Committee that Governor Cuomo had recently released the proposed 2013-2014 Budget and it included proposed legislation that would severely limit the authority of Industrial Development Agencies (IDA) to provide State sales and use tax exemptions. Staff advised the Committee that they had contacted all applicants with projects that had not yet closed to make them aware of the proposed legislation. Staff informed these applicants that if they did not close before lawmakers pass the budget on March 31<sup>st</sup> they would lose the State four percent (4%) portion of the

proposed sales tax exemption on their projects. Counsel informed the Committee that IDAs will still have the ability to waive the local sales tax.

Assessments of properties were discussed. The Committee advised staff that they would like a presentation on downtown residential properties and current assessments. Staff informed the Committee that they hoped IDA Board members would be involved in the Downtown Tactical Plan process – specifically on tax issues.

**Executive Session**

Staff advised the Committee that there was pending litigation that needed to be discussed. A motion to enter into executive session was made by Tracy Metzger, seconded by Susan Pedo and passed unanimously. The Committee entered into executive session at 12:26pm. The Committee recommended that staff remain in the room. The following Board members were present: Tony Ferrara, John Vero, Kathy Sheehan, Susan Pedo, Martin Daley, Anthony Owens and Tracy Metzger. The Committee left executive session at 12:50pm. No actions were taken during executive session.

There being no further business, Chairman Martin Daley adjourned the meeting at 1:15PM.

Respectfully submitted,

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Susan Pedo, Secretary

**TO:** City of Albany Industrial Development Finance Committee

**FROM:** City of Albany Industrial Development Agency Staff

**RE:** Fuller Road Management Corporation (FRMC) - IDA Revised Application Summary

**DATE:** April 15, 2013

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**Applicant:** Fuller Road Management Corporation (FRMC)

**Managing Members:** Research Foundation of SUNY and University at Albany Foundation

**Project Location:** 575 Broadway

**Project Description:** Fuller Road Management Corporation (FRMC) on behalf of the College of Nanoscale Science and Engineering (CNSE) seek to redevelop the vacant Kiernan Plaza as the Smart Cities Technology Innovation Center (SCiTI Center) to serve as an urban catalyst for business innovation, economic vitality and educational outreach.

The Applicant envisions a redeveloped Kiernan Plaza that will 1) play host to the entire food-chain of SCiTI companies including the back-office support for nano-device companies with R&D operations at CNSE's NanoTech complex; 2) provide a central headquarters and control room for the SCiTI program operations including management and monitoring of the smart cities technology test-beds; 3) support workforce training, community engagement, and economic outreach; and 4) offer high tech companies the opportunity to live and work in a downtown urban center.

The \$10 million project will entail the investment of public and private funds, including a previously awarded \$4 million grant from Empire State Development Corporation for the project through the Regional Council initiative, to redevelop Kiernan Plaza from a large single tenant commercial office building to a multi-tenant commercial office building. It is anticipated that the redeveloped building will accommodate up to 10-14 SCiTI companies.

The Applicant is not only requesting financial assistance from the Agency, but has also made a request that the Agency exercise its power of eminent domain to assist with the acquisition of Kiernan Plaza. The use of eminent domain by the Agency will enable FRMC to purchase the property which it cannot do under the current circumstances. This is due to the fact that the property is part of a portfolio of properties that serve as collateral for a securitized financing structure restricted by covenants that effectively preclude the sale of the property prior to maturity of the debt in 2019.

**Estimated Project Cost:** \$10,000,000 (estimated amount spent to date \$0)

**Type of Financing:** Straight Lease



**Amount of Bonds Requested:** None

**Estimated Total Purchases Exempt from Sales Tax:** \$3,375,000

**Estimated Total Mortgage Amount:** \$6,000,000

**Current Total Assessment:**

- See attached PILOT analysis for more detail:
  - \$5,500,000 (per discussion with Commissioner of Assessment & Taxation); **OR**
    - Currently fixed at this amount until 2013 due to tax certiorari ruling by Supreme Court
  - \$3,000,000 (per Staff's market assumptions)
    - Vacant for the past three years and will likely continue to remain vacant given the lack of demand by single tenant users for such large, inefficient space.
    - Commercial office space in the City's Central Business District continues to experience high vacancy rates.
    - Critical building infrastructure systems are close to the end of useful life.

**Estimated Improved Total Assessment:** TBD (Staff is still completing analysis. Will be provided at a later date)

**Requested PILOT:** A 15 year PILOT in which the total PILOT assessment value, including land and improvements, is fixed at \$5,500,000 (i.e. current total assessment value) for the term of the PILOT agreement. PILOT payments will fluctuate, as tax rates will remain variable.

**Estimated Value of Total PILOT Payments:**

- Total PILOT Payments: \$4,510,581 (Over a 15 year PILOT period)
  - Same, *if not likely more* (assumes assessment challenge), revenue than if regular taxes collected under status quo.

**Estimated Value of Tax Exemptions:**

- NYS Sales and Compensating Use Tax: \$270,000
- Mortgage Recording Taxes: \$75,000
- Real Property Taxes: TBD (Staff is still completing analysis. Will be provided at a later date)
- Other: N/A

**Employment Impact:**

- Projected Permanent: (250) FTEs
  - (150) FTEs to be created and
  - (100) FTEs to be retained
- Projected Construction: (50) jobs

**Strategic Initiatives:**

- Albany 2030 - The project will further the plan's vision by:

- Targeting regional growth industries to move downtown, such as nanotechnology firms, by leveraging area intellectual capital.
- Increasing job opportunities as the project will support the retention, expansion and recruitment of businesses.
- Encouraging investment in urban land and buildings for employment through the redevelopment/ adaptive reuse of a vacant, underutilized property.
- Providing a foundation for economic activity through public investment and policy decisions.
- Working with an institution to develop a strategy for attracting and supporting businesses and start-ups and providing job training, education, and/or employment.
- Encouraging an institution to locate in, remain in, and revitalize downtown.
- Providing new investment that will further the image of downtown as a safe, livable place with walkable streets, housing choices, and mixed-use environment.
- Reinforcing, enhancing, and likely promoting - through marketing associated with leasing the project - Albany's distinctive character and identity.
- Strengthening downtown's attractiveness as commercial center by increasing the consumer base for goods and services.

**Planning Board Actions:**

- N/A

**Estimated IDA Fee**

- Fee amount: \$100,000

**Mission**

- The purpose of the Industrial Development Agency is to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, research and recreation facilities. The Agency aims to protect and promote the health of the inhabitants of the City of Albany by the conservation, protection and improvement of the natural and cultural or historic resources and environment and to control land, sewer, water, air, noise or general environmental pollution derived from the operation of industrial development.





Friday, April 5, 2013 12:52:21 PM  
M:\Economic Development\Projects\Kiernan Plaza\Kiernan Plaza.mxd

50 0 50 100  
1 inch = 150 feet



The City of Albany Department of Development & Planning provides this figure for illustrative purposes only. Unauthorized attempts to modify or utilize this figure for other than its intended purposes are prohibited. All locations are approximate. The City makes no claims or guarantees about the accuracy or currency of the contents of the data provided and expressly disclaims liability for errors and omissions in its contents.



City of Albany

**KIERNAN PLAZA**

2011 Orthoimagery provided by NYS CSCIC



## MEMORANDUM FROM



A. Joseph Scott, III  
Direct Dial: 518.433.2419  
Facsimile: 518.465.1567  
*ascott@hodgsonruss.com*

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**To:** Members of the City of Albany Industrial Development Agency

**Date:** April 12, 2013

**Subject:** City of Albany Industrial Development Agency  
Proposed Condemnation – General Discussion

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This memorandum is in response to your request that we outline for you the process by which the City of Albany Industrial Development Agency (the “Agency”) can obtain by condemnation a parcel of real estate (the “Parcel”) for industrial and commercial development purposes, and the applicable condemnation procedures which the Agency would need to follow to initiate such a condemnation proceeding. Examples of recent uses of condemnation by Industrial Development Agencies (each an “IDA”) and the experience of Hodgson Russ in advising IDAs through the condemnation process follows said outline.

### **I. POWER TO CONDEMN.**

The Agency was created by the provisions of General Municipal Law Section 903-a, which provides that the Agency has all of the powers conferred by General Municipal Law Article 18-A upon IDAs. Pursuant to General Municipal Law Section 858(4), an IDA has authority to condemn property pursuant to the provisions of the Eminent Domain Procedure Law (“EDPL”). The power of an IDA to condemn property pursuant to General Municipal Law Section 858(4) has been upheld in numerous cases. See, for example, Sun Company, Inc. v City of Syracuse Industrial Development Agency, NYS2d 371 (4th Dept 1995), wherein an IDA condemned a petroleum tank farm in Syracuse to permit redevelopment of the area for a strip shopping center, and the Appellate Division (Fourth Department) rejected claims that the statute granting condemnation power to the IDA was unconstitutional; that an agreement providing for the developer to fund the condemnation amounted to an illegal delegation of such power; and that the condemnation served a private, rather than a public, purpose.

### **II. APPLICABLE CONDEMNATION PROCEDURES.**

New York enacted the Eminent Domain Procedure Law (“EDPL”) in 1977. The EDPL provides the exclusive procedure by which property may be acquired by exercise of the power of eminent domain. The specific requirements to be followed by the Agency in a condemnation proceeding of real property for industrial development purposes, as set forth in the EDPL, are briefly summarized below.

#### **A. Public Hearing Requirement:**

1. Notice of Public Hearing. (a) Publication. Prior to the commencement of an eminent domain suit, the Agency, as condemnor, must conduct a pre-acquisition public hearing to inform the public, review the public use to be served by the proposed project, and review the impact of the project on the environment and

surrounding residents. Notice of the hearing must be published in at least five successive issues of an official daily newspaper (if there is one designated) in the locality of the project and in at least five successive issues of a daily newspaper of general circulation in such locality (if the official newspaper is one of general circulation in such locality, publication therein is sufficient). In the event that the only newspaper in such locality is a weekly publication, said notice need only be published in at least two successive issues. (EDPL Sections 201 and 202).

(b) Personal Service. The Agency must also serve personally, or by certified mail, notice of said hearing to each owner, last known owner, or reputed owner of real property, as shown on the assessment records (referred to as the assessment record billing owner), or his or her attorney of record. Such notice must be served at least 10 days, but not more than 30 days before the pre-acquisition public hearing. (EDPL Sections 201 and 202).

2. Conduct of the Public Hearing. At the public hearing, the Agency must outline the purpose, proposed location or alternate locations of the proposed public project and any other information that the Agency considers pertinent, including maps and property descriptions of the property to be acquired and adjacent parcels. Thereafter, any person in attendance must be given a reasonable opportunity to present an oral or written statement and to submit other documents concerning the proposed public project. A record of the hearing must be kept, including written statements submitted. (EDPL Section 203).

**B. Additional Actions Required Prior to Commencement of Eminent Domain Proceeding:**

The Agency must also undertake the following actions prior to the commencement of a condemnation action:

1. State Environmental Quality Review Act ("SEQR"). The Agency must have complied with the procedures set forth in the SEQR Act with respect to the proposed acquisition. (Article 8 of the Environmental Conservation Law).

2. Determination and Findings. (a) Determination and Findings. Within 90 days after completion of the pre-acquisition public hearing, the Agency must make determinations and findings about the proposed public project. (EDPL Section 204).

(b) Publication of Synopsis. The Agency must publish a brief synopsis of the determinations and findings in at least two successive issues of an official newspaper (if there is one designated) in the locality where the project will be situated and in at least two successive issues of a newspaper of general circulation in such locality. The synopsis of determinations and findings must contain the following information:

(1) The public use, benefit or purpose to be served by the proposed public project;

(2) The approximate location of the proposed public project and the reasons for the selection of that location;

(3) The general effect of the proposed public project on the environment and residents of the locality; and

(4) Any other relevant factors the Agency deems necessary. (EDPL Section 204).

(c) Personal Service of Synopsis. The Agency must also serve personally, or by certified mail, a notice to each assessment record building owner setting forth a synopsis of the determination and findings, and informing the assessment record building owner of the availability of judicial review in the Appellate Division. (EDPL Section 204).

3. Judicial Review. The condemnee has the option to seek judicial review of the Agency's determination and findings. This option is exercised by filing a petition in the appellate division of the supreme court wherein the Parcel is located within 30 days after publication of the Agency's determination and findings. The scope of this judicial review is limited to whether (a) the proceeding was in compliance with the federal and state constitutions, (b) the proposed acquisition is within the Agency's statutory jurisdiction or authority, (c) the Agency's determination and findings were made in accordance with the procedures set forth in the EDPL and in the SEQR Act, and (d) a public use, benefit or purpose will be served by the proposed acquisition. Appeal can be taken to Court of Appeals. (EDPL Section 207).

4. Negotiation. The Agency must make every reasonable and expeditious effort to negotiate and agree with the assessment record building owners of the Parcel as to a just purchase price for the Parcel. (EDPL Section 301).

5. Appraisal. The Agency must have the property appraised by an appraiser. In connection therewith, the Agency has a right to have the Parcel inspected. (EDPL Section 302).

6. Offer. The Agency must establish an amount that the Agency believes to represent just compensation for the Parcel (in no event may that amount be less than the Agency's highest approved appraisal) and must make a written offer to acquire the Parcel for an amount at least equal to 100% of such amount. The offer must state that (a) the offer is the amount of the Agency's highest approved appraisal, and that payment will be made together with appropriate interest thereon, (b) a condemnee has the option of accepting the offer as payment in full or rejecting the offer as payment in full and, instead, accepting it as an advance payment and that accepting the offer as an advance payment shall in no way prejudice the condemnee's right to interpose a claim for additional compensation, and (c) upon acceptance of the offer, the Agency must enter into a stipulation or agreement with the condemnee providing for payment pursuant to the stipulation or agreement, either as full payment or as an advance payment. The offer will be deemed rejected by a condemnee in the event that the condemnee fails to notify the Agency, within ninety days of the offer, that the offer is accepted as full payment (EDPL Section 304).

**C. Acquisition of the Parcel.** If the parties cannot agree to a purchase price, a condemnation action may be commenced under EDPL Section 401. The following procedures will apply thereto.

1. Commencement of Condemnation Action. An action by the Agency to condemn the Parcel must be brought by the Agency in the supreme court in the judicial district where the Parcel is located. The action must be commenced by the Agency no later than three (3) years after conclusion of the later of (a) publication of the Agency's determination and findings or (b) if an action was brought for judicial review as described in item B.3. above, entry of the final order or judgment related thereto. (EDPL Sections 501(B) and 401).

2. Vesting of Title. (a) Petition by Agency. The Agency would commence the condemnation action by presentation of a verified petition to the court (seeking seek a court order to acquire the Parcel and for permission to file an acquisition map) in accordance with the following procedures: (1) a notice of pendency with respect to the condemnation action is filed in the county clerk's office in each county in which the Parcel is located (the "County Clerk's Office"); (2) notice of the condemnation must be served upon the owner of

record of the Parcel at least 20 days prior to the return date of the petition; and (3) the condemnee may appear and interpose a verified answer. (EDPL Section 402(B)).

(b) Court Order. On the return date (unless the court shall adjourn the application to a subsequent date), upon due proof of service of notice and proof that the procedural requirements of the EDPL have been met, the court shall direct the immediate entry of the order granting the petition. (EDPL Section 402(B)(5)).

(c) Filing of Acquisition Maps. Upon receipt of the court order described in item C.2.(b) above, the Agency shall file such order, together with the acquisition map and, if required, the bond or undertaking, in the County Clerk's Office. (EDPL Section 402(B)(5)).

(d) Vesting of Title. Upon filing of the court order and the acquisition map, the acquisition of the Parcel as shown on such map shall be complete, and title to the parcel shall be vested in the Agency. (EDPL Section 402(B)(5)).

