

EMPIRE STATE DEVELOPMENT CORPORATION

MISSION

Doing business as Empire State Development Corporation (ESDC), the Urban Development Corporation (UDC) is a New York State public benefit corporation. It engages in four principal activities: economic and real estate development; State facility financing; housing portfolio maintenance; and privatization initiatives.

ECONOMIC AND REAL ESTATE DEVELOPMENT

The Corporation provides financial and technical assistance to businesses, local governments, and community-based not-for-profit corporations for economic development and large-scale real estate projects that create and/or retain jobs in New York and reinvigorate distressed areas.

STATE FACILITY FINANCING

The Empire State Development Corporation issues bonds to finance the construction and modernization of correctional facilities and other special projects for the State. Debt service on these bonds is paid from State appropriations.

HOUSING PORTFOLIO MAINTENANCE

In the early 1970s, the Urban Development Corporation built 113 large-scale housing developments for low- to middle-income persons. The Corporation also built non-residential civic and industrial properties, including the Niagara Falls Convention Center, the Wards Island Fire Training Center, the Monroe County Fairgrounds, the Ten Eyck Plaza in Albany, and public school facilities in Buffalo, Manhattan, the Bronx, and Brooklyn. Since the mid-1970s, activity in this area has been limited to the monitoring and loan servicing of projects.

PRIVATIZATION INITIATIVES

The Corporation is charged with facilitating efforts by State agencies and authorities to privatize State functions and assets.

ORGANIZATION AND STAFFING

State economic development programs are administered by the Empire State Development Corporation working in conjunction with the Department of Economic Development. In addition, the Corporation and Department work closely with the Foundation for Science, Technology, and Innovation to foster technology-related job creation. The Corporation will have a workforce of 241 in 2007-08.

For 2007-08, ESDC will be overseen by Downstate and Upstate co-chairpersons. The Downstate Chair will operate out of the New York City office, while the Upstate Chair will operate out of a new headquarters in Buffalo.

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OVERSIGHT

The Corporation is governed by a nine-member Board of Directors comprising two ex-officio members and seven members appointed by the Governor with the consent of the Senate. The Downstate and Upstate co-Chairs of the Empire State Development Corporation Board are selected by the Governor. Board members serve without compensation.

SUBSIDIARIES

The Corporation's Board of Directors is authorized to create subsidiaries to manage specific projects or economic development activities. Subsidiaries have been established to: (1) oversee revitalization of Lower Manhattan in the wake of September 11; (2) formulate policies and initiatives to promote economic growth in Harlem; (3) redevelopment of Times Square; (4) plan and oversee a mixed-use development on 74.5 acres on the East River in Queens County; (5) redevelop the U.S. Postal Service facility, known as the Farley Building, in connection with the New York City Amtrak Train Station Redevelopment project; (6) promote economic development and tourism, and leverage private investment in Niagara Falls; (7) oversee conversion of the 300-acre Harriman State Office Building Campus in Albany into a world-class research and development park; and (8) coordinate the development of the former Buffalo Memorial Auditorium and additional projects along the waterfront and inner harbor in downtown Buffalo.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

- In 2007-08, the Empire State Development Corporation's activities will be funded through a combination of State General Fund appropriations and corporate revenues generated by Corporation-owned residential and non-residential properties and by its financing programs. The Corporation's operating budget will be entirely supported by corporate funds;
- The Executive Budget will provide \$74.9 million in support for economic development initiatives, including: the Empire State Economic Development Fund; Minority - and Women-Owned Business Development and Lending programs; the Entrepreneurial Assistance Program; the Emerging Industries Alliance; the retention of professional football in Western New York; military base retention; the redevelopment and preservation of Governor's Island; the support of ESDC and its subsidiaries; and the operation and development of the Centers of Excellence or other high technology research centers.
- The Executive Budget will also include support for new and existing programs that will promote regional initiatives to assist the State in adapting and moving towards a knowledge-based economy, including:
 - \$300 million for the development of an international computer chip research and development center;
 - \$300 million in new funding for the Investment and Job Creation Act of 2007. Projects will be solicited on a periodic basis through an open competitive process and priority given to those projects that produce the greatest economic and social benefits to the State;

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- Over \$50 million to support capital improvement projects at Governor's and Roosevelt Islands in New York City, as well as redevelopment initiatives at the Harriman Research and Technology Park in Albany and in Niagara Falls;
- Over \$2.2 billion for continued support of specific economic development, cultural facilities, university development, environmental, and energy projects administered by the Empire State Development Corporation (ESDC) and Dormitory Authority of the State of New York (DASNY), including \$650 million for the development of a semiconductor manufacturing facility and \$300 million for the RESTORE New York Communities initiative.

PROGRAM HIGHLIGHTS

The Empire State Development Corporation administers economic development programs which:

- Provide low-cost loans and grants to businesses to help cover the cost of machinery and equipment purchases, factory improvements, training and business incubator development;
- Provide financial assistance for projects ranging from development of or improvements to commercial or retail facilities, tourism destinations, child care facilities, and commercial centers;
- Assist minority- and women-owned businesses, including programs administered in cooperation with local development organizations and community-based financial institutions;
- Provide funding for the economic development initiatives in distressed urban communities; and
- Provide funding for military base retention and redevelopment efforts.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2006-07	Appropriations Recommended 2007-08	Change	Reappropriations Recommended 2007-08
State Operations	0	0	0	0
Aid To Localities	112,731,000	74,922,000	(37,809,000)	292,772,000
Capital Projects	2,396,450,000	650,450,000	(1,746,000,000)	2,800,200,000
Total	<u>2,509,181,000</u>	<u>725,372,000</u>	<u>(1,783,809,000)</u>	<u>3,092,972,000</u>

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2006-07	Recommended 2007-08	Change
General Fund	112,731,000	74,922,000	(37,809,000)
Total	<u>112,731,000</u>	<u>74,922,000</u>	<u>(37,809,000)</u>

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AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2006-07	Recommended 2007-08	Change
Economic Development			
General Fund	112,731,000	74,922,000	(37,809,000)
Total	<u>112,731,000</u>	<u>74,922,000</u>	<u>(37,809,000)</u>

CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Comprehensive Construction Program	Available 2006-07	Recommended 2007-08	Change	Reappropriations 2007-08
Regional Development				
Capital Projects Fund - Authority Bonds	1,297,050,000	600,000,000	(697,050,000)	1,253,350,000
Cap Proj Fund - CEFAP (Direct Auth Bonds)	0	0	0	425,000,000
AMD Direct (Direct Auth Bonds)	150,000,000	0	(150,000,000)	150,000,000
Economic Development				
Capital Projects Fund - Authority Bonds	300,000,000	50,450,000	(249,550,000)	300,000,000
Cap Proj Fund - Stadium (Auth Bonds)	149,400,000	0	(149,400,000)	129,400,000
Cap Proj Fund - Downtown Buffalo (Auth Bonds)	0	0	0	42,450,000
AMD Direct (Direct Auth Bonds)	500,000,000	0	(500,000,000)	500,000,000
Total	<u>2,396,450,000</u>	<u>650,450,000</u>	<u>(1,746,000,000)</u>	<u>2,800,200,000</u>