(e) Right of First Refusal if Project Abandoned. If, after acquisition of the Parcel, the Agency abandons the proposed public project, and the Parcel has not been substantially improved, the Agency may not dispose of the Parcel or any part thereof for private use without first offering the former owner a right of first refusal to purchase the Parcel. (EDPL Section 406).

**D. Procedure for Determining Just Compensation.** After the acquisition map has been filed and the Agency has taken possession of the Parcel, a condemnee may file a request as to just compensation and damages (EDPL Sections 502 and 503).

1. Notice of Acquisition. Within 30 days after entry of the court order vesting in the Agency title to the Parcel, the Agency issues a notice of acquisition that, among other things, directs that the condemnees of the Parcel file, with the Agency and the clerk of the court, either (a) a written claim, or (b) a notice of appearance in an action under EDPL Section 503. Such notice of acquisition must either (1) must be served, either by personal service or by certified mail, upon each condemnee or h attorney of record, or (2) be published for 10 consecutive days in a newspaper of general circulation in the locality in which the Parcel is located. (EDPL Section 502).

2. Service of Claims. A condemnee's claim for damages arising from the acquisition of the Parcel must be filed within the time specified by the court. In the event that a claim is made for compensation for fixtures or for any interest other than a fee in the real property acquired, a copy of such claim together with a schedule of fixture items, where applicable, shall also be served by the claimant on the fee owner and on the Agency's chief legal officer. (EDPL Section 503).

3. Determination of Damages. The court shall determine the compensation due the condemnees, as well as the respective interests and rights of all parties to the award and the apportionment thereof. In the proceedings to determine damages, appraisals are filed, conferences and trials conducted, much like a real property tax assessment challenge. (EDPL Sections 505 through 514).

### **III. EXAMPLES OF IDA USE OF CONDEMNATION.**

Examples of three relatively recent condemnation proceedings involving IDAs are described below. Each proceeding involved different aspects of the procedure described above.

#### **A. County IDA - Manufacturing Project**

In this example, a manufacturing company requested assistance from a County IDA to construct a new \$50 million manufacturing facility. The County IDA agreed to assemble the parcels of real estate that were to comprise the site of the new manufacturing facility. The County IDA was able to reach negotiated agreements with most of the landowners. However several of the landowners did not cooperate with respect to negotiating a market price and at least one of the landowners (a large national retail entity) indicated that the matter was of such low priority that they would not be responding. Accordingly, the County IDA initiated condemnation proceedings to acquire the remaining parcels of land in order to assemble the project site.

None of the parties challenged the authority of the County IDA to condemn the properties. The matter currently the subject of litigation is the actual purchase price of the parcels.

#### **B. County IDA – Co-Gen Project**

In this matter, a County IDA initiated condemnation proceedings to assist a Co-Gen company in acquiring easements to provide for the delivery of utilities to the project site. The owners of the properties that were the subject of the proposed easements would not cooperate with the Co-Gen company. Again, there was no challenge to the authority of this County IDA in initiating the condemnation proceedings. The matter litigated involved the purchase price of the easements.

#### **C. County IDA - Commercial Project**

Similar to the manufacturing project example noted above, in this situation the owner of the site needed to provide for a significant downtown development project did not want to sell the parcel and, accordingly, the offering price for the parcel was very high. This County IDA intervened in the negotiation process and indicated to the seller its willingness to initiate a condemnation process to acquire the site. The parties ultimately reached a mutually satisfactory purchase price and no condemnation actually occurred.

### **IV. EXPERIENCE OF HODGSON RUSS.**

Hodgson Russ acted as IDA and Bond Counsel in all of the examples described above. We advised each IDA through the varied requirements of the process based on the different reactions by each condemnee. Several of the matters described above were very adversarial, and several were not. In each case we worked with our IDA clients to address the relevant legal issues and, further, to consider the policy and local political issues of the condemnation.

### **V. CONCLUSION.**

Please feel free to contact me with any questions or comments that you may have.





257 Fuller Road  
Albany, New York 12203

April 12, 2013

Michael Yevoli  
Chief Executive Officer  
City of Albany Industrial Development Agency  
21 Lodge Street  
Albany, New York 12207

RE: Request for IDA Assistance for SCiTI Center Project

Dear Mr. Yevoli:

Attached is a completed application, as well as the appropriate supplementary material and a check in the amount of \$1,500 as required by the City of Albany Industrial Development Agency for the consideration of financial assistance associated with Kiernan Plaza.

Fuller Road Management Corporation (FRMC) on behalf of the College of Nanoscale Science and Engineering (CNSE) seek to redevelop the vacant Kiernan Plaza as the Smart Cities Technology Innovation Center (SCiTI Center) to serve as an urban catalyst for business innovation, economic vitality and educational outreach. While preserving the historic nature of the property, the project seeks to convert the historic landmark into a highly visible symbol of downtown revitalization through the attraction of high tech companies in downtown Albany spurring significant business and job growth.

Kiernan Plaza, a once dramatic symbol of the greatness of Albany sits vacant, unused and deteriorating. Without assistance from the City of Albany Industrial Development Agency, the building confronts significant risk of falling into disrepair as critical infrastructure (roof, HVAC systems, masonry, etc.) will soon be exceeding their useful lives. Additionally, inherent limitations of the original design of this great historic structure as a train station, with its large atrium and common spaces currently configured for a single occupant challenge the buildings economic viability.

Fuller Road Management Corporation requests that the City of Albany Industrial Development Agency provide financial assistance by acquiring the property in order to provide title free and clear of all liens and encumbrances to allow its conveyance for the identified reuse project. As you will read in the enclosed application, FRMC requests that the IDA exercise its power of eminent domain to acquire the Kiernan Plaza property and enable the purchase of the property by FRMC, upon conveyance of title by the IDA to FRMC, enter into a Payment in Lieu of Taxes (PILOT) Agreement with FRMC for 15 years establishing a PILOT payment based on the current assessment of the property, and provide exemption from New York State Sales and Compensating Use on project construction costs and the Mortgage Recording Tax.

The SCiTi Center Project will focus public-private investment and leverage CNSE's innovation and educational initiatives and partnerships in nanotechnology and smart city technologies to establish a physical "Center" to the redevelopment of downtown Albany. The New York State Regional Economic Development Council awarded a \$4 million grant to FRMC to implement the SCiTi Center project with the goal of attracting high tech smart city companies to downtown Albany, providing a central headquarters and control room for the SCiTi program operations including management and monitoring of the smart cities technology test-beds, supporting workforce training, community engagement and economic outreach, offering high tech companies the opportunity to live and work in a downtown urban center, and by branding the City of Albany as the nation's most progressive, sustainable, smart technology living destination.

As previously stated, the exercise of the power of eminent domain by the IDA to acquire title to the property will allow FRMC to return Kiernan Plaza to its former glory. With renewed mission and purpose the SCiTi Center Project will provide a significant public benefit by reestablishing this once great site into a synergistic economic development and job creation engine through the attraction of Smart City Technology companies.

Please do not hesitate to contact me if you should have any questions or find additional information is needed. I look forward to working with the Agency on this project. Thank you.

Sincerely,



John F. Loonan  
President, Fuller Road Management Corporation

Enclosure

**CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY**

**APPLICATION**

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IMPORTANT NOTICE: The answers to the questions contained in this application are necessary to determine your firm's eligibility for financing and other assistance from the City of Albany Industrial Development Agency. These answers will also be used in the preparation of papers in this transaction. Accordingly, all questions should be answered accurately and completely by an officer or other employee of your firm who is thoroughly familiar with the business and affairs of your firm and who is also thoroughly familiar with the proposed project. This application is subject to acceptance by the Agency.

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TO: CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY  
c/o Department of Economic Development  
21 Lodge Street  
Albany, New York 12207

This application by applicant respectfully states:

APPLICANT: Fuller Road Management Corporation (FRMC)

APPLICANT'S ADDRESS: 257 Fuller Road

CITY: Albany          STATE: New York          ZIP CODE: 12203

PHONE NO.: 518 956-7359    FAX NO.: 518 437-8687    E-MAIL: [jloonan@albany.edu](mailto:jloonan@albany.edu)

NAME OF PERSON(S) AUTHORIZED TO SPEAK FOR APPLICANT WITH RESPECT TO THIS APPLICATION:

John Loonan  
Michael Fancher

IF APPLICANT IS REPRESENTED BY AN ATTORNEY, COMPLETE THE FOLLOWING:

NAME OF ATTORNEY: John L. Allen, Esq.

ATTORNEY'S ADDRESS: One Commerce Plaza

CITY: Albany          STATE: New York          ZIP CODE: 12260

PHONE NO.: 518 487-7680    FAX NO.: 518 487-7777    E-MAIL: [jallen@woh.com](mailto:jallen@woh.com)

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NOTE: PLEASE READ THE INSTRUCTIONS ON PAGE 2 HEREOF BEFORE FILLING OUT THIS FORM.

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## INSTRUCTIONS

1. The Agency will not approve any application unless, in the judgment of the Agency, said application and the summary contains sufficient information upon which to base a decision whether to approve or tentatively approve an action.
2. Fill in all blanks, using “none” or “not applicable” or “N/A” where the question is not appropriate to the project which is the subject of this application (the “Project”).
3. If an estimate is given as the answer to a question, put “(est)” after the figure or answer which is estimated.
4. If more space is needed to answer any specific question, attach a separate sheet.
5. When completed, return eight (8) copies of this application to the Agency at the address indicated on the first page of this application.
6. The Agency will not give final approval to this application until the Agency receives a completed environmental assessment form concerning the Project which is the subject of this application.
7. Please note that Article 6 of the Public Officers Law declares that all records in the possession of the Agency (with certain limited exceptions) are open to public inspection and copying. If the applicant feels that there are elements of the Project which are in the nature of trade secrets or information, the nature of which is such that if disclosed to the public or otherwise widely disseminated would cause substantial injury to the applicant’s competitive position, the applicant may identify such elements in writing and request that such elements be kept confidential in accordance with Article 6 of the Public Officers Law.
8. The applicant will be required to pay to the Agency all actual costs incurred in connection with this application and the Project contemplated herein (to the extent such expenses are not paid out of the proceeds of the Agency’s bonds issued to finance the project). The applicant will also be expected to pay all costs incurred by general counsel and bond counsel to the Agency. The costs incurred by the Agency, including the Agency’s general counsel and bond counsel, may be considered as a part of the project and included as a part of the resultant bond issue.
9. The Agency has established an application fee of One Thousand Five Hundred Dollars (\$1,500) to cover the anticipated costs of the Agency in processing this application. A check or money order made payable to the Agency must accompany each application. THIS APPLICATION WILL NOT BE ACCEPTED BY THE AGENCY UNLESS ACCOMPANIED BY THE APPLICATION FEE.

FOR AGENCY USE ONLY

1. Project Number	
2. Date application Received by Agency	, 20
3. Date application referred to attorney for review	, 20
4. Date copy of application mailed to members	, 20
5. Date notice of Agency meeting on application posted	, 20
6. Date notice of Agency meeting on application mailed	, 20
7. Date of Agency meeting on application	, 20
8. Date Agency conditionally approved application	, 20
9. Date scheduled for public hearing	, 20
10. Date Environmental Assessment Form ("EAF") received	, 20
11. Date Agency completed environmental review	, 20
12. Date of final approval of application	, 20

## SUMMARY OF PROJECT

Applicant: Fuller Road Management Corporation (FRMC)

Contact Person: John Loonan

Phone Number: 518 956-7359

Occupant: Fuller Road Management Corporation (FRMC)

Project Location: Peter D. Kiernan Plaza, 575 Broadway, Albany, New York 12207

Approximate Size of Project Site: 1.03 +/- acres

### Description of Project:

Fuller Road Management Corporation (FRMC) on behalf of the College of Nanoscale Science and Engineering (CNSE) seeks to redevelop the vacant Kiernan Plaza as the Smart Cities Technology Innovation Center (SCiTI Center) to serve as an urban catalyst for business innovation, economic vitality and educational outreach. The SCiTI Center Project seeks to preserve the historic nature and long-term value of Kiernan Plaza by revitalizing one of the City's most visible landmark "lynch-pin" properties located at the heart of the downtown business, entertainment and (recently initiated) high-end residential districts by attracting high tech growth Smart Cities Technologies (SCT) companies in downtown Albany

Kiernan Plaza is an historic four level structure originally constructed in 1899 serving as the City of Albany's passenger rail station. Restored by EYP architects in 1988 after it fell into disrepair and then operated as the corporate headquarters for Norstar Bank (subsequently Bank of America) until 2009, five years after it was sold as one of over 200 properties owned by Bank of America or its affiliates to a real estate investment trust (REIT). The portfolio of properties serves as collateral for a securitized financing structure restricted by covenants that effectively preclude the sale of the property prior to maturity of the debt in 2019. There is wide concern that the building's critical infrastructure (roof, heating, air conditioning-HVAC, masonry) will fail over the next several years as systems exceed their useful lives.

The structure is currently configured for single occupancy commercial office with 50,205 sq. ft. of rentable class B office space; a windowless first floor previously used as a data center providing 14,372 sq. ft. of sub-standard space (with questionable rentability); 34,734 sq. ft. of shared use (bathrooms, elevators, stairs, vestibules, etc.), and a 7,752 square foot atrium (ceiling height of approximately 45-50 ft.) that runs the length of the structure. Due to the inherent limitations on the original design of the structure as a train station, the ability to find a tenant will require significant improvements to allow for multiple tenants and replacement of its central supporting systems will require government investment for the purchase and renovation combined with a robust business attraction strategy to attract tenants that would accept the unique attributes and detrimental aspects of the space.

The building is expected to remain vacant for the foreseeable future due to the inability to collect rent on approximately 42,486 sq. ft. (atrium, vestibules, elevators, hallways and stairs) representing a 38 percent Loss Factor which is almost four times the 10-12 percent Loss Factor associated with a typical office building.<sup>1</sup> High annual operating costs associated with the building in its dormant state of approximately

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<sup>1</sup> Loss Factor is also known as Load Factor or Common Area Factor is calculated by dividing the gross rentable area by the usable area and represents that portion of the space considered "lost" because it cannot be directly leased and the maintenance and operational costs must be covered by the other rentable areas.

\$475,000 – 500,000 including \$255,453 for real estate taxes compound the situation requiring at least approximately \$10/sq. ft. rental charge to cover operations without providing for the depreciation of necessary improvements, amortization of potential debt service associated with those improvements, and increasing repairs. The building is currently available to a single tenant for a rental rate of \$15.95/sq. ft. gross space (including atrium and other common space) plus utilities, of which rate is comparable in price to that charged for Class B office space in surrounding downtown and suburban locations and, as such, is used to estimate the potential rental income for the building. It is estimated that \$10/sq.ft. might be possible on the 14,372 sq. ft. previously used as a data center. While there is a 850 +/- space, under-utilized parking garage located at the rear of the building, the high vacancy of class B space in suburban office parks, where parking is included, makes the additional cost of \$70-\$150/month/car a further complication to the economics of the building.

Based on Kiernan Plaza having been vacant for the past three years and the likelihood that it will continue to be vacant, given the lack of demand for single tenant users of such a large building with a high Loss Factor, there is concern that the building's critical infrastructure (roof, masonry, HVAC systems, etc.) may fail over the next several years as they exceed their useful lives. As a result, it is likely the current market value for the property is approximately \$3,000,000 as compared to the current assessed value of \$5.5 million. The vacant and deteriorating condition of this landmark structure can be averted by this application for financial assistance.

FRMC requests that the City of Albany Industrial Development Agency (IDA) provide financial assistance by acquiring the property in order to provide title free and clear of all liens and encumbrances to allow its conveyance for the identified reuse project. Specifically, FRMC requests that the City of Albany IDA: 1) exercise its power of eminent domain to acquire the Kiernan Plaza property and enable the purchase of the property by FRMC; 2) upon conveyance of title by the IDA to FRMC, enter into a Payment in Lieu of Taxes (PILOT) Agreement with FRMC for 15 years that would establish a PILOT payment based on the current assessment of the property, so that the PILOT payment would equal the real estate taxes (county, school and city) to be paid by the property based on the current assessment, but which would fluctuate with changes in the various tax rates; and, 3) provide exemption from New York State Sales and Compensating Use on project construction costs and the Mortgage Recording Tax. FRMC would also continue to pay the Business Improvement District assessment. In the event that transfer of title to the property is not a taxable transfer under Article 31 of the Tax Law, FRMC proposes to pay as an additional PILOT payment the amount of transfer tax that would otherwise have been due on the transfer.

The Applicant's position is that exercise of the power of eminent domain by the IDA to acquire title to the Kiernan Plaza property is for a public use, benefit or purpose because it will result in needed economic development in downtown Albany with private sector investment and job creation, community engagement and workforce development targeting our underserved communities, downtown revitalization with live and work environments, and historic preservation of a symbol of the City of Albany. Kiernan Plaza has been vacant and unused for several years and without exercise of the power of eminent domain, the building confronts significant risk of falling into disrepair, jeopardizing the long term viability of this great historic structure.

Total project cost of the SCiTI Center is estimated to be \$10 million including a \$4 million from Empire State Development Corporation as a Regional Council Incentive Grant award and remaining funding from private investment for fit-up of multiple tenants resulting in the location and expansion of 10 to 14 companies in downtown Albany and is conservatively estimated to create 150 and retain 100 high-paying jobs over the next five years with employment likely to be much higher.

The SCiTI Center Project would provide a physical “Center” to the redevelopment of downtown Albany by: 1) hosting the entire food-chain of SCiTI companies including the back-office support for the nano-device companies with R&D operations at CNSE’s NanoTech complex; 2) providing a central headquarters and control room for the SCiTI program operations including management and monitoring of the smart cities technology test-beds; 3) supporting workforce training, community engagement and economic outreach, etc.; 4) offering high tech companies the opportunity to live and work in a downtown urban center; and, 5) branding the City of Albany as the nation’s most progressive, sustainable, smart technology living destination.

Employment Impact: 250 total permanent full time jobs including 150 to be created and 100 to be retained.

Estimated Value of Tax-Exemptions:

I. INFORMATION CONCERNING THE PROPOSED OCCUPANT OF THE PROJECT  
(HEREINAFTER, THE "COMPANY").

6



1. Company Name: Fuller Road Management Corporation

Present Address: 257 Fuller Road

Zip Code: 12203

Employer's ID No.: 141772760

2. If the Company differs from the Applicant, give details of relationship:

3. Indicate type of business organization of Company:

a. ☒ Corporation (If so, incorporated in what country? U.S. What State? New York State. Date Incorporated? September 27, 1993. Type of Corporation? Domestic Not-for-Profit 501-C-25. Authorized to do business in New York? Yes ☒ ; No ☐ ).

b. ☐ Partnership (if so, indicate type of partnership \_\_\_\_\_, Number of general partners \_\_\_\_\_, Number of limited partners \_\_\_\_\_).

c. ☐ Limited liability company,  
Date created? \_\_\_\_\_.

d. ☐ Sole proprietorship

4. Is the Company a subsidiary or direct or indirect affiliate of any other organization(s)? No. If so, indicate name of related organization(s) and relationship:

B. Management of Company:

1. List all owners, officers, members, directors and partners (complete all columns for each person):

NAME (First, Middle, Last) HOME ADDRESS	OFFICE HELD	OTHER PRINCIPAL BUSINESS
Research Foundation of SUNY	Member	
University at Albany Foundation	Member	
Dr. Alain Kaloyeros	Chair of the Board	Senior Vice President and CEO, College of Nanoscale Science & Engineering
Tom Birdsey	Director	President and CEO EYP Architecture & Engineering
Robert E. Blackman	Director	VP and General Manager Realty USA
John C. Cavalier	Director	Retired
William B. Eimicke	Director	Professor of Professional Practice in International and Public Affairs; Executive Director, Picker Center for Executive Education School of International and Public Affairs Columbia University
Carl Florio	Director	Vice Chairman Paradigm Capital Management
Harold C. Hanson, Esq.	Director	Hinman, Straub, Pigors & Manning, of Counsel
I. Norman Massry (Vice Chair of the Board; Chair, Finance)	Director	Tri City Rentals/Massry Realty Partners
John F. Loonan	President	Vice President for Finance and Fiscal Management, College of Nanoscale Science & Engineering
Leo F. Neveu	Chief Admin Officer & Treasurer	
Brenda Birken	General Counsel	Vice President for Policy and Regulatory Affairs; Senior Legal Advisor for Externally Sponsored Programs; Director, CNSE Office for Technology Innovation and Commercialization, College of Nanoscale Science & Engineering
Deborah Fox Reichler	Director of Finance	
Jonathan R. Holder	Owner's Representative for Facilities	Vice President of Facilities and Infrastructure, College of Nanoscale Science & Engineering

2. Is the Company or management of the Company now a plaintiff or a defendant in any civil or criminal litigation? Yes \_\_\_\_; No X.

3. Has any person listed above ever been convicted of a criminal offense (other than a minor traffic violation)? Yes \_\_\_\_; Not to our knowledge.

4. Has any person listed above or any concern with whom such person has been connected ever been in receivership or been adjudicated a bankrupt? Yes \_\_\_\_; Not to our knowledge. (If yes to any of the foregoing, furnish details in a separate attachment).

5. If the answer to any of questions 2 through 4 is yes, please, furnish details in a separate attachment.

C. Principal Owners of Company:

1. Principal owners of Company: Is Company publicly held? Yes \_\_\_\_; No X.  
If yes, list exchanges where stock traded:

2. If no, list all stockholders having a 5% or more interest in the Company:  
Company is a not-for-profit corporation with two members listed above, Research Foundation of SUNY and the University at Albany Foundation, and do not have an owner in the traditional sense.

NAME	ADDRESS	PERCENTAGE OF HOLDING

D. Company's Principal Bank(s) of account:

Bank name: M&T Bank

Account name: Fuller Road Management Corporation

Bank Address: 327 Great Oaks Blvd, Albany, NY 12203

## II. DATA REGARDING PROPOSED PROJECT

### A. Summary: (Please provide a brief narrative description of the Project.)

Fuller Road Management Corporation (FRMC) on behalf of the College of Nanoscale Science and Engineering (CNSE) seek to redevelop the vacant Kiernan Plaza as the Smart Cities Technology Innovation Center (SCiTI Center) to serve as an urban catalyst for business innovation, economic vitality and educational outreach.

Kiernan Plaza is an historic four level structure originally constructed in 1899 serving as the City of Albany's passenger rail station. Restored after it fell into disrepair by EYP architects in 1988 and operated as the corporate headquarters for Norstar Bank (subsequently Bank of America) until 2009, five years after it was sold as one of over 200 properties owned by Bank of America or its affiliates to a real estate investment trust (REIT). The portfolio of properties serves as collateral for a securitized financing structure restricted by covenants that effectively preclude the sale of the property prior to maturity of the debt in 2019. There is wide concern that the building's critical infrastructure (roof, heating, air conditioning, masonry) will fail over the next several years as systems exceed their useful lives.

The structure is currently configured for single occupancy commercial office and a data center space supported by redundant power connections and high speed data links. The total size of the building is 111,693 square feet including: 1) 50,205 sq. ft. of rentable office space; 2) 14,372 sq. ft. (with raised floor) data center space in the sub-level with two feeds of 4000 AMP 34,500 volt electrical service and an emergency generator; 3) 7,752 square foot atrium (ceiling height of approximately 45-50 ft.) that runs the length of the structure; and, 4) 34,734 sq. ft. of remaining shared-use (bathrooms, elevators, stairs, vestibules). A 850 +/- under-utilized car parking garage located at the rear of the building with access to I-787 is one block away providing an 8 minute 8 mile drive to the CNSE Albany NanoTech complex. The building is expected to remain vacant for the foreseeable future due to the inability to collect rent on approximately 42,486 sq. ft. (atrium, vestibules, elevators, hallways and stairs) representing a 38 percent load factor compounded by high operating costs associated with the atrium and the single occupancy configuration has resulted in the building remaining dormant for the past four years.

The announcement of a partnership between CNSE and the Trinity Alliance of the Capital Region (Trinity Alliance) on July 16, 2012 provides an excellent example of how the SCiTI Center Project has already catalyzed joint nanotechnology and smart city technology education and workforce training programs with its focus on young people in Albany's South End neighborhood and the planned construction of the Albany Capital South Campus Center.

Based on Kiernan Plaza having been vacant for the past three years and the likelihood that it will continue to be vacant, given the lack of demand for single tenant users of such a large building, there is concern that the building's critical infrastructure (roof, masonry, HVAC, etc.) may fail over the next several years as they exceed their useful lives. The vacant and deteriorating condition of this landmark structure can be averted by this application for financial assistance.

FRMC requests that the City of Albany Industrial Development Agency (IDA) provide financial assistance by acquiring the property in order to provide title free and clear of all liens and encumbrances to allow its conveyance for the identified reuse project.

Specifically, FRMC requests that the IDA: 1) exercise its power of eminent domain to acquire the Kiernan Plaza property and enable the purchase of the property by FRMC; 2) upon conveyance of title by the IDA to FRMC, enter into a Payment in Lieu of Taxes (PILOT) Agreement with FRMC for 15 years that would establish a PILOT payment based on the current assessment of the property, so that the PILOT payment would equal the real estate taxes (county, school and city) to be paid by the property based on the current assessment, but which would fluctuate with changes in the various tax rates; and, 3) provide exemption from New York State Sales and Compensating Use on project construction costs and the Mortgage Recording Tax. FRMC would also continue to pay the Business Improvement District assessment. In the event that transfer of title to the property is not a taxable transfer under Article 31 of the Tax Law, FRMC proposes to pay as an additional PILOT payment the amount of the transfer tax that would otherwise have been due on the transfer.

The Applicant's position is that exercise of the power of eminent domain by the IDA to acquire title to the Kiernan Plaza property is for a public use benefit or purpose because it will result in needed economic development in downtown Albany with private sector investment and job creation, community engagement and workforce development targeting our underserved communities, downtown revitalization with live and work environments, and historic preservation of a symbol of the City of Albany. Kiernan Plaza has been vacant and unused for several years and without exercise of the power of eminent domain the building confronts significant risk of falling into disrepair jeopardizing the long term viability of this great historic structure.

Total project cost of the SCiTI Center is estimated to be \$10 million including a \$4 million from Empire State Development Corporation as a Regional Council Incentive Grant award and remaining funding from private investment for fit-up of multiple tenants resulting in the location and expansion of 10 to 14 companies in downtown Albany and is conservatively estimate to create 150 and retain 100 high-paying jobs over the next five years with employment likely to be much higher.

Prospective CNSE partner tenants have been identified with tentative commitments to occupy portions of the building including CHA, a leading engineering design company, among others. CHA (formerly Clough Harbor Associates) employs approximately 1,500 professionals around the world and currently maintains its headquarters at 3 Winners Circle, Colonie, New York. Their desire to relocate the company's executive management team to SCiTI Center will retain their headquarters in New York State and allow for the expansion of their highly skilled professional staff (electrical, mechanical and civil engineers) in their existing Colonie facility. In addition, the SCiTI Center Project will provide a prime location for joint programs in which CNSE, CHA and other partners that will lead to the development and commercialization of smart city technologies that require integration of smart devices in deployed systems operating in a broad array of field-based applications.

B. Location of Proposed Project:

1. Street Address 575 Broadway
2. City of Albany
3. Town of N/A
4. Village of N/A
5. County of Albany

C. Project Site:

1. Approximate size (in acres or square feet) of Project site: 1.03 acres

Is a map, survey or sketch of the project site attached? Yes X; No \_\_\_\_.

2. Are there existing buildings on project site? Yes X; No \_\_\_\_.

a. If yes, indicate number and approximate size (in square feet) of each existing building:

There is one existing 111,693 sq. ft. building located on approximately 1.03 +/- acres at the project site.

- b. Are existing buildings in operation? Yes X; No \_\_\_\_.  
If yes, describe present use of present buildings:

The building currently vacant and is marketed for rental as commercial office space and data center. The prior owner of the building was Bank of America where the building was used for commercial banking services and as a regional data center for the bank.

- c. Are existing buildings abandoned? Yes \_\_\_\_; No X. About to be abandoned? Yes \_\_\_\_; No X. If yes, describe:

The building is expected to remain vacant for the foreseeable future due to the inability to collect rent on approximately 42,486 sq. ft. (atrium, vestibules, elevators, hallways and stairs) representing a 38 percent load factor compounded by high operating costs associated a unique historic structure which had previously served as a train station with a large atrium that runs the length of the building and is currently configured for a single occupant resulting in the building remaining dormant for the past four years. The award of a New York State Regional Council grant minimizes carrying costs (debt service) enabling the property to maintain long term financial viability.

- d. Attach photograph of present buildings.





3. Utilities serving project site:

Water-Municipal: Yes  
Other (describe)  
Sewer-Municipal: Yes  
Other (describe)  
Electric-Utility: National Grid  
Other (describe)  
Heat-Utility: National Grid Natural Gas  
Other (describe)

4. Present legal owner of project site:

First States Investors 5200, LLC

a. If the Company owns project site, indicate date of purchase: \_\_\_\_\_;  
Purchase price: \$ \_\_\_\_\_.

b. If Company does not own the Project site, does Company have option signed with owner to purchase the Project site? Yes \_\_\_\_; No X. If yes, indicate date option signed with owner: \_\_\_\_\_, 20\_\_\_\_; and the date the option expires: \_\_\_\_\_, 20\_\_\_\_.

c. If the Company does not own the project site, is there a relationship legally or by common control between the Company and the present owners of the project site? Yes \_\_\_\_; No X. If yes, describe:

5. a. Zoning District in which the project site is located: C-3

b. Are there any variances or special permits affecting the site? Yes \_\_\_\_; No X. If yes, list below and attach copies of all such variances or special permits:

D. Buildings:

1. Does part of the project consist of a new building or buildings? Yes \_\_\_\_; No X. If yes, indicate number and size of new buildings:

2. Does part of the project consist of additions and/or renovations to the existing buildings? Yes X; No \_\_\_\_\_. If yes, indicate the buildings to be expanded or renovated, the size of any expansions and the nature of expansion and/or renovation:

The Project site consists of a single building located at 575 Broadway, Albany, NY 12207 and was named after Peter Kiernan who was the President of Norstar Bank when the former Union Train Station was restored as the bank's headquarters. The building has been used by Bank of America as a single tenant until 2009. The overall size, structure and footprint of the building will remain unchanged under current plans for renovation will allow for multiple tenants and will take into account the preservation of the historic nature of building.

3. Describe the principal uses to be made by the Company of the building or buildings to be acquired, constructed or expanded:

The building will be used as commercial Class B office space with the potential for a data center. It will also support community engagement and educational enrichment programs as well as enable innovative economic outreach strategies to increase investment in



surrounding properties, SCT test-bed projects, and nanotechnology and SCT educational programs.

E. Description of the Equipment:

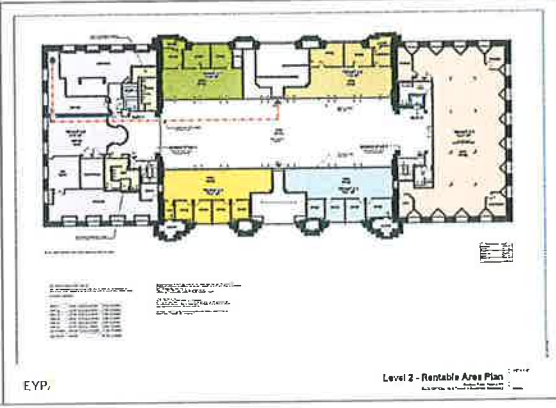
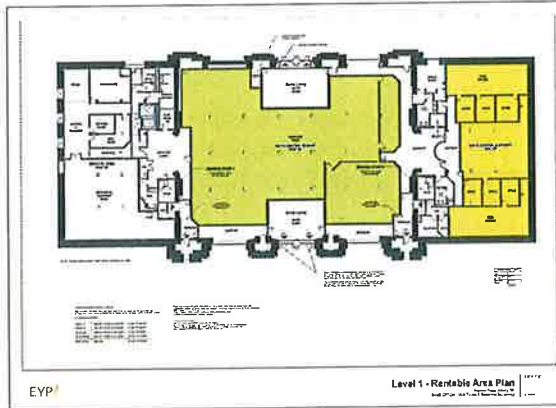
1. Does a part of the Project consist of the acquisition or installation of machinery, equipment or other personal property (the "Equipment")? Yes X; No \_\_\_\_\_. If yes, describe the Equipment: The use of the building will not include any industrial or manufacturing equipment.
2. With respect to the Equipment to be acquired, will any of the Equipment be Equipment which has previously been used? Yes \_\_\_\_; No X\_. If yes, please provided detail: N/A
3. Describe the principal uses to be made by the Company of the Equipment to be acquired or installed: Principal uses to be made by the Company and the tenants within the building will include telecommunications, information technology and related office support equipment.

F. Project Use:

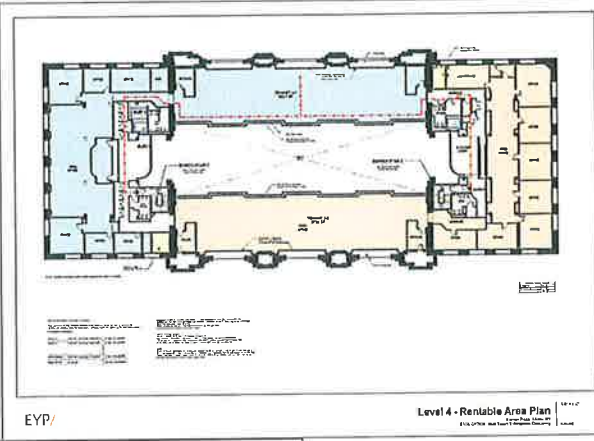
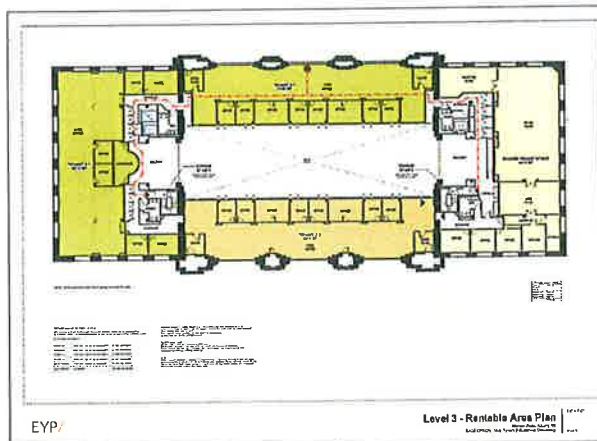
1. What are the principal products to be produced at the Project?

The principal products of the SCiTI Center Project will be redevelopment of commercial Class B office space for multiple tenants with the potential for data center operations and limited food service. Anticipated tenants would include public and private entities focusing on Smart Cities Technologies Innovation (SCiTI) and support "back office" operations of companies performing R&D at the CNSE NanoTech complex. The Project will also support educational and community engagement and enrichment activities utilizing the rotunda of Kiernan Plaza.

The following schematics and related tables represent a potential tenant space allocation scenario for the four floors of the SCiTI Center Project. The New York State Regional Council recently awarded FRMC with a \$4 million grant to support the purchase and fit-up of the SCiTI Center for multi-tenancy. It is conservatively projected that 150 jobs will be directly created and 100 jobs retained within SCiTI Center Project site over the next five years (50 jobs per year) with additional jobs to also be created at partner institutions and organizations within the region.



Rentable Space – Level 1	
Tenant 1	9880 sq. ft.
Tenant 2	4492 sq. ft.
Mechanical	4666 sq. ft.
Remaining	9918 sq. ft.
Total Gross Sq. Ft. - Level 1	28956 sq. ft.
Rentable Space – Level 2	
Tenant 3	1509 sq. ft.
Tenant 4	1722 sq. ft.
Tenant 5	5331 sq. ft.
Tenant 6	1827 sq. ft.
Tenant 7	1827 sq. ft.
Tenant 8	4630 sq. ft.
Remaining	12054 sq. ft.
Total Gross Sq. Ft.– Level 2	28900 sq. ft.



Rentable Space – Level 3	
Tenant 9	3475 sq. ft.
Tenant 10	4419 sq. ft.
Tenant 11	3527 sq. ft.
Tenant 12	4551 sq. ft.
Remaining	7407 sq. ft.
Total Gross Sq. Ft – Level 3	23343 sq. ft.
Rentable Space – Level 4	

Tenant 13	8637 sq. ft.
Tenant 14	8750 sq. ft.
Remaining	5355 sq. ft.
Total Gross Sq. Ft. -- Level 4	22742 sq. ft.
<b>Atrium -- Levels 2 -- 4</b>	
Common Space	7752 sq. ft.
<b>Total Building Gross Sq.Ft.</b>	<b>111693 sq. ft.</b>

With the recent emergence of smart-phone and cloud computing technology platforms in the consumer marketplace, the opportunity to develop smart technologies in adjacent markets of transportation/aerospace, energy/smart grid, and personalized healthcare/biopharmaceutical, among other markets is on the near horizon. The SCiTI Center Project represents a state and local public-private partnership to attract and support regional technology companies to collaborate by jointly pursuing Smart Cities Technology (SCT).

The SCiTI Center Project strategy seeks to integrate, enhance and leverage the region's combined strengths (shared R,D&D assets, global nanotechnology education networks, and open innovation consortia/entrepreneurial culture) to achieve the economic development outcomes including: 1) creation of business start-ups; 2) attraction of new companies; and 3) expansion of industry clusters and eco-system support (including retention of existing companies).

The SCiTI Center Project represents a strategic approach to regional economic growth that would be unique in the country and position the entire state to leverage an array of existing public-private partnerships leading to significant private sector investment in the development and commercialization of solutions that will not only result in economic growth in downtown Albany but also reduce the cost of delivering government services in the region and state.

## 2. What are the principal activities to be conducted at the Project?

Leasing/ use of multi-tenanted Class B office space to Smart City Technology companies.

Smart City Technologies (SCT) use data analytics to integrate cloud-based sources of information with data generated by devices located in the field that are capable of computing, communicating, sensing, positioning, and actuating either independently or in combination with other systems to optimize processes and infrastructure in a city, which makes it more efficient, safer, and productive. SCT encompasses healthcare, energy, water, transportation, security, governmental services, emergency response, and education and enable sustainable growth by allocating scarce resources more efficiently by reducing waste, becoming more resilient, increasing capacity, and allowing for seamless actions to be taken.

The goal of the SCiTI Center Project is to integrate and position the region's higher education technology capabilities, not-for-profit community development organizations, business incubator/technology park resources, and economic development entity services to: attract, grow, retain and align the region's small, medium, and large-sized technology companies in our urban centers supported by expanded Research, Development and

Deployment (R,D&D) assets, industry networks and open innovation culture overseen by CNSE. The objective of the SCiTI Center Project is to leverage the Capital Region's international reputation as a unique public-private model and its' critical mass of strategic technology innovation resources, industry and business development relationships, economic outreach capabilities, and education delivery services to provide highly tailored opportunities for investment in high tech growth, education, and economic development throughout the region.

As the capital city of New York State, the seat of Albany County and the central hub of the tri-city region, Albany enjoys a high proportion of federal office, state agency headquarters and local government public authorities encompassing the entire spectrum of smart cities and governmental services from Transportation (e.g. NYS DOT, NYS Thruway Authority, NYS Canal Corporation, Capital District Transportation and Port Authorities, as well as Amtrak, and CSX); Healthcare (e.g. NYS DOH and Wadsworth Lab, NYS DEC, NYS Ag. & Markets, as well healthcare providers serving the entire spectrum of health settings); Energy (including NYERSDA, Independent System Operator, Public Service Commission); Governmental Services (e.g. OTDA, OGS, etc.) to Security (e.g. NYS Police, NYS Forensic Laboratory, Dept. of Homeland Security, National Guard, etc.), among other state agencies. The Capital Region is also closely linked to the greater New York City metropolitan area with direct Amtrak service and close relationships between public and private entities operating in both the Capital Region and NYC.

The SCiTI Center Project will serve as the catalyst to locate high tech growth companies in downtown Albany by providing class B office space and data center operations creating a physical "Center" to the redevelopment of downtown Albany by: 1) hosting the entire food-chain of SCiTI companies including the back-office support for the nano-device companies with R&D operations at CNSE's NanoTech complex; 2) providing a central headquarters and demonstration control room for the SCiTI program operations including management and monitoring of the smart cities technology test-beds; 3) supporting workforce training, community engagement and economic outreach, etc.; 4) offering high tech companies the opportunity to live and work in a downtown urban center; and, 5) branding the City of Albany as the nation's most progressive, sustainable, smart technology living destination.

CNSE and its partner companies and institutions will work with the agencies of the City of Albany and seek to establish partnerships with New York State and New York City agencies to collaborate on SCT solutions and test-bed demonstrations to evaluate performance and assess operational efficiencies. The SCiTI Center Project will also house a control center and act as a headquarters for the various test-bed projects enabling public demonstration of SCT solutions in practice as well as establish educational displays, exhibits and events to increase community awareness and understanding of SCT innovations and career opportunities in the emerging fields of nanotechnology, smart cities and related application areas (clean energy, biohealth, etc.).

3. Does the Project include facilities or property that are primarily used in making retail sales of goods or services to customers who personally visit such facilities? Yes \_\_\_\_; No  X . If yes, please provide detail:

4. If the answer to question 3 is yes, what percentage of the cost of the Project will be expended on such facilities or property primarily used in making retail sales of goods or services to customers who personally visit the Project? \_\_\_\_\_% N/A

5. If the answer to question 3 is yes, and the answer to question 4 is more than 33.33%, indicate whether any of the following apply to the Project: N/A

a. Will the Project be operated by a not-for-profit corporation? N/A  
Yes\_\_\_\_; No\_\_\_\_. If yes, please explain:

b. Is the Project likely to attract a significant number of visitors from outside the economic development region in which the Project will be located? Yes\_\_\_\_; No\_\_\_\_. N/A If yes, please explain:

c. Would the Project occupant, but for the contemplated financial assistance from the Agency, locate the related jobs outside the State of New York? Yes\_\_\_\_; No\_\_\_\_. N/A If yes, please explain:

d. Is the predominant purpose of the Project to make available goods or services which would not, but for the Project, be reasonably accessible to the residents of the city, town or village within which the Project will be located, because of a lack of reasonably accessible retail trade facilities offering such goods or services? Yes\_\_\_\_; No\_\_\_\_. N/A If yes, please provide detail:

e. Will the Project be located in one of the following: (i) an area designed as an economic development zone pursuant to Article 18-B of the General Municipal Law; or (ii) a census tract or block numbering area (or census tract or block numbering area contiguous thereto) which, according to the most recent census data, has (x) a poverty rate of at least 20% for the year in which the data relates, or at least 20% of households receiving public assistance, and (y) an unemployment rate of at least 1.25 times the statewide unemployment rate for the year to which the data relates? Yes X; No \_\_\_\_\_. If yes, please explain: Census track 11 in Albany County is characterized as economically distressed with 23.9% unemployment with 35.9% of total households making less than \$10,000 income and benefits according to the 2007-2011 American Community Survey 5-Year Estimates.

6. If the answers to any of subdivisions c. through e. of question 5 is yes, will the Project preserve permanent, private sector jobs or increase the overall number of permanent, private sector jobs in the State of New York? Yes\_\_\_\_; No\_\_\_\_. N/A If yes, please explain:

The SCiTI Center project anticipates preserving 100 permanent, private sector jobs and increasing 150 permanent, private sector jobs by attracting smart city technology companies by providing a physical "Center" to the redevelopment of downtown Albany. Specifically, the project will seek to: 1) host the entire food-chain of SCiTI companies

including the back-office support for the nano-device companies with R&D operations at CNSE's NanoTech complex; 2) provide a central headquarters and control room for the SCiTI program operations including management and monitoring of the smart cities technology test-beds; 3) support workforce training, community engagement and economic outreach, etc. to the surrounding census tract residents; 4) offer high tech companies the opportunity to live and work in a downtown urban center; and, 5) brand the City of Albany as the nation's most progressive, sustainable, smart technology living destination.

7. Will the completion of the Project result in the removal of a plant or facility of the Company or another proposed occupant of the Project (a "Project Occupant") from one area of the State of New York to another area of the State of New York? Yes \_\_\_\_; No X (If yes, please explain:

CHA (formerly Clough Harbor Associates) employs approximately 1,500 professionals around the world and currently maintains its headquarters at 3 Winners Circle, Colonie, New York. The proposed relocation of the company's executive management team to SCiTI Center will retain their headquarters in New York State and allow for the expansion of their highly skilled professional staff (electrical, mechanical and civil engineers) in their existing Colonie facility. In addition, the SCiTI Center Project will provide a prime location for joint programs in which CNSE, CHA and other partners that will lead to the development and commercialization of smart city technologies that require integration of smart devices in deployed systems operating in a broad array of field-based applications.

8. Will the completion of the Project result in the abandonment of one or more plants or facilities of the Company located in the State of New York? Yes \_\_\_\_; No X. If yes, please provide detail:

9. If the answer to either question 7 or question 8 is yes, indicate whether any of the following apply to the Project:

a. Is the Project reasonably necessary to preserve the competitive position of the Company on such Project Occupant in its industry? Yes \_\_\_\_; No \_\_\_\_\_. If yes, please provide detail: N/A

The relocation of CHA executive management team into the Project site will allow the company to expand at its existing facility in Colonie and will position the company to grow as it pursues opportunities in the emerging smart city technology market. The interaction with other tenants and CNSE partners offers additional growth opportunities.

b. Is the Project reasonably necessary to discourage the Company or such Project Occupant from removing such other plant or facility to a location outside the State of New York? Yes \_\_\_\_; No \_\_\_\_\_. If yes, please provide detail: N/A

With several other office locations throughout North America, the threat to consolidate the headquarters into another office location was significant.

G. Other Involved Agencies:

1. Please indicate all other local agencies, boards, authorities, districts, commissions or governing bodies (including any city, county and other political subdivision of the State of New York and all state departments, agencies, boards, public benefit corporations, public authorities or commissions) involved in approving or funding or directly undertaking action with respect to the Project. For example, do you need a municipal building permit to undertake the Project? Do you need a zoning approval to undertake the Project? If so, you would list the appropriate municipal building department or planning or zoning commission which would give said approvals.

- City of Albany, including the following departments:
  - Albany Parking Authority
  - Buildings and Regulatory Compliance
  - Development and Planning
  - Various City Agencies (TBD)
- State of New York, including the following departments:
  - Empire State Development

2. Describe the nature of the involvement of the federal, state or local agencies described above:

The New York State and Empire State Development announced on December 19, 2012 the award of a \$ 4 million Regional Council grant for the purchase, renovation and fit-up of the SCiTI Center project including reconfiguration of the building systems to accommodate a multi-tenant building occupancy with common spaces and fit-up of tenant spaces. In addition, CNSE has been in discussions with various City and State agencies on potential partnerships with CNSE partner companies on establishing test-bed demonstration of potential SCT projects.

H. Construction Status:

1. Has construction work on this project begun? Yes \_\_\_\_; No X. If yes, please discuss in detail the approximate extent of construction and the extent of completion. Indicate in your answer whether such specific steps have been completed as site clearance and preparation; completion of foundations; installation of footings; etc.:

2. Please indicate amount of funds expended on this project by the Company in the past three (3) years and the purposes of such expenditures: \$0.00

I. Method of Construction After Agency Approval:

1. If the Agency approves the project which is the subject of this application, there are two methods that may be used to construct the project. The applicant can construct the project privately and sell the project to the Agency upon completion. Alternatively, the applicant can request to be appointed as "agent" of the Agency, in which case certain laws applicable to public construction may apply to the project. Does the applicant wish

to be designated as "agent" of the Agency for purposes of constructing the project? Yes   X  ; No       .

2. If the answer to question 1 is yes, does the applicant desire such "agent" status prior to the closing date of the financing? Yes   X  ; No       .

**III. INFORMATION CONCERNING LEASES OR SUBLEASES OF THE PROJECT. (PLEASE COMPLETE THE FOLLOWING SECTION IF THE COMPANY INTENDS TO LEASE OR SUBLEASE ANY PORTION OF THE PROJECT).**

A. Does the Company intend to lease or sublease more than 10% (by area or fair market value) of the Project? Yes   X  ; No       . If yes, please complete the following for each existing or proposed tenant or subtenant:

1. Sublessee name: Clough Harbour and Associates  
Present Address: III Winners Circle, P.O. Box 5269  
City: Albany State: New York Zip: 12205-0269  
Employer's ID No.: 14-1621922  
Sublessee is:   X   Corporation:        Partnership:        Sole Proprietorship  
Relationship to Company: Collaboration Partner  
Percentage of Project to be leased or subleased: TBD  
Use of Project intended by Sublessee: Office space for global headquarters executive management team  
Date of lease or sublease to Sublessee: Pending  
Term of lease or sublease to Sublessee: Pending

B. Will any portion of the space leased by this sublessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? Yes       ; No   X  . If yes, please provide on a separate attachment (a) details and (b) the answers to questions II(F)(4) through (6) with respect to such sublessee.

2. Sublessee name:  
Present Address: TBD  
City:                      State:                      Zip:                       
Employer's ID No.:                       
Sublessee is:  
           Corporation:            Partnership:            Sole Proprietorship  
Relationship to Company:                       
Percentage of Project to be leased or subleased:                       
Use of Project intended by Sublessee:                       
Date of lease or sublease to Sublessee:                       
Term of lease or sublease to Sublessee:                       
Will any portion of the space leased by this sublessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? Yes       ; No       . If yes, please provide on a separate attachment (a) details and (b) the answers to questions II(F)(4) through (6) with respect to such sublessee.



3. Sublessee name: TBD  
Present Address:  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Employer's ID No.: \_\_\_\_\_  
Sublessee is: \_\_\_\_\_ Corporation: \_\_\_\_\_ Partnership: \_\_\_\_\_ Sole Proprietorship  
Relationship to Company: \_\_\_\_\_  
Percentage of Project to be leased or subleased: \_\_\_\_\_  
Use of Project intended by Sublessee: \_\_\_\_\_  
Date of lease or sublease to Sublessee: \_\_\_\_\_  
Term of lease or sublease to Sublessee: \_\_\_\_\_  
Will any portion of the space leased by this sublessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? Yes\_\_\_\_; No\_\_\_\_. If yes, please provide on a separate attachment (a) details and (b) the answers to questions II(F)(4) through (6) with respect to such sublessee.

B. What percentage of the space intended to be leased or subleased is now subject to a binding written lease or sublease? 0%

#### IV. Employment Impact

A. Indicate below the number of people presently employed at the project site and the number that will be employed at the project site at end of the first and second years after the project has been completed (Do not include construction workers). Also indicate below the number of workers employed at the project site representing newly created positions as opposed to positions relocated from other project sites of the applicant. Such information regarding relocated positions should also indicate whether such positions are relocated from other project sites financed by obligations previously issued by the Agency.

The project site currently vacant and has no direct employment of permanent, temporary or part time workers. It is anticipated that 30-50 jobs will be created in downtown Albany by the project representing CHA's executive management team, with equal number of new employees to locate in their existing Colonie location. As tenants are identified it is anticipated that there will be a total of at least 150 created and 100 retained full time permanent jobs with the allocation between created and retained to be assumed equal for each year 60% created and 40% retained as follows:

TYPE OF EMPLOYMENT					
	PROFESSIONAL MANAGERIAL	SKILLED	SEMI- SKILLED	UNSKILLED	TOTALS
Present Full Time	0	0	0	0	0
Present Part Time	0	0	0	0	0
Present Seasonal	0	0	0	0	0
First Year Full Time	50	0	0	0	50
First Year Part Time	0	0	0	0	0
First Year Seasonal	0	0	0	0	0
Second Year Full Time	50	0	0	0	50
Second Year Part Time	0	0	0	0	0
Second Year Seasonal	0	0	0	0	0
Third Year Full Time	50	0	0	0	50
Third Year Part Time	0	0	0	0	0
Third year Seasonal	0	0	0	0	0
Fourth Year Full Time	50	0	0	0	50
Fourth Year Part Time	0	0	0	0	0
Fourth Year Seasonal	0	0	0	0	0
Fifth Year Full Time	50	0	0	0	50
Fifth Year Part Time	0	0	0	0	0
Fifth Year Seasonal	0	0	0	0	0
5 Year Total	250	0	0	0	250

B. Please prepare a separate attachment describing in detail the types of employment at the project site. Such attachment should describe the activities or work performed for each type of employment.

It is anticipated that the type of employment for tenants yet to be determined would include professional architects, engineers, financial, accounting and business administration personnel. The company is unable to provide further details on specific jobs at this time.

V. Project Cost

A. Anticipated Project Costs. State the costs reasonably necessary for the acquisition of the project site and the construction of the proposed project including the acquisition and installation of any machinery and equipment necessary or convenient in connection therewith, and including any utilities, access roads or appurtenant facilities, using the following categories:

<u>Description of Cost</u>	<u>Amount</u>
Land	\$ N/A Combined with Buildings below
Buildings	\$3,000,000
Machinery and equipment costs	\$0
Utilities, roads and appurtenant costs	\$0
Architects and engineering fees	\$ 250,000
Costs of Bond issue (legal, financial and printing)	\$ _____
Construction loan fees and interest (if applicable)	\$ _____
Other (specify)	\$ _____
<u>Fit-up Renovations</u>	<u>\$6,750,000 (**)</u>
_____	\$ _____
_____	\$ _____
<b>TOTAL PROJECT COST</b>	<b><u>\$10,000,000</u></b>

\*\*Includes the acquisition and installation therein and thereon related fixtures, machinery, equipment and other tangible personal property.

B. Have any of the above expenditures already been made by applicant?  
Yes \_\_\_\_; No X. (If yes, indicate particular.)

V. BENEFITS EXPECTED FROM THE AGENCY

A. Financing

1. Is the applicant requesting that the Agency issue bonds to assist in financing the project? Yes \_\_\_\_; No X. If yes, indicate:
  - a. Amount of loan requested: \_\_\_\_\_ Dollars;
  - b. Maturity requested: \_\_\_\_\_ Years.
2. Is the interest on such bonds intended to be exempt from federal income taxation? Yes \_\_\_\_; No \_\_\_\_ N/A
3. If the answer to question 2 is yes, will any portion of the Project be used for any of the following purposes:
  - a. retail food and beverage services: Yes \_\_\_\_; No \_\_\_\_
  - b. automobile sales or service: Yes \_\_\_\_; No \_\_\_\_
  - c. recreation or entertainment: Yes \_\_\_\_; No \_\_\_\_

- d. golf course: Yes \_\_\_\_; No \_\_\_\_
  - e. country club: Yes \_\_\_\_; No \_\_\_\_
  - f. massage parlor: Yes \_\_\_\_; No \_\_\_\_
  - g. tennis club: Yes \_\_\_\_; No \_\_\_\_
  - h. skating facility (including roller
  - i. skating, skateboard and ice skating): Yes \_\_\_\_; No \_\_\_\_
  - j. racquet sports facility (including
  - handball and racquetball court): Yes \_\_\_\_; No \_\_\_\_
  - k. hot tub facility: Yes \_\_\_\_; No \_\_\_\_
  - l. suntan facility: Yes \_\_\_\_; No \_\_\_\_
  - m. racetrack: Yes \_\_\_\_; No \_\_\_\_
4. If the answer to any of the above questions contained in question 3 is yes, please furnish details on a separate attachment.
5. Is the Project located in the City's federally designated Enterprise Zone? Yes \_\_\_\_; No X.
6. Is the applicant requesting the Agency to issue federally tax-exempt Enterprise Zone bonds? Yes \_\_\_\_; No X.

B. Tax Benefits

1. Is the applicant requesting any real property tax exemption that would not be available to a project that did not involve the Agency? Yes X; No \_\_\_\_.
2. Is the applicant expecting that the financing of the Project will be secured by one or more mortgages? Yes X; No \_\_\_\_\_. If yes, what is the approximate amount of financing to be secured by mortgages? \$ TBD, but estimated to be approximately \$6 million.
3. Is the applicant expecting to be appointed agent of the Agency for purposes of avoiding payment of N.Y.S. Sales Tax or Compensating Use Tax? Yes X; No \_\_\_\_\_. If yes, what is the approximate amount of purchases which the applicant expects to be exempt from the N.Y.S. Sales and Compensating Use Taxes? \$ 3,375,000.
4. What is the estimated value of each type of tax-exemption being sought in connection with the Project? Please detail the type of tax-exemption and value of the exemption.
- |    |  |                   |
|----|--|-------------------|
| a. | N.Y.S. Sales and Compensating Use Taxes: | \$ <u>280,000</u> |
| b. | Mortgage Recording Taxes:                | \$ <u>75,000</u>  |
| c. | Real Property Tax Exemptions:            | \$ <u>75,750</u>  |
| d. | Other (please specify):                  | \$ _____          |
|    | _____                                    | \$ _____          |
|    | _____                                    | \$ _____          |
5. Are any of the tax-exemptions being sought in connection with the Project inconsistent with the Agency's tax-exemption policy contained in its Rules and Regulations? Yes X; No \_\_\_\_\_. If yes, please explain.

The requested PILOT deviates from the Agency's PILOT policy. Although the property is currently assessed at \$5.5 million, FRMC believes that the actual fair market value of the property is approximately \$3 million. One reason is that when the appraisal was done, there was a tenant in the building. That is no longer the case and the property has been vacant for three years. Nevertheless, the applicant is requesting a Payment in Lieu of Taxes (PILOT) Agreement for 15 years that would establish a PILOT payment based on the current \$5.5 million assessment of the property, but with payments which would fluctuate with changes in the various tax rates. That way, the various taxing entities would, presumably, not receive less in taxes than they currently receive. FRMC would also continue to pay the Business Improvement District assessment. Respectfully, FRMC also notes that, since it is a not-for-profit corporation, if it were to become the owner of the property some or all of the property might be completely exempt from real property taxes.

6. Is the Project located in the City's state designated Empire Zone? Yes \_\_\_\_; No X.

C. Project Cost/Benefit Information. Complete the attached Cost/Benefit Analysis so that the Agency can perform a cost/benefit analysis of undertaking the Project. Such information should consist of a list and detailed description of the benefits of the Agency undertaking the Project (e.g., number of jobs created, types of jobs created, economic development in the area, etc.). Such information should also consist of a list and detailed description of the costs of the Agency undertaking the Project (e.g., tax revenues lost, buildings abandoned, etc.).

VI. REPRESENTATIONS BY THE APPLICANT. The applicant understands and agrees with the Agency as follows:

A. Job Listings. Except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the Project will be listed with the New York State Department of Labor Community Services Division (the "DOC") and with the administrative entity (collectively with the DOC, the "JTPA Entities") of the service delivery area created by the federal job training partnership act (Public Law 97-300) ("JTPA") in which the Project is located.

B. First Consideration for Employment: In accordance with Section 858-b(2) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, where practicable, the applicant will first consider persons eligible to participate in JTPA programs who shall be referred by the JTPA Entities for new employment opportunities created as a result of the Project.

C. City Human Rights Law. The Applicant agrees to endeavor to comply with the provisions of Article XI, Division 2 of the City Code, entitled "The Omnibus Human Rights Law". The Applicant understands that it is not subject to the provisions of The Omnibus Human Rights Law.

D. Annual Sales Tax Filings. In accordance with Section 874(8) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any sales tax exemptions as part of the Financial Assistance from the Agency, in accordance with Section 874(8) of the General Municipal Law, the applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the

Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the applicant and all consultants or subcontractors retained by the applicant.

F. Annual Employment Reports: The applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, the applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed at the project site.

G. Absence of Conflicts of Interest: The applicant has received from the Agency a list of the members, officers and employees of the Agency. No member, officer or employee of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as hereinafter described:

(Applicant)

BY: John F. Looman JOHN F. LOOMAN  
PRESIDENT, FRULL

NOTE: APPLICANT MUST ALSO COMPLETE THE APPROPRIATE VERIFICATION APPEARING ON PAGES 29 THROUGH 33 HEREOF BEFORE A NOTARY PUBLIC AND MUST SIGN AND ACKNOWLEDGE THE HOLD HARMLESS AGREEMENT APPEARING ON PAGE 22

VERIFICATION


(If Applicant is a Corporation)

STATE OF New York )  
 ) SS.:  
COUNTY OF Albany )

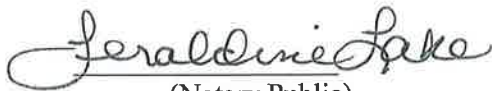
JOHN F. LOONAN deposes and says that he is the  
(Name of chief executive of applicant)

PRESIDENT of FULLER ROAD MANAGEMENT CORPORATION  
(Title) (Company Name)

the corporation named in the attached application; that he has read the foregoing application and knows the contents thereof; and that the same is true and complete and accurate to the best of his knowledge. Deponent further says that the reason this verification is made by the deponent and not by said company is because the said company is a corporation. The grounds of deponent's belief relative to all matters in the said application which are not stated upon his own personal knowledge are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of his duties as an officer of and from the books and papers of said corporation.

  
(officer of applicant)

Sworn to before me this  
15 day of April, 2013

  
(Notary Public)


*Jeraldine Lake*  
Notary Public  
State of New York  
Reg. No. 4918513  
Expires Feb. 1 2014



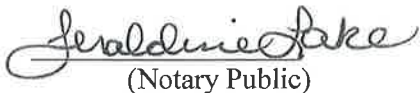
## HOLD HARMLESS AGREEMENT

Applicant hereby releases City of Albany Industrial Development Agency and the members, officers, servants, agents and employees thereof (hereinafter collectively referred to as the "Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (i) the Agency's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the application or the project described therein or the issue of bonds requested therein are favorably acted upon by the Agency, and (ii) the Agency's financing of the Project described therein; including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Agency or the Applicant are unable to find buyers willing to purchase the total bond issue requested, then, and in that event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the Agency, its agents or assigns, all actual costs incurred by the Agency in the processing of the Application, including attorneys' fees, if any.

(Applicant)

BY:  JOHN. F. LOOMAN  
PRESIDENT, FRMC

Sworn to before me this  
15 day of April, 2013

  
(Notary Public)

*Jeraldine Lake*  
Notary Public  
State of New York  
Reg. No. 4918513  
Expires Feb. 1 2014

TO: Project Applicants  
 FROM: City of Albany Industrial Development Agency  
 RE: Cost/Benefit Analysis

In order for the City of Albany Industrial Development Agency (the "Agency") to prepare a Cost/Benefit Analysis for a proposed project (the "Project"), the Applicant must answer the questions contained in this Project Questionnaire (the "Questionnaire") and complete the attached Schedules. This Questionnaire and the attached Schedule will provide information regarding various aspects of the Project, and the costs and benefits associated therewith.

Since we need this Questionnaire to be completed before we can finalize the Cost/Benefit Analysis, please complete this Questionnaire and forward it to us at your earliest convenience.

### **PROJECT QUESTIONNAIRE**

1. Name of Project Beneficiary ("Company"):	
2. Brief Identification of the Project:	
3. Estimated Amount of Project Benefits Sought:	
A. Amount of Bonds Sought:	\$ 0
B. Value of Sales Tax Exemption Sought	\$ 270,000
C. Value of Real Property Tax Exemption Sought	\$ 75,750
D. Value of Mortgage Recording Tax Exemption Sought	\$ 75,000

### **PROJECTED PROJECT INVESTMENT**

A. Land-Related Costs	
1. Land acquisition	\$ 1,000,000
2. Site preparation	\$
3. Landscaping	\$
4. Utilities and infrastructure development	\$
5. Access roads and parking development	\$
6. Other land-related costs (describe)	\$
B. Building-Related Costs (**)	
1. Acquisition of existing structures	\$ 2,000,000
2. Renovation of existing structures	\$ 4,000,000
3. New construction costs	\$
4. Electrical systems	\$
5. Heating, ventilation and air conditioning	\$ 1,750,000
6. Plumbing	\$
7. Other building-related costs (describe)	\$ 1,000,000

C.	Machinery and Equipment Costs (***)	N/A
1.	Production and process equipment	\$ _____
2.	Packaging equipment	\$ _____
3.	Warehousing equipment	\$ _____
4.	Installation costs for various equipment	\$ _____
5.	Other equipment-related costs (describe)	\$ _____
D.	Furniture and Fixture Costs (***)	
1.	Office furniture	\$ _____
2.	Office equipment	\$ _____
3.	Computers	\$ _____
4.	Other furniture-related costs (describe)	\$ _____
E.	Working Capital Costs	
1.	Operation costs	\$ _____
2.	Production costs	\$ _____
3.	Raw materials	\$ _____
4.	Debt service	\$ _____
5.	Relocation costs	\$ _____
6.	Skills training	\$ _____
7.	Other working capital-related costs (describe)	\$ _____
F.	Professional Service Costs	
1.	Architecture and engineering	\$ <u>250,000</u>
2.	Accounting/legal	\$ <u>0</u>
3.	Other service-related costs (describe)	\$ <u>0</u>
G.	Other Costs	
1.	_____	\$ _____
2.	_____	\$ _____
H.	Summary of Expenditures	
1.	Total Land-Related Costs	\$ <u>1,000,000</u>
2.	Total Building-Related Costs	\$ <u>8,750,000</u>
3.	Total Machinery and Equipment Costs	\$ <u>0</u>
4.	Total Furniture and Fixture Costs	\$ <u>0</u>
5.	Total Working Capital Costs	\$ <u>0</u>
6.	Total Professional Service Costs	\$ <u>250,000</u>
7.	Total Other Costs	\$ _____

\*\*Includes the acquisition and installation therein and thereon related fixtures, machinery, equipment and other tangible personal property

\*\*\*Any applicable associated costs in these categories are accounted for in the "Building Related Costs"

### **PROJECTED PROFIT**

I. Please provide projected profit as defined by earnings after income tax but before depreciation and amortization:

YEAR	Without IDA benefits (*)	With IDA benefits (*)
1	TBD	TBD
2	TBD	TBD
3	TBD	TBD
4	TBD	TBD
5	TBD	TBD
6	TBD	TBD
7	TBD	TBD
8	TBD	TBD
9	TBD	TBD
10	TBD	TBD
11	TBD	TBD
12	TBD	TBD
13	TBD	TBD
14	TBD	TBD
15	TBD	TBD

(\*) To Be Determined with information to be provided shortly.

### **PROJECTED CONSTRUCTION EMPLOYMENT IMPACT**

I. Please provide estimates of total construction jobs and the total annual wages and benefits of construction jobs at the Project

Year	Number of Construction Jobs (*)	Total Annual Wages and Benefits	Estimated Additional NYS Income Tax
Current Year			
Year 1	10	\$750,000	\$40,000
Year 2	10	\$750,000	\$40,000
Year 3	10	\$750,000	\$40,000
Year 4	10	\$750,000	\$40,000
Year 5	10	\$750,000	\$40,000

(\*): Construction employment will result from fit-up of the building for multiple tenants as they are identified as well as repairs and maintenance as the buildings systems are reaching the end of their useful lives.

## PROJECTED PERMANENT EMPLOYMENT IMPACT

- I. Please provide estimates of total number of existing permanent jobs to be preserved or retained as a result of the Project:

Year	Professional	Skilled	Semi-Skilled	Unskilled
Current Year				
Year 1	20			
Year 2	20			
Year 3	20			
Year 4	20			
Year 5	20			
<b>Total Retained</b>	100			

- II. Please provide estimates of total new permanent jobs to be created at the Project:

Year	Professional	Skilled	Semi-Skilled	Unskilled
Current Year				
Year 1	30			
Year 2	30			
Year 3	30			
Year 4	30			
Year 5	30			
<b>Total Created</b>	150			

- III. Please provide estimates for the following:

A. Creation of New Job Skills relating to permanent jobs. Please complete Schedule A.

The SCiTI Center Project will serve as the catalyst to locate high tech growth companies in downtown Albany by providing class B office space and data center operations creating a physical "Center" to the redevelopment of downtown Albany by: 1) hosting the entire food-chain of SCiTI companies including the back-office support for the nano-device companies with R&D operations at CNSE's NanoTech complex; 2) providing a central headquarters and demonstration control room for the SCiTI program operations including management and monitoring of the smart cities technology test-beds; 3) supporting workforce training, community engagement and economic outreach, etc.; 4) offering high tech companies the opportunity to live and work in a downtown urban center; and, 5) branding the City of Albany as the nation's most progressive, sustainable, smart technology living destination.

Initially, the SCiTI Center project anticipates creating and retaining 250 professional permanent full time positions located within the Kiernan Plaza structure. Such jobs will predominately be executive management and administrative support positions targeting three strategic groups important to establishing a vibrant eco-system of Smart City Technology companies. Specifically, the project anticipates attracting: 1) architectural, engineering, design and construction management related to the installation Smart City Technologies in buildings, roadways, water treatment systems, etc.;, 2) nanoelectronics, clean energy and smart systems research and development companies seeking back office support for their activities underway at the CNSE Albany NanoTech campus; and, 3) Smart City Technology system integration companies (aerospace, defense, information technology, could, etc.) that includes information technology,

finance and related supporting services. Over the longer term, the project seeks to establish test-bed demonstrations of next SCT solutions within the City of Albany creating opportunities for hands-on training and potential employment of skilled and semi-skilled employment over the next 15 years.

IV. Provide the projected percentage of employment that would be filled by City of Albany residents:  
50%

A. Provide a brief description of how the project expects to meet this percentage:

With the recent development of high end residential projects in the downtown section of Albany, the SCiTI Project seeks to offer CNSE's high tech corporate partners the opportunity to live and work in a downtown urban center in close proximity to the cultural and entertainment venues. With completion of the traffic circles on Fuller Road, the CNSE Albany NanoTech complex is now located no more than 8 minutes and 8 miles from Kiernan Plaza. Such close proximity creates a unique opportunity to live and work in downtown Albany.

### PROJECTED OPERATING IMPACT

I. Please provide estimates for the impact of Project operating purchases and sales: Project is expected to support multiple tenants in the service area.

There is the potential to host receptions in the large atrium for the many business and technology conferences hosted by CNSE and its industrial partners increasing demand for hotel occupancy located in downtown Albany. FRMC will explore the potential for limited food service to be located in or near the facility, but it should be noted that if such activity were to occur it would represent well below 33% of the total project. As such, the estimated additional purchases are conservatively estimated based upon expenditures from the professional full time employees that would be occupying the space but no estimate is provided for additional sales related to such catering services.

Additional Purchases (1 <sup>st</sup> year following project completion)	\$150,000
Additional Sales Tax Paid on Additional Purchases	\$12,000
Estimated Additional Sales (1 <sup>st</sup> full year following project completion)	\$
Estimated Additional Sales Tax to be collected on additional sales (1 <sup>st</sup> full year following project completion)	\$

II. Please provide estimates for the impact of Project on existing real property taxes and new payments in lieu of taxes ("Pilot Payments"):

Year	Existing Real Property Taxes (1) (Without IDA involvement)	New Pilot Payments (2) (With IDA)	Total (Difference)
Current Year	255,453	255,453	0
Year 1	142,125	260,562	(118,437)
Year 2	169,128	265,773	(96,645)
Year 3	197,155	271,089	(73,933)
Year 4	226,236	276,511	(50,275)
Year 5	256,401	282,041	(25,640)
Year 6	287,682	287,682	0
Year 7	302,238	293,435	8,803
Year 8	317,262	299,304	17,958
Year 9	332,766	305,290	27,476
Year 10	348,763	311,396	37,367
Year 11	365,267	317,624	47,644
Year 12	382,292	323,976	58,316
Year 13	399,851	330,456	69,396
Year 14	417,960	337,065	80,896
Year 15	436,634	343,806	92,828
TOTAL	4,581,761	4,506,008	(75,753)

- (1) Assumes a 2% increase in tax rates on projected assessed values beginning in year 1 at estimated current fair market valuation of \$3,000,000 with assumed annual increases in assessed value of \$500,000 in years 1-5 rising to \$5,500,000 in year 6 and then rising to \$7,000,000 with annual 3% increase in assessed value of \$165,000 in years 6 - 15.
- (2) Assumes a 2% increase in tax rates on the fixed \$5,500,000 assessed value for the property.

II. Please provide a brief description for the impact of other economic benefits expected to be produced as a result of the Project:

The SCiTI Center Project seeks to address a growing concern that high tech growth is not directly occurring in the region's downtown tri-cities.<sup>3</sup> A recent Times Union article entitled, *"Taking Tech to Urban Centers: Can Region's Cities Get Slice of Tech Growth Seen in Suburbs"* highlights this growing concern. The SCiTI Center Project will focus public-private investment on addressing underutilized commercial space and disinvestment in our urban center by leveraging CNSE's innovation and educational initiatives and partnerships in nanotechnology and smart city technologies to: 1) establish a strategic business attraction plan; 2) support community engagement and educational enrichment programs; and, 3) enable innovative economic outreach strategies to increase investment in surrounding properties, SCT test-bed projects, and nanotechnology and SCT educational programs.

<sup>3</sup> Churchill, C. (2011, October 16). Taking Tech to Urban Centers: Can region's cities get slice of tech growth seen in suburbs?. Times Union.



### CERTIFICATION

I certify that I have prepared the responses provided in this Questionnaire and that, to the best of my knowledge, such responses are true, correct and complete.

I understand that the foregoing information and attached documentation will be relied upon, and constitute inducement for, the Agency in providing financial assistance to the Project. I certify that I am familiar with the Project and am authorized by the Company to provide the foregoing information, and such information is true and complete to the best of my knowledge. I further agree that I will advise the Agency of any changes in such information, and will answer any further questions regarding the Project prior to the closing.

Date Signed: April 15, 2001

Name of Person Completing Project Questionnaire on behalf of the Company.

Name: JOHN F. LOOMAN  
Title: PRESIDENT, FRMC  
Phone Number: 518-956-7359  
Address: 257 FULLER RD  
ALBANY NY 12213

Signature: 

## SCHEDULE A

## CREATION OF NEW JOB SKILLS

Please list the projected new job skills for the new permanent jobs to be created at the Project as a result of the undertaking of the Project by the Company.

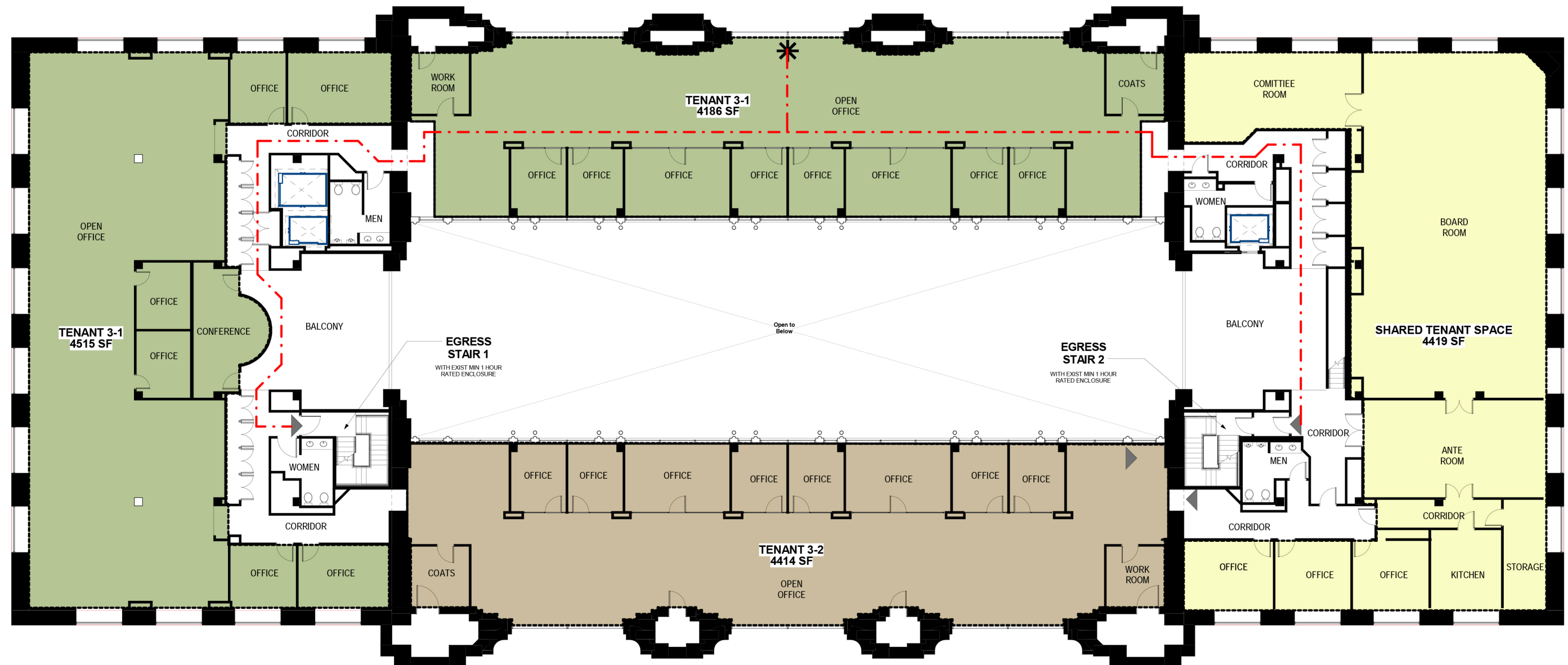
It is anticipated that the project will attract Smart Cities Technology companies as they are identified, back office operations of nanoelectronics companies working in collaborative R&D programs at the NanoCollege, and related administrative support operation companies. As such, it is difficult to determine the specific job skills associated with include architecture, engineering, systems analysis, administrative, and operations personnel.

[illegible]

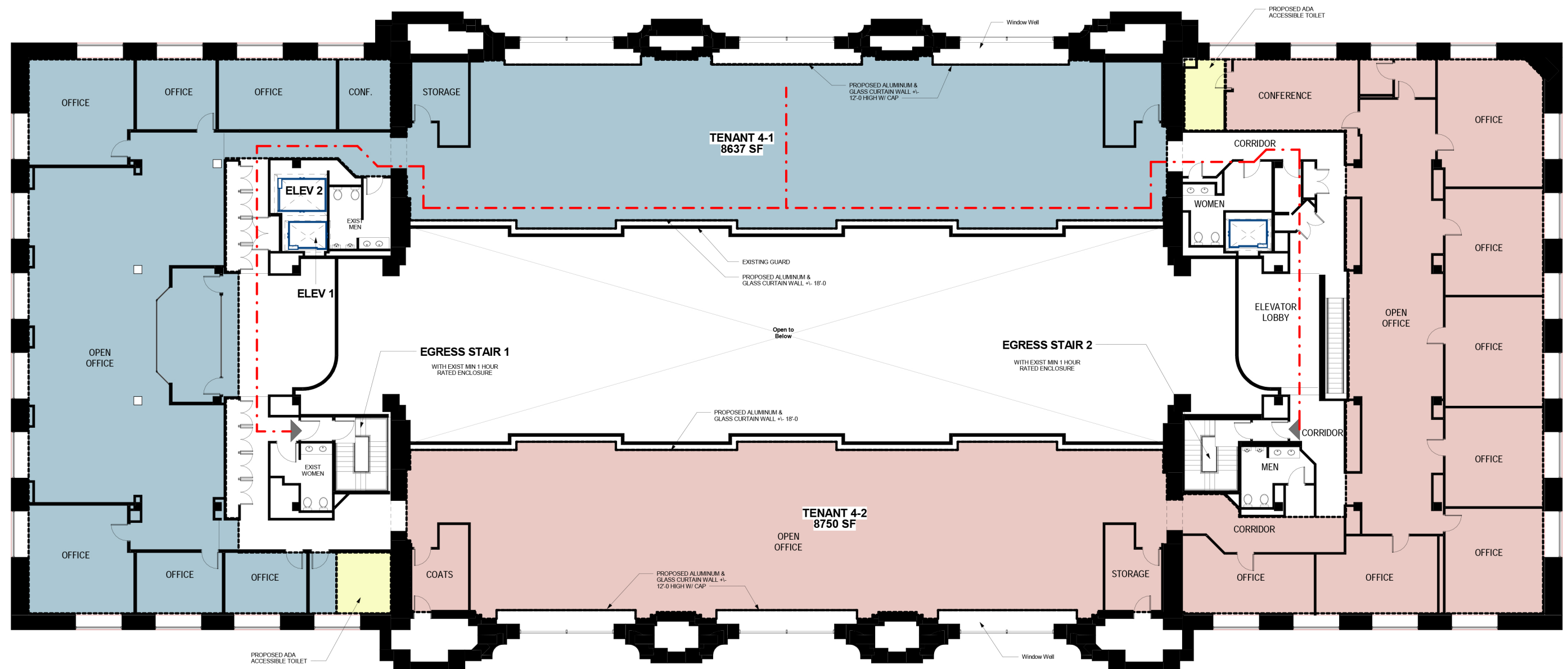
Should you need additional space, please attach a separate sheet.







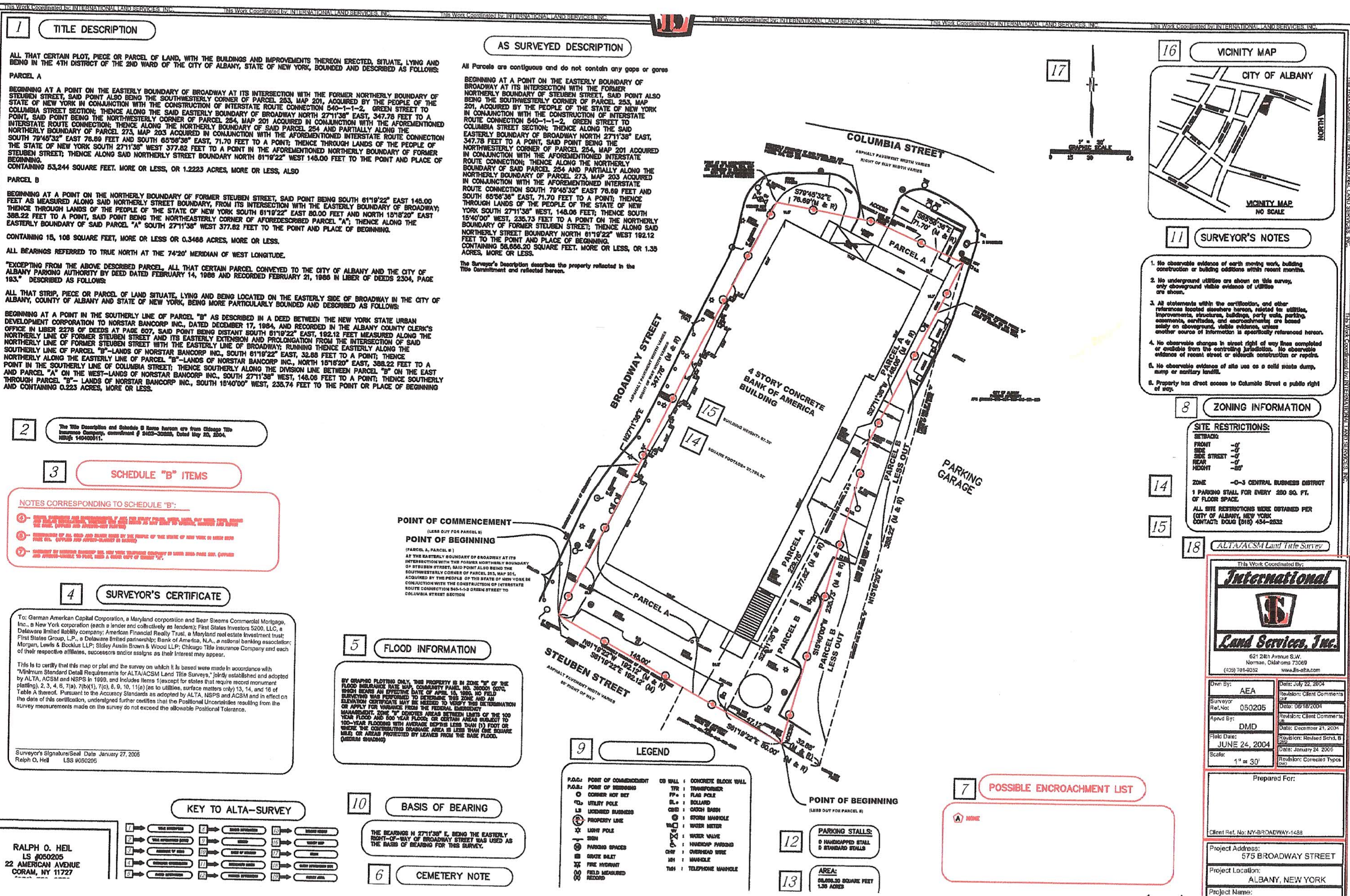
Rentable Spaces - Level 3	
SHARED TENANT SPACE	4419 SF
TENANT 3-1	4515 SF
TENANT 3-1	4186 SF
TENANT 3-2	4414 SF
TENANT 3-2	17533 SF



Rentable Spaces - Level 4	
TENANT 4-1	8637 SF
TENANT 4-2	8750 SF
	17387 SF



Reviewed by Al De Rose 12-4-12





# MEMO

**TO:** City of Albany Finance Committee

**FROM:** City of Albany Industrial Development Agency Staff

**RE:** 733 Broadway, LLC – Revised Request for Financial Assistance

**DATE:** April 16, 2013

---

Given the feedback at the March Finance Committee meeting, the Applicant for the above mentioned project has amended its request for financial assistance – specifically the PILOT request:

## **Original Request**

Years 1-10	\$25,000/year
Years 11-15	\$45,000/year
Years 16-20	\$55,000/year
Years 21-25	\$65,000/year
Years 26-30	\$75,000/year
Years 31-40	\$125,000/year

## **Amended Request**

Years 1-10	\$47,000/year
Years 11-15	\$55,000/year
Years 16-20	\$65,000/year
Years 21-25	\$100,000/year
Years 26-30	\$125,000/year
Years 31-35	\$150,000/year
Years 36-40	\$200,000/year

Further information on the amended request for financial assistance is attached to this memo.

**TO:** City of Albany Industrial Development Finance Committee

**FROM:** City of Albany Industrial Development Agency Staff

**RE:** 733 Broadway, LLC - IDA Revised Application Summary

**DATE:** April 15, 2013

---

**Applicant:** 733 Broadway, LLC

**Managing Members (% of Ownership):** Norstar Investment USA, Inc. (80%) and Black Locust, LLC (20%)

**Project Location:** 733 Broadway

**Project Description:** The 1.3 +/- acre property was acquired by the Applicant back in 2004 with the intent of redeveloping it into a residential use. The Applicant first considered redeveloping the property into market-rate apartments, but that proved infeasible. The Applicant then proposed redeveloping the property into a new construction condominium project. The proposed condominium project, known as Capital Grand, included 122 units with supporting amenities. By late 2008, the Applicant had taken deposits on more than a third of the units when a serious contraction of the housing market and overall economic downturn occurred. Financing for projects like Capital Grand dried up as financial institutions deemed them to be riskier and less attractive in such a market. Since that time, the existing building has sat mostly empty with offices for Norstar Development USA., L.P. occupying a portion of the first floor. The Applicant continued to evaluate both the user demand and lending markets for new opportunities to redevelop the property.

The Applicant proposes demolishing the existing 45,000 sq.ft. building and constructing a new 70 unit, 81,080 sq.ft. market rate apartment building. The building will include (3) studio/ 1 bath units, (42) forty-two 1 bedroom/ 1 bath units, (19) nineteen 2 bedroom/ 2 bath units and (6) 3 bedroom/ 2 bath units. The average rent is \$1.49 per square foot with per unit month rents ranging from \$850 to \$1,850 per month. Each unit will be equipped with a washer and a dryer. In addition to the apartments, the project includes a small rental office, community room/ kitchenette, fitness room, storage, and swipe card system for security. The project also includes 70 secured surface parking spaces made possible by the proposed acquisition of the Jackson Street right-of-way.

**Estimated Project Cost:** \$13,977,386 (estimated amount spent to date \$875,000)

**Type of Financing:** Straight Lease

**Amount of Bonds Requested:** None

**Estimated Total Purchases Exempt from Sales Tax:** \$4,000,000

**Estimated Total Mortgage Amount:** \$11,199,600

**Current Total Assessment:** \$1,000,000 (will be reduced to approximately \$537,100 upon demolition of existing building per discussion with Commissioner of Assessment & Taxation)

**Estimated Improved Total Assessment:**

- See attached PILOT analysis for more detail:
  - \$7,000,000 or \$100,000 per unit (per discussion with Commissioner of Assessment & Taxation)
  - \$3,010,000 or \$43,000 per unit (per independent HUD Appraiser)

**Requested PILOT:** A 40 year a graduated fixed PILOT payment:

Years 1-10	\$47,000/year
Years 11-15	\$55,000/year
Years 16-20	\$65,000/year
Years 21-25	\$100,000/year
Years 26-30	\$125,000/year
Years 31-35	\$150,000/year
Years 36-40	\$200,000/year

Full assessment will be paid in Year 41 and every year thereafter.

**Estimated Value of Total PILOT Payments:**

- Total PILOT Payments: \$3,945,000 (Over a 40 year PILOT period)

**Estimated Value of Tax Exemptions:**

- NYS Sales and Compensating Use Tax: \$320,000
- Mortgage Recording Taxes: \$139,995
- Real Property Taxes (See attached PILOT analysis for more detail):
  - \$16,106,100 if City of Albany Assessor's assessment assumptions used; **OR**
  - \$3,605,248 if independent HUD Appraiser's assessment assumptions used
- Other: N/A

**Employment Impact:**

- Projected Permanent: (1.5) new FTEs
  - (1) full-time manager and (1) part-time maintenance employee
- Projected Construction: (50) jobs

**Strategic Initiatives:**

- Albany 2030 - The project will further the plan's vision by:
  - Targeting a blighting influence.
  - Encouraging investment in urban land for a downtown housing opportunity through the redevelopment of an underutilized property.

- Adding to the mixed-income, market rate housing options downtown.
- Increasing the available intergenerational/ life-cycle housing options that will help meet the needs of all age groups.
- Providing new investment that will further the image of downtown as a safe, livable place with walkable streets, housing choices, mixed-use environment.
- Reinforcing, enhancing, and likely promoting, through marketing associated with leasing, Albany's distinctive character and identity.
- Strengthening downtown's attractiveness as commercial center by increasing the consumer base goods and services.

#### **Planning Board Actions:**

- Issued a Negative Declaration for this Unlisted Action as per the provisions of SEQR on 12/20/12.
- Approved the demolition on 12/20/12 with the following conditions:
  - A minimum of twenty-five percent (25%) of construction and demolition debris generated from demolition shall be diverted from disposal to landfills through recycling, reuse and diversion programs.
- Approved the site plan on 12/20/12 with the following conditions:
  - The Storm Water Pollution Prevention Plan (SWPPP) and water/ sewer service connections shall be approved by Department of Water & Water Supply.
  - The applicant shall complete the purchase of the Jackson Street right-of-way and fully incorporate this area into building site as proposed; the land should be merged into existing tax parcel #65.83-1-32.
  - An agreement shall be put into place providing for continued access to all under- and above-ground utilities or other City, County and private infrastructure within the discontinued Jackson Street right-of-way.

#### **Estimated IDA Fee**

- Fee amount: \$139,774

#### **Mission**

- The purpose of the Industrial Development Agency is to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, research and recreation facilities. The Agency aims to protect and promote the health of the inhabitants of the City of Albany by the conservation, protection and improvement of the natural and cultural or historic resources and environment and to control land, sewer, water, air, noise or general environmental pollution derived from the operation of industrial development.

733 Broadway, LLC: Revised PILOT Analysis														
PILOT Year	City and County Tax Year	School Tax Year	Tax Rate <sup>(5)</sup>	Status Quo		Proposed Project (Using Assessor's Assessment Assumptions)					Proposed Project (Using HUD Appraiser's Assessment Assumptions)			
				Current Tax		Normal Tax		Requested PILOT			Normal Tax		Requested PILOT	
				Current Assessment <sup>(6)</sup>	Current Tax <sup>(7)</sup>	Base Assessment <sup>(8)</sup>	Total Improved Assessment <sup>(9)</sup>	Tax w/o PILOT <sup>(10)</sup>	PILOT Payment <sup>(11)</sup>	Abatement <sup>(12)</sup>	Tax w/o PILOT <sup>(10)</sup>	PILOT Payment <sup>(11)</sup>	Abatement <sup>(13)</sup>	
Interim <sup>(1)</sup>	2012	2011/2012	\$45.581500	\$1,000,000	\$45,582	\$537,100	\$1,000,000	\$45,582	-	-	\$45,582	-	-	
Interim <sup>(1)</sup>	2013	2012/2013	\$46.493130	\$1,000,000	\$46,493	\$537,100	\$1,000,000	\$46,493	-	-	\$46,493	-	-	
1 <sup>(2)</sup>	2014	2013/2014	\$47.422993	\$1,000,000	\$47,423	\$537,100	\$7,000,000	\$331,961	\$47,000	\$284,961	\$125,000	\$47,000	\$78,000	
2	2015	2014/2015	\$48.371452	\$1,000,000	\$48,371	\$537,100	\$7,000,000	\$338,600	\$47,000	\$291,600	\$127,500	\$47,000	\$80,500	
3	2016	2015/2016	\$49.338882	\$1,000,000	\$49,339	\$537,100	\$7,000,000	\$345,372	\$47,000	\$298,372	\$130,050	\$47,000	\$83,050	
4	2017	2016/2017	\$50.325659	\$1,000,000	\$50,326	\$537,100	\$7,000,000	\$352,280	\$47,000	\$305,280	\$132,651	\$47,000	\$85,651	
5	2018	2017/2018	\$51.332172	\$1,000,000	\$51,332	\$537,100	\$7,000,000	\$359,325	\$47,000	\$312,325	\$135,304	\$47,000	\$88,304	
6	2019	2018/2019	\$52.358816	\$1,000,000	\$52,359	\$537,100	\$7,000,000	\$366,512	\$47,000	\$319,512	\$138,010	\$47,000	\$91,010	
7	2020	2019/2020	\$53.405992	\$1,000,000	\$53,406	\$537,100	\$7,000,000	\$373,842	\$47,000	\$326,842	\$140,770	\$47,000	\$93,770	
8	2021	2020/2021	\$54.474112	\$1,000,000	\$54,474	\$537,100	\$7,000,000	\$381,319	\$47,000	\$334,319	\$143,586	\$47,000	\$96,586	
9	2022	2021/2022	\$55.563594	\$1,000,000	\$55,564	\$537,100	\$7,000,000	\$388,945	\$47,000	\$341,945	\$146,457	\$47,000	\$99,457	
10	2023	2022/2023	\$56.674866	\$1,000,000	\$56,675	\$537,100	\$7,000,000	\$396,724	\$47,000	\$349,724	\$149,387	\$47,000	\$102,387	
11	2024	2023/2024	\$57.808363	\$1,000,000	\$57,808	\$537,100	\$7,000,000	\$404,659	\$55,000	\$349,659	\$152,374	\$55,000	\$97,374	
12	2025	2024/2025	\$58.964531	\$1,000,000	\$58,965	\$537,100	\$7,000,000	\$412,752	\$55,000	\$357,752	\$155,422	\$55,000	\$100,422	
13	2026	2025/2026	\$60.143821	\$1,000,000	\$60,144	\$537,100	\$7,000,000	\$421,007	\$55,000	\$366,007	\$158,530	\$55,000	\$103,530	
14	2027	2026/2027	\$61.346698	\$1,000,000	\$61,347	\$537,100	\$7,000,000	\$429,427	\$55,000	\$374,427	\$161,701	\$55,000	\$106,701	
15	2028	2027/2028	\$62.573632	\$1,000,000	\$62,574	\$537,100	\$7,000,000	\$438,015	\$55,000	\$383,015	\$164,935	\$55,000	\$109,935	
16	2029	2028/2029	\$63.825104	\$1,000,000	\$63,825	\$537,100	\$7,000,000	\$446,776	\$65,000	\$381,776	\$168,234	\$65,000	\$103,234	
17	2030	2029/2030	\$65.101606	\$1,000,000	\$65,102	\$537,100	\$7,000,000	\$455,711	\$65,000	\$390,711	\$171,598	\$65,000	\$106,598	
18	2031	2030/2031	\$66.403638	\$1,000,000	\$66,404	\$537,100	\$7,000,000	\$464,825	\$65,000	\$399,825	\$175,030	\$65,000	\$110,030	
19	2032	2031/2032	\$67.731711	\$1,000,000	\$67,732	\$537,100	\$7,000,000	\$474,122	\$65,000	\$409,122	\$178,531	\$65,000	\$113,531	
20	2033	2032/2033	\$69.086345	\$1,000,000	\$69,086	\$537,100	\$7,000,000	\$483,604	\$65,000	\$418,604	\$182,101	\$65,000	\$117,101	
21	2034	2033/2034	\$70.468072	\$1,000,000	\$70,468	\$537,100	\$7,000,000	\$493,277	\$100,000	\$393,277	\$185,743	\$100,000	\$85,743	
22	2035	2034/2035	\$71.877434	\$1,000,000	\$71,877	\$537,100	\$7,000,000	\$503,142	\$100,000	\$403,142	\$189,458	\$100,000	\$89,458	
23	2036	2035/2036	\$73.314982	\$1,000,000	\$73,315	\$537,100	\$7,000,000	\$513,205	\$100,000	\$413,205	\$193,247	\$100,000	\$93,247	
24	2037	2036/2037	\$74.781282	\$1,000,000	\$74,781	\$537,100	\$7,000,000	\$523,469	\$100,000	\$423,469	\$197,112	\$100,000	\$97,112	
25	2038	2037/2038	\$76.276908	\$1,000,000	\$76,277	\$537,100	\$7,000,000	\$533,938	\$100,000	\$433,938	\$201,055	\$100,000	\$101,055	
26	2039	2038/2039	\$77.802446	\$1,000,000	\$77,802	\$537,100	\$7,000,000	\$544,617	\$125,000	\$419,617	\$205,076	\$125,000	\$80,076	
27	2040	2039/2040	\$79.358495	\$1,000,000	\$79,358	\$537,100	\$7,000,000	\$555,509	\$125,000	\$430,509	\$209,177	\$125,000	\$84,177	
28	2041	2040/2041	\$80.945665	\$1,000,000	\$80,946	\$537,100	\$7,000,000	\$566,620	\$125,000	\$441,620	\$213,361	\$125,000	\$88,361	
29	2042	2041/2042	\$82.564578	\$1,000,000	\$82,565	\$537,100	\$7,000,000	\$577,952	\$125,000	\$452,952	\$217,628	\$125,000	\$92,628	
30	2043	2042/2043	\$84.215870	\$1,000,000	\$84,216	\$537,100	\$7,000,000	\$589,511	\$125,000	\$464,511	\$221,981	\$125,000	\$96,981	
31	2044	2043/2044	\$85.900187	\$1,000,000	\$85,900	\$537,100	\$7,000,000	\$601,301	\$150,000	\$451,301	\$226,420	\$150,000	\$76,420	
32	2045	2044/2045	\$87.618191	\$1,000,000	\$87,618	\$537,100	\$7,000,000	\$613,327	\$150,000	\$463,327	\$230,949	\$150,000	\$80,949	
33	2046	2045/2046	\$89.370555	\$1,000,000	\$89,371	\$537,100	\$7,000,000	\$625,594	\$150,000	\$475,594	\$235,568	\$150,000	\$85,568	
34	2047	2046/2047	\$91.157966	\$1,000,000	\$91,158	\$537,100	\$7,000,000	\$638,106	\$150,000	\$488,106	\$240,279	\$150,000	\$90,279	
35	2048	2047/2048	\$92.981125	\$1,000,000	\$92,981	\$537,100	\$7,000,000	\$650,868	\$150,000	\$500,868	\$245,085	\$150,000	\$95,085	
36	2049	2048/2049	\$94.840747	\$1,000,000	\$94,841	\$537,100	\$7,000,000	\$663,885	\$200,000	\$463,885	\$249,986	\$200,000	\$49,986	
37	2050	2049/2050	\$96.737562	\$1,000,000	\$96,738	\$537,100	\$7,000,000	\$677,163	\$200,000	\$477,163	\$254,986	\$200,000	\$54,986	
38	2051	2050/2051	\$98.672314	\$1,000,000	\$98,672	\$537,100	\$7,000,000	\$690,706	\$200,000	\$490,706	\$260,086	\$200,000	\$60,086	
39	2052	2051/2052	\$100.645760	\$1,000,000	\$100,646	\$537,100	\$7,000,000	\$704,520	\$200,000	\$504,520	\$265,287	\$200,000	\$65,287	
40 <sup>(3)</sup>	2053	2052/2053	\$102.658675	\$1,000,000	\$102,659	\$537,100	\$7,000,000	\$718,611	\$200,000	\$518,611	\$270,593	\$200,000	\$70,593	
Permanent <sup>(4)</sup>	2054	2053/2054	\$104.711849	\$1,000,000	\$104,712	\$537,101	\$7,000,000	\$732,983	-	-	\$276,005	-	-	
Total <sup>(14)</sup>					\$2,864,443			\$20,051,100	\$3,945,000	\$16,106,100		\$7,550,248	\$3,945,000	\$3,605,248
Notes: (1) Property remains taxable until March 1st, 2014. Assumes project closes with IDA prior to this date. (2) Estimated start of PILOT payments. (3) Estimated end of PILOT payments. (4) Property returns to taxable status. (5) 2012 tax rate per Department of Assessment & Taxation (does not include any special district ad valorem tax that is still payable under PILOT). Assumed an estimated escalation of 2% thereafter. PLEASE NOTE THE CHANGE IN ESCALATION % FROM PREVIOUS ANALYSIS IN ORDER TO ALIGN WITH 2% REAL PROPERTY TAX CAP LEGISALTION.  (6) Per Commissioner of Department of Assessment & Taxation based on 2012 tax roll. Assessment value is <u>not</u> fixed. (7) Estimated taxes if proposed project did not occur (i.e. left status quo). (8) Per Commissioner of Department of Assessment & Taxation based on 2012 land assessment value. Assessment value is not fixed. (9) Per Commissioner of Department of Assessment & Taxation based on estimate of \$100,000 per unit (inc. land and improvement assessment value). Assessment value is <u>not</u> fixed. (10) Estimated taxes if proposed project occurred without PILOT assistance. (11) PILOT payment schedule proposed by Applicant. PILOT payments are <u>fixed</u> as per schedule. (12) Estimated abatement, using Assessor's total improved assessment assumptions , if proposed project occurred with shown PILOT assistance. (13) Estimated abatement, using HUD Appraiser's total improved assessment assumptions , if proposed project occurred with shown PILOT assistance. (14) Totals for comparison and analysis during PILOT agreement period only that is proposed to end on December 31, 2053.														

\*\*\*Analysis is ONLY an estimate\*\*\*







TO: Albany Industrial Development Agency Board Members  
Mr. Michael Yevoli, Executive Director of the Albany Industrial Development Agency

FROM: Lori Harris

RE: Amended PILOT Request

DATE: April 15, 2013

At the March CAIDA Finance Committee, Norstar was provided the opportunity to discuss the proposed 733 Broadway project with those members present. We greatly appreciate the insight that was provided, and we have amended the PILOT request based upon the feedback received from the discussion. The request has been amended as follows:

Original Request	Amended Request:
Years 1 – 10: \$25,000/year	Years 1 – 10: \$47,000/year
Years 11 – 15: \$45,000/year	Years 11 – 15: \$55,000/year
Years 16 – 20: \$55,000/year	Years 16 – 20: \$65,000/year
Years 21 -25: \$65,000/year	Years 21 – 25: \$100,000/year
Years 26 – 30: \$75,000/year	Years 26 – 30: \$125,000/year
Years 31 – 40: \$125,000/year	Years 31 -35: \$150,000/year
	Years 36 -40: \$200,000/year

Attached please find a revised request that attempts to respond to this issues raised including:

1. Property taxes collected in initial years – In the initial request, the proposed PILOT would have decreased the amount of taxes currently being collected from the site. The amended PILOT request proposes to begin annual payments at \$47,000 – current taxes are \$45,580. In years 1 – 10, the request was changed from \$25,000 per year to \$47,000.
2. Property taxes collected over term of PILOT – in the initial PILOT request the payments to be collected by the City would have been \$2,700,000 or \$736,789 less than what the City would collected in real estate taxes without the project (assuming a 3% escalation). In the revised PILOT request, the proposed total PILOT payments would be \$3,945,000





or \$508,211 more than what the City would collect in real estate taxes without the project (again, assuming a 3% annual escalation).

3. Assessed Value of Project – The City Assessor's office is projecting the assessed value of the project to \$100,000 per unit producing real property taxes of \$338,502 in the first year after construction and more than \$25M over 40 years. The project appraisal, completed by the HUD-approved appraiser, projected the assessed value of the completed project to be \$43,000 per unit producing real property taxes of approximately \$125,000 per year or closer to \$9.4M over the 40 years vs. in excess of \$25M projected by the City Assessment office.

The revised PILOT request will reduce the HUD mortgage by approximately \$250,000 from \$10.6M to approximately \$10.34M. The loss of mortgage proceeds will be replaced by additional equity provided by Norstar.

Also, enclosed please find a revised operating proforma which includes the updated PILOT payment request.

Thank you for your consideration of the proposed project and the request for CAIDA assistance.

## 40 Year Analysis of amended PILOT - 733 Broadway

Year	Current Land & Building Value	Status Quo - taxes on Existing Building	Requested PILOT	Assessor Estimate for taxes on new project	Appraiser Estimate of taxes on new project
Year 1	Land = \$ 537,100	\$ 45,580	\$ 47,000	\$ 338,502	\$ 125,000
2		\$ 46,947	\$ 47,000	\$ 348,657	\$ 128,750
3	Building =	\$ 48,356	\$ 47,000	\$ 359,117	\$ 132,613
4	\$ 462,900	\$ 49,806	\$ 47,000	\$ 369,890	\$ 136,591
5		\$ 51,301	\$ 47,000	\$ 380,987	\$ 140,689
6		\$ 52,840	\$ 47,000	\$ 392,417	\$ 144,909
7		\$ 54,425	\$ 47,000	\$ 404,189	\$ 149,257
8		\$ 56,058	\$ 47,000	\$ 416,315	\$ 153,734
9		\$ 57,739	\$ 47,000	\$ 428,804	\$ 158,346
10		\$ 59,472	\$ 47,000	\$ 441,668	\$ 163,097
11		\$ 61,256	\$ 55,000	\$ 454,918	\$ 167,990
12		\$ 63,093	\$ 55,000	\$ 468,566	\$ 173,029
13		\$ 64,986	\$ 55,000	\$ 482,623	\$ 178,220
14		\$ 66,936	\$ 55,000	\$ 497,102	\$ 183,567
15		\$ 68,944	\$ 55,000	\$ 512,015	\$ 189,074
16		\$ 71,012	\$ 65,000	\$ 527,375	\$ 194,746
17		\$ 73,143	\$ 65,000	\$ 543,196	\$ 200,588
18		\$ 75,337	\$ 65,000	\$ 559,492	\$ 206,606
19		\$ 77,597	\$ 65,000	\$ 576,277	\$ 212,804
20		\$ 79,925	\$ 65,000	\$ 593,565	\$ 219,188
21		\$ 82,323	\$ 100,000	\$ 611,372	\$ 225,764
22		\$ 84,792	\$ 100,000	\$ 629,713	\$ 232,537
23		\$ 87,336	\$ 100,000	\$ 648,605	\$ 239,513
24		\$ 89,956	\$ 100,000	\$ 668,063	\$ 246,698
25		\$ 92,655	\$ 100,000	\$ 688,105	\$ 254,099
26		\$ 95,434	\$ 125,000	\$ 708,748	\$ 261,722
27		\$ 98,297	\$ 125,000	\$ 730,010	\$ 269,574
28		\$ 101,246	\$ 125,000	\$ 751,911	\$ 277,661
29		\$ 104,284	\$ 125,000	\$ 774,468	\$ 285,991
30		\$ 107,412	\$ 125,000	\$ 797,702	\$ 294,571
31		\$ 110,635	\$ 150,000	\$ 821,633	\$ 303,408
32		\$ 113,954	\$ 150,000	\$ 846,282	\$ 312,510
33		\$ 117,372	\$ 150,000	\$ 871,671	\$ 321,885
34		\$ 120,893	\$ 150,000	\$ 897,821	\$ 331,542
35		\$ 124,520	\$ 150,000	\$ 924,755	\$ 341,488
36		\$ 128,256	\$ 200,000	\$ 952,498	\$ 351,733
37		\$ 132,104	\$ 200,000	\$ 981,073	\$ 362,285
38		\$ 136,067	\$ 200,000	\$ 1,010,505	\$ 373,153
39		\$ 140,149	\$ 200,000	\$ 1,040,820	\$ 384,348
40		\$ 144,353	\$ 200,000	\$ 1,072,045	\$ 395,878
<b>TOTAL</b>	<b>\$1,000,000</b>	<b>\$ 3,436,789</b>	<b>\$ 3,945,000</b>	<b>\$ 25,523,477</b>	<b>\$ 9,425,157</b>